

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

**CHAPTER 149**  
**HOUSE BILL 2408**

AN ACT

AMENDING SECTION 38-542, ARIZONA REVISED STATUTES; RELATING TO FINANCIAL  
DISCLOSURE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 38-542, Arizona Revised Statutes, is amended to  
3 read:

4 38-542. Duty to file financial disclosure statement; contents;  
5 exceptions

6 A. In addition to other statements and reports required by law, every  
7 public officer, as a matter of public record, shall file with the secretary  
8 of state on a form prescribed by the secretary of state a verified financial  
9 disclosure statement covering the preceding calendar year. The statement  
10 shall disclose:

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

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

23 3. For a controlled business, a description of the goods or services  
24 provided by the business, and if any single source of compensation to the  
25 business during the preceding calendar year amounts to more than ten thousand  
26 dollars and is more than twenty-five per cent of the gross income of the  
27 business, the disclosure shall also include a description of the goods or  
28 services provided to the source of compensation. For a dependent business  
29 the statement shall disclose a description of the goods or services provided  
30 by the business and a description of the goods or services provided to the  
31 source of compensation from which the dependent business derived the amount  
32 of gross income described in section 38-541, paragraph 4. If the source of  
33 compensation for a controlled or dependent business is a business, the  
34 statement shall disclose a description of the business activities engaged in  
35 by the source of compensation.

36 4. The names and addresses of all businesses and trusts in which the  
37 public officer or members of his household, or any other person for the use  
38 or benefit of the public officer or members of his household, had an  
39 ownership or beneficial interest of over one thousand dollars at any time  
40 during the preceding calendar year, and the names and addresses of all  
41 businesses and trusts in which the public officer or any member of his  
42 household held any office or had a fiduciary relationship at any time during  
43 the preceding calendar year, together with the amount or value of the  
44 interest and a description of the interest, office or relationship.

45 5. All Arizona real property interests and real property improvements,  
46 including specific location and approximate size, in which the public

1 officer, any member of his household or a controlled or dependent business  
2 held legal title or a beneficial interest at any time during the preceding  
3 calendar year, and the value of any such interest, except that this paragraph  
4 does not apply to a real property interest and improvements thereon used as  
5 the primary personal residence or for the personal recreational use of the  
6 public officer. If a public officer, any member of his household or a  
7 controlled or dependent business acquired or divested any such interest  
8 during the preceding calendar year, he shall also disclose that the  
9 transaction was made and the date it occurred. If the controlled or  
10 dependent business is in the business of dealing in real property interests  
11 or improvements, disclosure need not include individual parcels or  
12 transactions as long as the aggregate value of all parcels of such property  
13 is reported.

14 6. The names and addresses of all creditors to whom the public officer  
15 or members of his household, in their own names or in the name of any other  
16 person, owed a debt of more than one thousand dollars or to whom a controlled  
17 business or a dependent business owed a debt of more than ten thousand  
18 dollars which was also more than thirty per cent of the total business  
19 indebtedness at any time during the preceding calendar year, listing each  
20 such creditor. This paragraph shall not be construed to require the  
21 disclosure of debts owed by the public officer or any member of his household  
22 resulting from the ordinary conduct of a business other than a controlled or  
23 dependent business nor shall disclosure be required of credit card  
24 transactions, retail installment contracts, debts on residences or  
25 recreational property exempt from disclosure under paragraph 5 of this  
26 subsection, debts on motor vehicles not used for commercial purposes, debts  
27 secured by cash values on life insurance or debts owed to relatives. It is  
28 sufficient disclosure of a creditor if the name and address of a person to  
29 whom payments are made is disclosed. If the public officer, any member of  
30 his household or a controlled or dependent business incurred or discharged a  
31 debt which is reportable under this subsection during the preceding calendar  
32 year, the report shall disclose that the transaction was made and the date it  
33 occurred.

34 7. The identification and amount of each debt exceeding one thousand  
35 dollars owed at any time during the preceding calendar year to the public  
36 officer and members of his household in their own names, or to any other  
37 person for the use or benefit of the public officer or any member of his  
38 household. The disclosure shall include the identification and amount of  
39 each debt exceeding ten thousand dollars to a controlled business or  
40 dependent business which was also more than thirty per cent of the total  
41 indebtedness to the business at any time during the preceding calendar year.  
42 This paragraph shall not be construed to require the disclosure of debts from  
43 the ordinary conduct of a business other than a controlled or dependent  
44 business. If the public officer, any member of his household or a controlled  
45 or dependent business incurred or discharged a debt which is reportable under

1 this subsection during the preceding year, the report shall disclose that the  
2 transaction was made and the date it occurred.

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

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

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

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

29 1. Category 1, one thousand dollars to twenty-five thousand dollars.

30 2. Category 2, more than twenty-five thousand dollars to one hundred  
31 thousand dollars.

32 3. Category 3, more than one hundred thousand dollars.

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

35 D. The statement required to be filed pursuant to subsection A shall  
36 be filed by all persons who qualified as public officers at any time during  
37 the preceding calendar year on or before January 31 of each year with the  
38 exceptions that a public officer appointed to fill a vacancy shall, within  
39 sixty days following his taking of such office, file a financial disclosure  
40 statement covering as his annual period the twelve month period ending with  
41 the last full month prior to the date of his taking office, and a public  
42 officer whose final term expires less than thirty-one days into the  
43 immediately following calendar year may file the public officer's final  
44 financial disclosure at the same time as the disclosure for the last  
45 immediately preceding year.

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

6 F. BEGINNING JANUARY 1, 2017, THE STATEMENT REQUIRED TO BE FILED IN  
7 SUBSECTION D OF THIS SECTION MAY BE FILED BY THE PUBLIC OFFICER IN A FORM  
8 PRESCRIBED BY THE SECRETARY OF STATE THAT INCLUDES AUTHORIZATION FOR FUTURE  
9 FILINGS TO BE SUBMITTED IN AN ELECTRONIC FORMAT. ANY SUBSEQUENT FILINGS  
10 REQUIRED TO BE FILED IN SUBSECTION D OF THIS SECTION MAY BE FILED IN AN  
11 ELECTRONIC FORMAT AS PRESCRIBED BY THE SECRETARY OF STATE.

12 Sec. 2. Effective date

13 Section 38-542, Arizona Revised Statutes, as amended by this act, is  
14 effective from and after December 31, 2016.

APPROVED BY THE GOVERNOR APRIL 22, 2014.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 23, 2014.