

State of Arizona
House of Representatives
Fifty-second Legislature
Second Regular Session
2016

HOUSE BILL 2297

AN ACT

AMENDING SECTION 16-311, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2016, CHAPTER 79, SECTION 5; AMENDING SECTION 16-901, ARIZONA REVISED STATUTES, AS ADDED BY LAWS 2016, CHAPTER 79, SECTION 11; AMENDING SECTION 16-907, ARIZONA REVISED STATUTES, AS ADDED BY LAWS 2016, CHAPTER 79, SECTION 12; AMENDING SECTION 16-912, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2015, CHAPTER 297, SECTION 5; AMENDING SECTIONS 16-913, 16-914, 16-915, 16-927, 16-933 AND 16-938, ARIZONA REVISED STATUTES, AS ADDED BY LAWS 2016, CHAPTER 79, SECTION 12; AMENDING TITLE 16, CHAPTER 7, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 16-1022; AMENDING LAWS 2016, CHAPTER 79, SECTION 30; RELATING TO CAMPAIGN CONTRIBUTIONS AND EXPENSES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 16-311, Arizona Revised Statutes, as amended by
3 Laws 2016, chapter 79, section 5, is amended to read:

4 16-311. Nomination papers; filing; definitions

5 A. Any person desiring to become a candidate at a primary election for
6 a political party and to have the person's name printed on the official
7 ballot shall be a qualified elector of such party and, not less than **NINETY**
8 **NOR MORE THAN** one hundred ~~eighty~~ **TWENTY** days before the primary election,
9 shall sign and cause to be filed a nomination paper giving the person's
10 actual residence address or description of place of residence and post office
11 address, naming the party of which the person desires to become a candidate,
12 stating the office and district or precinct, if any, for which the person
13 offers the person's candidacy, stating the exact manner in which the person
14 desires to have the person's name printed on the official ballot pursuant to
15 subsection G of this section, and giving the date of the primary election
16 and, if nominated, the date of the general election at which the person
17 desires to become a candidate. A candidate for public office shall be a
18 qualified elector at the time of filing and shall reside in the county,
19 district or precinct that the person proposes to represent.

20 B. Any person desiring to become a candidate at any nonpartisan
21 election and to have the person's name printed on the official ballot shall
22 be at the time of filing a qualified elector of such county, city, town or
23 district and, not less than **NINETY NOR MORE THAN** one hundred ~~eighty~~ **TWENTY**
24 days before the election, shall sign and cause to be filed a nomination paper
25 giving the person's actual residence address or description of place of
26 residence and post office address, stating the office and county, city, town
27 or district and ward or precinct, if any, for which the person offers the
28 person's candidacy, stating the exact manner in which the person desires to
29 have the person's name printed on the official ballot pursuant to subsection
30 G of this section and giving the date of the election. A candidate for
31 office shall reside at the time of filing in the county, city, town,
32 district, ward or precinct that the person proposes to represent.

33 C. Notwithstanding subsection B of this section, any city or town may
34 adopt by ordinance for its elections the time frame provided in subsection A
35 of this section for filing nomination petitions. Such ordinance shall be
36 adopted not less than one hundred twenty days before the first election to
37 which it applies.

38 D. All persons desiring to become a candidate shall file with the
39 nomination paper provided for in subsection A of this section a declaration,
40 which shall be printed in a form prescribed by the secretary of state. The
41 declaration shall include facts sufficient to show that, other than the
42 residency requirement provided in subsection A of this section and the
43 satisfaction of any monetary penalties, fines or judgments as prescribed in
44 subsection I of this section, the candidate will be qualified at the time of

1 election to hold the office the person seeks, and that for any monetary
2 penalties, fines or judgments as prescribed in subsection I of this section,
3 the candidate has made complete payment before the time of filing.

4 E. The nomination paper of a candidate for the office of United States
5 senator or representative in Congress, for the office of presidential elector
6 or for a state office, including a member of the legislature, or for any
7 other office for which the electors of the entire state or a subdivision of
8 the state greater than a county are entitled to vote, shall be filed with the
9 secretary of state no later than 5:00 p.m. on the last date for filing.

10 F. The nomination paper of a candidate for superior court judge or for
11 a county, district and precinct office for which the electors of a county or
12 a subdivision of a county other than an incorporated city or town are
13 entitled to vote shall be filed with the county elections officer no later
14 than 5:00 p.m. on the last date for filing as prescribed by subsection A of
15 this section. The nomination paper of a candidate for a city or town office
16 shall be filed with the city or town clerk no later than 5:00 p.m. on the
17 last date for filing. The nomination paper of a candidate for school
18 district office shall be filed with the county school superintendent no later
19 than 5:00 p.m. on the last date for filing.

