REFERENCE TITLE: disclosures; lobbyist; gifts; public officers

State of Arizona
House of Representatives
Fifty-first Legislature
Second Regular Session
2014

HB 2247

Introduced by
Representative Campbell

AN ACT

AMENDING SECTIONS 38-541, 38-542, 38-543 AND 38-544, ARIZONA REVISED STATUTES; AMENDING TITLE 38, CHAPTER 3.1, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 38-546; AMENDING SECTIONS 41-1231, 41-1232.02, 41-1232.03 AND 41-1232.08, ARIZONA REVISED STATUTES; RELATING TO DISCLOSURE BY PUBLIC OFFICERS AND LOBBYISTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 38-541, Arizona Revised Statutes, is amended to read:

38-541. Definitions

In this chapter, unless the context otherwise requires:

1. "Business" includes any enterprise, organization, trade, occupation or profession, whether or not operated as a legal entity or for profit, including any business trust, corporation, partnership, joint venture or sole proprietorship.

2. "Compensation" means anything of value or advantage, present or prospective, including the forgiveness of debt.

3. "Controlled business" means any business in which the public officer or any member of his household has an ownership or beneficial interest, individually or combined, amounting to more than a fifty per cent interest.

4. "Dependent business" means any business in which the public officer or any member of his household has an ownership or beneficial interest, individually or combined, amounting to more than a ten per cent interest, and during the preceding calendar year the business received from a single source more than ten thousand dollars and more than fifty per cent of its gross income.

5. "Gift" ~~includes~~ MEANS any gratuity, special discount, favor, hospitality, service, economic opportunity, loan, PAYMENT, DISTRIBUTION, EXPENDITURE, ADVANCE, DEPOSIT OR DONATION OF MONEY, ANY INTANGIBLE PERSONAL PROPERTY OR ANY KIND OF TANGIBLE PERSONAL OR REAL PROPERTY or other benefit received without equivalent consideration and not provided to members of the public at large. FOR THE PURPOSES OF THIS CHAPTER, GIFT DOES NOT INCLUDE:

(a) A GIFT, DEVISE OR INHERITANCE FROM AN INDIVIDUAL'S SPOUSE, CHILD, PARENT, GRANDPARENT, GRANDCHILD, BROTHER, SISTER, PARENT-IN-LAW, BROTHER-IN-LAW, SISTER-IN-LAW, NEPHEW, NIECE, AUNT, UNCLE OR FIRST COUSIN OR THE SPOUSE OF ANY SUCH INDIVIDUAL IF THE DONOR IS NOT ACTING AS THE AGENT OR INTERMEDIARY FOR SOMEONE OTHER THAN A PERSON COVERED BY THIS SUBDIVISION.

(b) SALARY, COMPENSATION OR EMPLOYER REIMBURSED EXPENSES LAWFULLY PAID TO A PUBLIC OFFICER.

(c) A PLAQUE OR OTHER FORM OF RECOGNITION SIMILAR TO A PLAQUE TO A PUBLIC OFFICER OR MEMBER OF THE PUBLIC OFFICER'S HOUSEHOLD TO SIGNIFY THE HONORARY RECOGNITION OF A SERVICE OR OTHER NOTABLE ACCOMPLISHMENT.

(d) INFORMATIONAL MATERIAL SUCH AS BOOKS, REPORTS, PAMPHLETS, CALENDARS OR PERIODICALS.

(e) AN ITEM THAT IS NOT USED AND THAT IS RETURNED WITHIN FIFTEEN CALENDAR DAYS OF RECEIPT TO THE DONOR OR THAT IS DELIVERED WITHIN FIFTEEN CALENDAR DAYS OF RECEIPT TO A CHARITABLE ORGANIZATION AND THAT IS NOT CLAIMED AS A CHARITABLE CONTRIBUTION FOR STATE OR FEDERAL INCOME TAX PURPOSES.

(f) A CAMPAIGN CONTRIBUTION OR A CONTRIBUTION TO AN OFFICEHOLDER EXPENSE ACCOUNT THAT IS PROPERLY RECEIVED AND REPORTED AS REQUIRED BY LAW.

(g) AN ITEM THAT IS GIVEN TO A PUBLIC OFFICER OR MEMBER OF THE PUBLIC OFFICER'S HOUSEHOLD IF THE PUBLIC OFFICER OR MEMBER OF THE HOUSEHOLD GIVES AN ITEM OF APPROXIMATELY THE SAME VALUE TO THE GIVER OF THE ITEM AT THE SAME TIME THAT THE ITEM IS GIVEN OR ON A SIMILAR OCCASION AS THE ONE THAT PROMPTED THE ORIGINAL ITEM TO BE GIVEN.

(h) GIFTS OF A PERSONAL NATURE THAT WERE CUSTOMARILY RECEIVED BY AN INDIVIDUAL FROM THE DONOR BEFORE THE INDIVIDUAL BECAME A PUBLIC OFFICER.

(i) AN ITEM THAT IS GIVEN TO THE GENERAL PUBLIC AT AN EVENT.

6. "Local public officer" means a person holding an elective office of an incorporated city or town, a county or a groundwater replenishment district established under title 48, chapter 27.

7. "Member of household" means a public officer's spouse and any minor child of whom the public officer has legal custody.

8. "Public officer" means a member of the legislature and any judge of the court of appeals or the superior court, or a person holding an elective office the constituency of which embraces the entire geographical limits of this state. Members of Congress are not public officers as defined in this paragraph.

Sec. 2. Section 38-542, Arizona Revised Statutes, is amended to read:

38-542. Duty to file financial disclosure statement; contents; exceptions

A. In addition to other statements and reports required by law, every public officer, as a matter of public record, shall file ELECTRONICALLY with the secretary of state on a form prescribed by the secretary of state a verified financial disclosure statement covering the preceding ~~calendar year~~ SIX MONTHS. The statement SHALL BE PUBLICLY AVAILABLE ON THE SECRETARY OF STATE'S WEBSITE AND shall disclose:

1. The name and address of the public officer and each member of his household and all names and addresses under which each does business.

2. The name and address of each employer and of each other source of compensation other than gifts amounting to more than ~~one thousand~~ FIVE HUNDRED dollars received during the preceding ~~calendar year~~ SIX MONTHS by the public officer and members of his household in their own names, or by any other person for the use or benefit of the public officer or members of his household, a description of the services for which the compensation was received and the nature of the employer's business. This paragraph shall not be construed to require the disclosure of individual items of compensation that constituted a portion of the gross income of the business from which the public officer or members of his household derived compensation.

3. For a controlled business, a description of the goods or services provided by the business, and if any single source of compensation to the business during the preceding ~~calendar year~~ SIX MONTHS amounts to more than ~~ten~~ FIVE thousand dollars and is more than twenty-five per cent of the gross income of the business, the disclosure shall also include a description of the goods or services provided to the source of compensation. For a

dependent business the statement shall disclose a description of the goods or services provided by the business and a description of the goods or services provided to the source of compensation from which the dependent business derived the amount of gross income described in section 38-541, paragraph 4. If the source of compensation for a controlled or dependent business is a business, the statement shall disclose a description of the business activities engaged in by the source of compensation.

4. The names and addresses of all businesses and trusts in which the public officer or members of his household, or any other person for the use or benefit of the public officer or members of his household, had an ownership or beneficial interest of over ~~one thousand~~ FIVE HUNDRED dollars at any time during the preceding ~~calendar year~~ SIX MONTHS, and the names and addresses of all businesses and trusts in which the public officer or any member of his household held any office or had a fiduciary relationship at any time during the preceding ~~calendar year~~ SIX MONTHS, together with the amount or value of the interest and a description of the interest, office or relationship.

5. All Arizona real property interests and real property improvements, including specific location and approximate size, in which the public officer, any member of his household or a controlled or dependent business held legal title or a beneficial interest at any time during the preceding ~~calendar year~~ SIX MONTHS, and the value of any such interest, except that this paragraph does not apply to a real property interest and improvements thereon used as the primary personal residence or for the personal recreational use of the public officer. If a public officer, any member of his household or a controlled or dependent business acquired or divested any such interest during the preceding ~~calendar year~~ SIX MONTHS, he shall also disclose that the transaction was made and the date it occurred. If the controlled or dependent business is in the business of dealing in real property interests or improvements, disclosure need not include individual parcels or transactions as long as the aggregate value of all parcels of such property is reported.

6. The names and addresses of all creditors to whom the public officer or members of his household, in their own names or in the name of any other person, owed a debt of more than ~~one thousand~~ FIVE HUNDRED dollars or to whom a controlled business or a dependent business owed a debt of more than ~~ten~~ FIVE thousand dollars ~~which~~ THAT was also more than thirty per cent of the total business indebtedness at any time during the preceding ~~calendar year~~ SIX MONTHS, listing each such creditor. This paragraph shall not be construed to require the disclosure of debts owed by the public officer or any member of his household resulting from the ordinary conduct of a business other than a controlled or dependent business nor shall disclosure be required of credit card transactions, retail installment contracts, debts on residences or recreational property exempt from disclosure under paragraph 5 of this subsection, debts on motor vehicles not used for commercial purposes, debts

secured by cash values on life insurance or debts owed to relatives. It is sufficient disclosure of a creditor if the name and address of a person to whom payments are made is disclosed. If the public officer, any member of his household or a controlled or dependent business incurred or discharged a debt ~~which~~ THAT is reportable under this subsection during the preceding ~~calendar year~~ SIX MONTHS, the report shall disclose that the transaction was made and the date it occurred.

7. The identification and amount of each debt exceeding ~~one thousand~~ FIVE HUNDRED dollars owed at any time during the preceding ~~calendar year~~ SIX MONTHS to the public officer and members of his household in their own names, or to any other person for the use or benefit of the public officer or any member of his household. The disclosure shall include the identification and amount of each debt exceeding ~~ten~~ FIVE thousand dollars to a controlled business or dependent business ~~which~~ THAT was also more than thirty per cent of the total indebtedness to the business at any time during the preceding ~~calendar year~~ SIX MONTHS. This paragraph shall not be construed to require the disclosure of debts from the ordinary conduct of a business other than a controlled or dependent business. If the public officer, any member of his household or a controlled or dependent business incurred or discharged a debt ~~which~~ THAT is reportable under this subsection during the preceding ~~year~~ SIX MONTHS, the report shall disclose that the transaction was made and the date it occurred.

8. The name of each source of any gift, or accumulated gifts from a single source, of more than ~~five~~ TWO hundred FIFTY dollars received by the public officer and members of his household in their own names during the preceding ~~calendar year~~ SIX MONTHS, or by any other person for the use or benefit of the public officer or any member of his household ~~except gifts received by will or by virtue of intestate succession, or received by way of distribution from any inter vivos or testamentary trust established by a spouse or by an ancestor, or gifts received from any other member of the household or relatives to the second degree of consanguinity. Political campaign contributions shall not be construed as gifts if otherwise publicly reported as political campaign contributions as required by law~~.

9. A list of all business licenses issued to, held by or in which the public officer or any member of his household had an interest at any time during the preceding ~~calendar year~~ SIX MONTHS, including the name in which the license was issued, the type of business and its location.

10. A list of all bonds, together with their value, issued by this state or any political subdivision of this state and held at any time during the preceding ~~calendar year~~ SIX MONTHS by the public officer or any member of his household, which bonds issued by a single entity had a value in excess of one thousand FIVE HUNDRED dollars. If the public officer or any member of his household acquired or divested any bonds during the preceding ~~calendar year which~~ SIX MONTHS THAT are reportable under this paragraph, the fact that the transaction occurred and the date shall also be shown.

B. If an amount or value is required to be reported pursuant to this section, it is sufficient to report whether the amount or value of the equity interest falls within:

1. Category 1, TWO HUNDRED FIFTY DOLLARS TO NINE HUNDRED NINETY-NINE DOLLARS.

2. CATEGORY 2, one thousand dollars to twenty-five thousand dollars.

~~2.~~ 3. Category ~~2~~ 3, more than twenty-five thousand dollars to one hundred thousand dollars.

~~3.~~ 4. Category ~~3~~ 4, more than one hundred thousand dollars.

C. This section does not require the disclosure of any information that is privileged by law.

D. The statement required to be filed pursuant to subsection A OF THIS SECTION shall be filed by all persons who qualified as public officers at any time during the preceding ~~calendar year~~ SIX MONTHS on or before ~~January 31~~ THE LAST DAY of ~~each year~~ THAT SIX MONTH PERIOD with the exceptions that a public officer appointed to fill a vacancy ~~shall~~, within ~~sixty~~ THIRTY days following his taking of such office, SHALL file a financial disclosure statement covering as ~~his annual~~ THE REPORTING period the ~~twelve~~ SIX month period ending with the last full month ~~prior to~~ BEFORE the date of his taking office, and a public officer whose final term expires less than thirty-one days into the immediately following calendar year may file the public officer's final financial disclosure at the same time as the disclosure for the last immediately preceding ~~year~~ SIX MONTH PERIOD.

E. The secretary of state shall prepare written guidelines, forms and samples for completing the financial disclosure statement required by this section. A copy of the guidelines, forms and samples shall be distributed to each public officer and shall be made available to each candidate required to file a financial disclosure statement pursuant to section 38-543.

Sec. 3. Section 38-543, Arizona Revised Statutes, is amended to read:

38-543. Duty to file financial disclosure statement by candidate for public office

A candidate for public office as specified in section 38-541, paragraph 8 shall file ELECTRONICALLY a financial disclosure statement covering the preceding ~~twelve~~ SIX month period and containing the information described in section 38-542 on a form prescribed by the secretary of state at the time of filing of nomination papers.

Sec. 4. Section 38-544, Arizona Revised Statutes, is amended to read:

38-544. Violation; classification

A. Any public officer, local public officer or candidate who knowingly fails to file a financial disclosure statement required pursuant to section 38-542, 38-543 or 38-545, who knowingly files an incomplete financial disclosure statement or who knowingly files a false financial disclosure statement is guilty of a class ~~1 misdemeanor~~ 6 FELONY.

B. Any public officer, local public officer or candidate who violates this chapter is subject to a civil penalty of fifty dollars for each day of

noncompliance but not more than ~~five hundred~~ ONE THOUSAND dollars that may be imposed as prescribed in section 16-924.

C. ANY PUBLIC OFFICER, LOCAL PUBLIC OFFICER OR CANDIDATE WHO RECKLESSLY FAILS TO FILE A FINANCIAL DISCLOSURE STATEMENT REQUIRED PURSUANT TO SECTION 38-542, 38-543 OR 38-545, FILES AN INCOMPLETE FINANCIAL DISCLOSURE STATEMENT OR FILES A FALSE FINANCIAL DISCLOSURE STATEMENT IS GUILTY OF A CLASS 1 MISDEMEANOR.

Sec. 5. Title 38, chapter 3.1, article 1, Arizona Revised Statutes, is amended by adding section 38-546, to read:

38-546. Electronic filing; financial disclosure statements

A. STATEMENTS THAT ARE FILED PURSUANT TO THIS CHAPTER IN THE OFFICE OF THE SECRETARY OF STATE IN ELECTRONIC FORMAT SHALL BE FILED USING COMPUTER PROGRAMS THAT ARE PROVIDED OR APPROVED BY THE SECRETARY OF STATE. THE SECRETARY OF STATE SHALL PROVIDE COMPUTER PROGRAMS TO ACCOMMODATE ELECTRONIC FILINGS AND SHALL IMPLEMENT AND MAINTAIN A SYSTEM FOR THE ELECTRONIC COLLECTION, FILING AND DISSEMINATION OF MATERIALS FILED PURSUANT TO SECTION 38-542. A COUNTY OFFICER IN CHARGE OF ELECTIONS MAY IMPLEMENT AN ELECTRONIC FILING SYSTEM FOR STATEMENTS THAT ARE REQUIRED TO BE FILED WITH THE COUNTY OFFICER AND SUBSECTIONS B THROUGH F OF THIS SECTION APPLY TO AN ELECTRONIC FILING PROGRAM OPERATED BY A COUNTY.

B. IF THE FILINGS ARE COMPLETE AND CORRECT, ANY STATEMENTS, DESIGNATIONS OR REPORTS THAT ARE FILED IN THE SECRETARY OF STATE'S ELECTRONIC FILING FORMAT ARE DEEMED TO COMPLY WITH:

1. THE FILING REQUIREMENTS OF THIS CHAPTER.

2. THE REQUIREMENT THAT A FILING BE MADE UNDER OATH OR BE SUBMITTED WITH A WRITTEN SIGNATURE.

C. A STATEMENT THAT IS FILED IN ELECTRONIC FORMAT IS DEEMED TO BE FILED UNDER PENALTY OF PERJURY IF THE PRINTED FORMAT VERSION OF THAT DOCUMENT IS REQUIRED TO BE FILED UNDER PENALTY OF PERJURY.

D. A PUBLIC OFFICER WHO SUBMITS ANY STATEMENT PURSUANT TO THIS CHAPTER THAT IS NOT PROPERLY FORMATTED OR THAT DOES NOT CONTAIN THE INFORMATION PRESCRIBED BY THIS CHAPTER HAS NOT COMPLIED WITH THE REPORTING REQUIREMENTS OF THIS CHAPTER AND IS SUBJECT TO PENALTIES AND ENFORCEMENT AS OTHERWISE PROVIDED BY LAW.

E. DURING THE IMPLEMENTATION OF AN ELECTRONIC FILING SYSTEM IN A COUNTY, THE COUNTY OFFICER IN CHARGE OF ELECTIONS MAY REQUIRE THAT STATEMENTS BE FILED WITH AN ADDITIONAL WRITTEN OR PRINTED COPY.

F. FOR AN ELECTRONIC FILING SYSTEM IMPLEMENTED BY THE SECRETARY OF STATE OR OTHER FILING OFFICER, THE FILING OFFICER SHALL DESIGNATE ONE OR MORE APPROVED TRANSMITTAL FORMATS AND METHODS.

Sec. 6. Section 41-1231, Arizona Revised Statutes, is amended to read:

41-1231. Definitions

In this article, unless the context otherwise requires:

1. "Authorized lobbyist" means any person, other than a designated lobbyist or lobbyist for compensation, who is employed by, retained by or

representing a principal with or without compensation for the purpose of lobbying and who is listed as an authorized lobbyist by the principal in its registration pursuant to section 41-1232.

2. "Authorized public lobbyist" means a person, other than a designated public lobbyist, who is employed by, retained by or representing a public body, with or without compensation, for the purpose of lobbying and who is listed as an authorized public lobbyist by the public body in its registration pursuant to section 41-1232.01.

3. "Designated lobbyist" means the person who is designated by a principal as the single point of contact for the principal and who is listed as the designated lobbyist by the principal in its registration pursuant to section 41-1232.

4. "Designated public lobbyist" means the person who is designated by a public body as the single point of contact for the public body and who is listed as the designated public lobbyist by the public body in its registration pursuant to section 41-1232.01.

5. "Entertainment" means the amount of any expenditure paid or incurred for admission to any sporting or cultural event or for participation in any sporting or cultural activity.

6. "Expenditure" means a payment, distribution, loan, advance, deposit or gift of money or anything of value and includes a contract, promise or agreement, whether or not legally enforceable, to make an expenditure that provides a benefit to an individual state officer or state employee and that is incurred by or on behalf of one or more principals, public bodies, lobbyists, designated public lobbyists or authorized public lobbyists.

7. "Family gift" means a gift to a state officer or employee or a member of the officer's or employee's household from a principal, lobbyist, designated public lobbyist or authorized public lobbyist who is a relative of the state officer or employee or a member of the household of the state officer or employee if the donor is not acting as the agent or intermediary for someone other than a person covered by this paragraph.

8. "Food or beverage" means the amount of any expenditure paid or incurred for food or beverages for a state officer or employee ~~provided at a location at which the principal, public body, lobbyist, designated public lobbyist or authorized public lobbyist who made the expenditure is present~~.

9. "Gift" means ~~a~~ ANY GRATUITY, SPECIAL DISCOUNT, FAVOR, HOSPITALITY, SERVICE, ECONOMIC OPPORTUNITY, LOAN, payment, distribution, expenditure, advance, deposit or donation of money, any intangible personal property or any kind of tangible personal or real property OR OTHER BENEFIT RECEIVED WITHOUT EQUIVALENT CONSIDERATION AND NOT PROVIDED TO MEMBERS OF THE PUBLIC AT LARGE. For the purposes of this article, gift does not include:

(a) A gift, devise or inheritance from an individual's spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle or first cousin or

the spouse of any such individual if the donor is not acting as the agent or intermediary for someone other than a person covered by this subdivision.

~~(b) Expenditures that are either properly reported or exempt from reporting under this chapter for:~~

~~(i) A speaking engagement.~~

~~(ii) Food or beverages.~~

~~(iii) Travel and lodging.~~

~~(iv) Flowers.~~

~~(c)~~ (b) Salary, compensation or employer reimbursed expenses lawfully paid to a public official.

~~(d)~~ (c) The value, cost or price of professional or consulting services that are not rendered to obtain a benefit for any registered principal, public body, lobbyist, designated public lobbyist or authorized public lobbyist or the clients of a principal or lobbyist.

~~(e) Expenses relating to a special event or function to which all members of the legislature, either house of the legislature or any committee of the legislature are invited.~~

~~(f)~~ (d) A plaque or other form of recognition similar to a plaque to a state officer or state employee to signify the honorary recognition of a service or other notable accomplishment.

~~(g)~~ (e) Informational material such as books, reports, pamphlets, calendars or periodicals.

~~(h)~~ (f) An item that is not used and that is returned within fifteen CALENDAR days of receipt to the donor or that is delivered within fifteen CALENDAR days of receipt to a charitable organization and that is not claimed as a charitable contribution for state or federal income tax purposes.

~~(i)~~ (g) A campaign contribution OR A CONTRIBUTION TO AN OFFICEHOLDER EXPENSE ACCOUNT that is properly received and reported as required by law.

~~(j)~~ (h) An item that is given to a state officer or employee if the state officer or employee gives an item of approximately the same value to the giver of the item at the same time that the item is given or on a similar occasion as the one that prompted the original item to be given.

~~(k)~~ (i) Gifts of a personal nature that were customarily received by an individual from the donor before the individual became a state officer or employee.

~~(l)~~ (j) An item that is given to the general public at an event.

10. "Legislation" means bills, resolutions, memorials, amendments, nominations and other matters that are pending or proposed in either house of the legislature of this state.

11. "Lobbying":

(a) Means attempting to influence the passage or defeat of any legislation by directly communicating with any legislator OR THE GOVERNOR OR THE GOVERNOR'S STAFF, or attempting to influence any formal rule making proceeding pursuant to chapter 6 of this title or rule making proceedings

that are exempt from chapter 6 of this title by directly communicating with any state officer or employee.

(b) Includes, for a person who is otherwise required to be registered as a lobbyist for compensation pursuant to this article, attempting to influence the procurement of materials, services or construction by an agency as defined in section 41-1001, including the office of the governor.

(c) Does not include:

(i) Interagency communications between state agency employees.

(ii) Communications between a public official or employee of a public body, designated public lobbyist or authorized public lobbyist and any state officer, except for a member of the legislature, or an employee of the legislature.

(iii) Oral questions or comments made by a person to a state officer or employee regarding a proposed rule and made in public at a meeting or workshop that is open to the public and that is sponsored by a state agency, board, commission, council or office.

(iv) Communications between a public body and a self-employed person or person employed by a partnership or company regarding the procurement of materials, services or construction unless the self-employed person or person employed by a partnership or company is otherwise required to register pursuant to this article or is employed by, supervised by at any level or contracted with a person who is otherwise required to register pursuant to this article.

12. "Lobbyist" means any person, other than a designated public lobbyist or authorized public lobbyist, who is employed by, retained by or representing a person other than himself, with or without compensation, for the purpose of lobbying and who is listed as a lobbyist by the principal in its registration pursuant to section 41-1232. Lobbyist includes a lobbyist for compensation, designated lobbyist and authorized lobbyist.

13. "Lobbyist for compensation" means a lobbyist who is compensated for the primary purpose of lobbying on behalf of a principal and who is listed by the principal in its registration pursuant to section 41-1232.

14. "Person" means an individual, partnership, committee, association or corporation and any other organization or group of persons, except legislators and political parties qualified for representation on the ballot pursuant to section 16-801 or 16-804.

15. "Personal hospitality" means hospitality, meals, beverages, transportation or lodging furnished but not commercially provided by a person on property or facilities owned or possessed by the person or the person's family.

16. "Principal" means any person, other than a public body, that employs, retains, engages or uses, with or without compensation, a lobbyist. Principal includes any subsidiary of a corporation.

17. "Procurement" has the same meaning prescribed in section 41-2503.

18. "Public body" means the Arizona board of regents, a university under the jurisdiction of the Arizona board of regents, the judicial department, any state agency, board, commission or council, any county, any county elected officer who elects to appoint a designated public lobbyist or any city, town, district or other political subdivision of this state that receives and uses tax revenues and that employs, retains, engages or uses, with or without compensation, a designated public lobbyist or authorized public lobbyist.

19. "Public official" means a person who is duly elected, appointed or retained through election to an elected state, county or local office.

20. "Single expenditure" means an expenditure that provides a benefit of more than twenty dollars to an individual state officer or state employee and that is incurred by or on behalf of one or more principals, public bodies, lobbyists, designated public lobbyists or authorized public lobbyists.

~~21. "Speaking engagement":~~

~~(a) Means the amount of any expense paid or incurred for entrance fees, lodging, food and beverage, entertainment, travel and other expenses for the state officer's or employee's attendance at an event, committee, meeting, conference or seminar, including meetings of state, regional or national organizations or their committees concerned with legislative or governmental activities if the state officer or employee participates in the event as a speaker or panel participant by presenting information relating to the state officer's or employee's legislative or official duties or by performing a ceremonial function appropriate to the state officer's or employee's position.~~

~~(b) Does not include expenditures for an honorarium or any other similar fee paid to a speaker.~~

~~22.~~ 21. "State employee" means an employee of the legislature OR THE GOVERNOR'S OFFICE, a university under the jurisdiction of the Arizona board of regents, the judicial department or a state office, agency, board, commission or council.

~~23.~~ 22. "State officer" means a person who is duly elected, appointed or retained through election to any state office, or a member of any state board, commission or council, and includes a member of the legislature.

Sec. 7. Section 41-1232.02, Arizona Revised Statutes, is amended to read:

41-1232.02. Expenditure reporting; principals and lobbyists; gifts

A. Each principal shall report annually all single expenditures, whether or not the expenditures were made in the course of lobbying. These single expenditures shall be itemized separately, and each itemization shall include the date of the expenditure, the amount of the expenditure, the name of each state officer or employee receiving or benefitting from the expenditure, the category of the expenditure and the name of the lobbyist or

other person who made the expenditure on behalf of the principal. In addition each principal shall report annually the aggregate of all expenditures of twenty dollars or less received by or benefitting a state officer or employee, whether or not the expenditures were made in the course of lobbying. The report shall be filed by March 1 and shall list the annual expenditures made on behalf of the principal. If March 1 is a Saturday, Sunday or other legal holiday, the report shall be filed on the next business day.

B. Each lobbyist for compensation and designated lobbyist shall report quarterly all single expenditures incurred in the preceding calendar quarter by the lobbyist for compensation or designated lobbyist, whether or not the single expenditures were made in the course of lobbying. These single expenditures shall be itemized separately, and each itemization shall include the date of the expenditure, the amount of the expenditure, the name of the state officer or employee receiving or benefitting from the expenditure, the category of the expenditure and the principal on whose behalf the expenditure was made. If the expenditure was made by the lobbyist and was not made on behalf of a principal, it shall be itemized separately. The quarterly report shall be filed no later than the last day of the month following the end of the calendar quarter, unless the last day of the month is a Saturday, Sunday or other legal holiday. In that case, the report shall be filed on the next business day.

C. Each lobbyist for compensation and designated lobbyist shall also report quarterly the aggregate of all expenditures of twenty dollars or less received by or benefitting a state officer or employee, whether or not the expenditures were made in the course of lobbying. The report shall list separately the aggregate of expenditures made on behalf of each principal and the aggregate not made on behalf of any principal. In the fourth calendar quarter, these expenditures shall also be listed by cumulative total for the calendar year. Each quarterly lobbyist report shall include all reportable expenditures made by any employee of the lobbyist for compensation or designated lobbyist, regardless of whether that employee is listed as a lobbyist on any registration filed by a principal engaging the lobbyist. The quarterly report shall be filed no later than the last day of the month following the end of the calendar quarter, unless the last day of the month is a Saturday, Sunday or other legal holiday. In that case, the report shall be filed the next business day.

D. The reports required by subsections A and B of this section shall identify each single expenditure BY SPECIFIC DOLLAR AMOUNT AND SHALL DESCRIBE THE ITEM, SERVICE OR OTHER BENEFIT PROVIDED. ~~according to the following categories:~~

~~1. Food or beverages.~~

~~2. Speaking engagement.~~

~~3. Travel and lodging.~~

~~4. Flowers.~~

~~5. Other expenditures.~~

E. Expenditures by principals and lobbyists such as those for the lobbyist's personal sustenance, office expenses, filing fees, legal fees, employees' compensation, lodging and travel are not required to be reported. In addition, expenditures by a principal or a lobbyist for family gifts, personal hospitality or those items excluded from the definition of gift pursuant to section 41-1231, paragraph 9, subdivision (a), (b), (c), (d), (e), (f), (g), (h), (i)~~,~~ OR (j)~~, (k) or (l)~~ are not required to be reported.

~~F. All expenditures incurred by a principal or lobbyist in the case of special events for legislators, including parties, dinners, athletic events, entertainment and other functions, to which all members of the legislature, either house of the legislature or any committee of the legislature are invited shall be reported. Expenditures are not required to be allocated to individual legislators, but for each such event a description of the event and the date, location, name of the legislative body invited and total expenditures incurred shall be reported. Expenditures for special events held in conjunction with state, national or regional meetings of an organization or association concerned or dealing with legislative or other governmental activities to which all state officers or state employees in attendance at such event are invited shall be reported in the same manner.~~

~~G.~~ F. All information required to be filed pursuant to this section with the secretary of state shall be filed in that office and preserved by the secretary of state for five years from the date of filing, after which time the information shall be destroyed. The information is a public record and open to public inspection.

~~H.~~ G. If a principal, lobbyist for compensation or designated lobbyist makes no expenditures that it would otherwise be required to report during a specified reporting period, the principal, lobbyist for compensation or designated lobbyist may sign a notarized form prescribed by the secretary of state indicating that there were no expenditures during the specific reporting period.

~~I.~~ H. A person or organization shall not make a gift to or an expenditure on behalf of a state officer or employee through another person or organization for the purpose of disguising the identity of the person making the gift or expenditure.

~~J. A principal or lobbyist or any other person acting on behalf of a principal or lobbyist shall not give to any state officer or state employee and a state officer or state employee shall not accept from a principal or lobbyist either of the following:~~

~~1. Gifts with a total value of more than ten dollars during any calendar year.~~

~~2. Gifts that are designed to influence the state officer's or state employee's official conduct.~~

I. EACH REPORT REQUIRED TO BE FILED PURSUANT TO THIS SECTION SHALL BE SIGNED BY THE PRINCIPAL, LOBBYIST FOR COMPENSATION OR DESIGNATED LOBBYIST, AS

APPROPRIATE, AND SHALL CONTAIN THE CERTIFICATION OF THE SIGNER UNDER PENALTY OF PERJURY THAT THE REPORT IS TRUE AND COMPLETE AND THAT THE SIGNER HAS READ AND COMPLIED WITH THE REQUIREMENTS OF THIS ARTICLE.

Sec. 8. Section 41-1232.03, Arizona Revised Statutes, is amended to read:

41-1232.03. Expenditure reporting; public bodies and public lobbyists; gifts

A. Each public body shall report annually all single expenditures received by or benefitting a member of the legislature whether or not the expenditures were made in the course of lobbying. These expenditures shall be itemized separately, and each itemization shall include the date of the expenditure, the amount of the expenditure, the name of each member of the legislature receiving or benefitting from the expenditure, the category of the expenditure and the name of the designated public lobbyist or authorized public lobbyist who made the expenditure on behalf of the public body. In addition each public body shall report annually the aggregate of all expenditures of twenty dollars or less received by or benefitting a member of the legislature, whether or not the expenditures were made in the course of lobbying. The report shall list all expenditures by the public body made in the course of lobbying for the personal sustenance, filing fee, legal fees, employees' compensation, meals, lodging and travel of the designated public lobbyist and all authorized public lobbyists employed or retained by, and representing, the public body. The public body shall apportion expenditures that are attributable both to lobbying and to other activities of the public body and shall report only the portion attributable to lobbying. For the purpose of reporting employee compensation, a public body, on establishing a time allocation schedule for apportioned lobbying activity based on actual experience under this article, may submit after the 1993 calendar year an affidavit to the secretary of state stating the compensation attributable to lobbying for subsequent years for the designated public lobbyist and all authorized public lobbyists whose job responsibilities have not been significantly altered since the time allocation schedule was established. The report shall be filed by March 1 and shall list the annual expenditures made on behalf of the public body. If March 1 is a Saturday, Sunday or other legal holiday, the report shall be filed on the next business day.

B. Each designated public lobbyist shall report quarterly all single expenditures received by or benefitting a member of the legislature and incurred in the preceding calendar quarter by the designated public lobbyist, whether or not the single expenditures were made in the course of lobbying. Each designated public lobbyist's report shall also include all single expenditures incurred in the preceding calendar quarter by each authorized public lobbyist who is registered pursuant to section 41-1232.01 by the same public body that registered the designated public lobbyist. This subsection does not apply to an expenditure that was made by a designated public lobbyist or authorized public lobbyist and that was received by or benefitted

an employee of a public body, if the employee is not a member or employee of the legislature or a member of the household of a member or employee of the legislature. These expenditures shall be itemized separately, and each itemization shall include the date of the expenditure, the amount of the expenditure, the name of the member or employee receiving or benefitting from the expenditure, the category of the expenditure and the public body on whose behalf the expenditure was made. If the expenditure was made by the designated public lobbyist or authorized public lobbyist and was not made on behalf of a public body, it shall be itemized separately. The quarterly report shall be filed no later than the last day of the month following the end of the calendar quarter, unless the last day of the month is a Saturday, Sunday or other legal holiday. In that case, the report shall be filed on the next business day.

C. Each designated public lobbyist shall also report quarterly the aggregate of all expenditures of twenty dollars or less received by or benefitting a member of the legislature, whether or not the expenditures were made in the course of lobbying. Each designated public lobbyist's report shall also include the aggregate of all expenditures of twenty dollars or less that were received by or benefitted a member of the legislature and that were made by an authorized public lobbyist who is registered pursuant to section 41-1232.01 by the same public body that registered the designated public lobbyist. This subsection does not apply to an expenditure that was made by a designated public lobbyist or authorized public lobbyist and that was received by or benefitted an employee of a public body, if the employee is not a member or employee of the legislature or a member of the household of a member or employee of the legislature. The report shall list separately the aggregate of expenditures made on behalf of each public body and the aggregate not made on behalf of any public body. In the fourth calendar quarter, these expenditures shall also be listed by cumulative total for the calendar year. Each quarterly lobbyist report shall include all reportable expenditures made by any employee of the designated public lobbyist or authorized public lobbyist, regardless of whether that employee is listed as a designated public lobbyist or authorized public lobbyist on any registration filed by a public body engaging the designated public lobbyist or authorized public lobbyist. The quarterly report shall be filed no later than the last day of the month following the end of the calendar quarter, unless the last day of the month is a Saturday, Sunday or other legal holiday. In that case, the report shall be filed on the next business day.

D. The reports required by subsections A and B of this section shall identify the nature of each single expenditure BY SPECIFIC DOLLAR AMOUNT AND SHALL DESCRIBE THE ITEM, SERVICE OR OTHER BENEFIT PROVIDED. ~~according to the following categories:~~

~~1. Food or beverages.~~

~~2. Speaking engagement.~~

~~3. Travel and lodging.~~

~~4. Flowers.~~

~~5. Other expenditures.~~

E. Expenditures by a public body, designated public lobbyist or authorized public lobbyist for personal sustenance, family gifts, personal hospitality or those items excluded from the definition of gift pursuant to section 41-1231, paragraph 9, subdivision (a), (b), (c), (d), (e), (f), (g), (h), (i)~~,~~ OR (j)~~, (k) or (l)~~ are not required to be reported.

~~F. All expenditures incurred by a public body, designated public lobbyist or authorized public lobbyist in the case of special events for legislators, including parties, dinners, athletic events, entertainment and other functions, to which all members of the legislature, either house of the legislature or any committee of the legislature are invited shall be reported. Expenditures are not required to be allocated to individual legislators, but for each such event a description of the event and the date, location, name of the legislative body invited and total expenditures incurred shall be reported. Expenditures for special events held in conjunction with state, national or regional meetings of an organization or association concerned or dealing with legislative or other governmental activities to which all members or employees of the legislature in attendance at such event are invited shall be reported in the same manner.~~

~~G.~~ F. All information required to be filed pursuant to this section with the secretary of state shall be filed in that office and preserved by the secretary of state for five years from the date of filing, after which time the information shall be destroyed. The information is a public record and open to public inspection.

~~H.~~ G. If a public body or designated public lobbyist makes no expenditures that it would otherwise be required to report during a specified reporting period, the public body or designated public lobbyist may sign a notarized form prescribed by the secretary of state indicating that there were no expenditures during the specific reporting period.

~~I.~~ H. A person or organization shall not make a gift to or an expenditure on behalf of a member or employee of the legislature through another person or organization for the purpose of disguising the identity of the person making the gift or expenditure.

~~J. A public body, designated public lobbyist or authorized public lobbyist or any other person acting on behalf of a public body, designated public lobbyist or authorized public lobbyist shall not give to any member of the legislature and a member of the legislature shall not accept from a public body, designated public lobbyist or authorized public lobbyist either of the following:~~

~~1. Gifts with a total value of more than ten dollars during any calendar year.~~

~~2. Gifts that are designed to influence the member's or employee's official conduct.~~

~~K. Subsection J of this section does not apply to gifts given by a public body, designated public lobbyist or authorized public lobbyist to an employee of a public body, if the employee is not a public official or a member of the household of a public official or if the gift is accepted on behalf of the public body and remains the property of the public body.~~

I. EACH REPORT REQUIRED TO BE FILED PURSUANT TO THIS SECTION SHALL BE SIGNED BY THE PUBLIC BODY OR DESIGNATED PUBLIC LOBBYIST, AS APPROPRIATE, AND SHALL CONTAIN THE CERTIFICATION OF THE SIGNER UNDER PENALTY OF PERJURY THAT THE REPORT IS TRUE AND COMPLETE AND THAT THE SIGNER HAS READ AND COMPLIED WITH THE REQUIREMENTS OF THIS ARTICLE.

Sec. 9. Section 41-1232.08, Arizona Revised Statutes, is amended to read:

41-1232.08. Gift ban; state and political subdivisions

A. A principal, designated lobbyist, authorized lobbyist, lobbyist for compensation, public body, designated public lobbyist or authorized public lobbyist or any other person acting on that person's behalf shall not make an expenditure or single expenditure for ~~entertainment~~ A GIFT for a state officer or state employee. A state officer or state employee shall not accept an expenditure or single expenditure for ~~entertainment~~ A GIFT from a principal, designated lobbyist, authorized lobbyist, lobbyist for compensation, public body, designated public lobbyist or authorized public lobbyist or any other person acting on that person's behalf.

B. A person who for compensation attempts to influence the procurement of materials, services or construction by an agency as defined in section 41-1001, including the office of the governor, or the passage or defeat of legislation, ordinances, rules, regulations, nominations and other matters that are pending or proposed or that are subject to formal approval by the corporation commission, a county board of supervisors, a city or town governing body or a school district governing board or any person acting on that person's behalf shall not make an expenditure or single expenditure for ~~entertainment for~~ A GIFT TO an elected or appointed member of the corporation commission, a county board of supervisors, a city or town governing body or a school district governing board. An elected or appointed member of the corporation commission, a county board of supervisors, a city or town governing body or a school district governing board shall not accept an expenditure or single expenditure for ~~entertainment~~ A GIFT from a person who for compensation attempts to influence the procurement of materials, services or construction by an agency as defined in section 41-1001, including the office of the governor, or the passage or defeat of legislation, ordinances, rules, regulations, nominations and other matters that are pending or proposed or that are subject to formal approval by the corporation commission, a county board of supervisors, a city or town governing body or a school district governing board.

~~C. This section shall not apply to:~~

~~1. Entertainment in connection with a special event properly reported pursuant to this article.~~

~~2. Entertainment that is incidental to a speaking engagement.~~

~~3. The following persons while attending or participating in any sporting or cultural event or activity, sponsored by the board, district or institution, in a facility that is owned or operated by the board, district or institution:~~

~~(a) Employees of a school district governing board.~~

~~(b) Employees of a community college district governing board.~~

~~(c) Employees of any institution under the jurisdiction of the Arizona board of regents.~~

~~D. The provisions of this article that define special events for legislators apply to special events for members of the Arizona board of regents.~~