20 G. The nomination paper shall include the exact manner in which the
21 candidate desires to have the person's name printed on the official ballot
22 and shall be limited to the candidate's surname and given name or names, an
23 abbreviated version of such names or appropriate initials such as "Bob" for
24 "Robert", "Jim" for "James", "Wm." for "William" or "S." for "Samuel".
25 Nicknames are permissible, but in no event shall nicknames, abbreviated
26 versions or initials of given names suggest reference to professional,
27 fraternal, religious or military titles. No other descriptive name or names
28 shall be printed on the official ballot, except as provided in this section.
29 Candidates' abbreviated names or nicknames may be printed within quotation
30 marks. The candidate's surname shall be printed first, followed by the given
31 name or names.

32 H. A person who does not file a timely nomination paper that complies
33 with this section is not eligible to have the person's name printed on the
34 official ballot for that office. The filing officer shall not accept the
35 nomination paper of a candidate for state or local office unless the person
36 provides or has provided all of the following:

37 1. The financial disclosure statement as prescribed for candidates for
38 that office.

39 2. The declaration of qualification and eligibility as prescribed in
40 subsection D of this section.

41 I. Except in cases where the liability is being appealed, the filing
42 officer shall not accept the nomination paper of a candidate for state or
43 local office if the person is liable for an aggregation of one thousand
44 dollars or more in fines, penalties, late fees or administrative or civil

1 judgments, including any interest or costs, in any combination, that have not
2 been fully satisfied at the time of the attempted filing of the nomination
3 paper and the liability arose from failure to comply with or enforcement of
4 chapter 6 of this title.

5 J. For the purposes of this title:

6 1. "Election district" means the state, any county, city, town,
7 precinct or other political subdivision or a special district that is not a
8 political subdivision, that is authorized by statute to conduct an election
9 and that is authorized or required to conduct its election in accordance with
10 this title.

11 2. "Nomination paper" means the form filed with the appropriate office
12 by a person wishing to declare the person's intent to become a candidate for
13 a particular political office.

14 Sec. 2. Section 16-901, Arizona Revised Statutes, as added by Laws
15 2016, chapter 79, section 11, is amended to read:

16 16-901. Definitions

17 In this chapter, unless the context otherwise requires:

18 1. "Advertisement" means information or materials, other than **NONPAID**
19 social media messages, that are mailed, e-mailed, posted, distributed,
20 published, displayed, delivered, broadcasted or placed in a communication
21 medium and that are for the purpose of influencing an election.

22 2. "Affiliate" means any organization that controls, is controlled by
23 or is under common control with a corporation, limited liability company or
24 labor organization.

25 3. "Agent" means any person who has actual authority, either express
26 or implied, to represent or make decisions on behalf of another person.

27 4. "Ballot measure expenditure" means an expenditure made by a person
28 that expressly advocates the support or opposition of a clearly identified
29 ballot measure.

30 5. "Best effort" means that a committee treasurer or treasurer's agent
31 makes at least one written effort, including an attempt by e-mail, text
32 message, private message through social media or other similar communication,
33 or at least one oral effort that is documented in writing to identify the
34 contributor of an incomplete contribution.

35 6. "Calendar quarter" means a period of three consecutive calendar
36 months ending on March 31, June 30, September 30 or December 31.

37 7. "Candidate" means an individual who receives contributions or makes
38 expenditures or who gives consent to another person to receive contributions
39 or make expenditures on behalf of that individual in connection with the
40 candidate's nomination, election or retention for any public office.

41 8. "Candidate committee" includes the candidate.

42 9. "Clearly identified candidate" means that the name or a
43 description, image, photograph or drawing of the candidate appears or the
44 identity of the candidate is otherwise apparent by unambiguous reference.

- 1 10. "Committee" means a candidate committee, a political action
2 committee or a political party.
- 3 11. "Contribution" means any money, advance, deposit or other thing of
4 value that is made to a person for the purpose of influencing an election.
5 Contribution includes:
- 6 (a) A contribution that is made to retire campaign debt from a
7 previous election cycle.
- 8 (b) Money or the fair market value of anything that is directly or
9 indirectly provided to an elected official for the specific purpose of
10 defraying the expense of communications with constituents.
- 11 (c) The full purchase price of any item from a committee.
- 12 (d) A loan that is made to a committee for the purpose of influencing
13 an election, to the extent the loan remains outstanding.
- 14 12. "Control" means to possess, directly or indirectly, the power to
15 direct or to cause the direction of the management or policies of another
16 organization, whether through voting power, ownership, contract or otherwise.
- 17 13. "Coordinate", "coordinated" or "coordination" means the
18 coordination of an expenditure as proscribed by section 16-922.
- 19 14. "Coordinated party expenditures" means expenditures that are made
20 by a political party to directly pay for goods or services on behalf of its
21 nominee.
- 22 15. "District office" means an elected office established or organized
23 pursuant to title 15 or ~~title~~ 48.
- 24 16. "Earmarked" means a designation, instruction or encumbrance
25 between the transferor of a contribution and a transferee that requires the
26 transferee to make a contribution to a clearly identified candidate.
- 27 17. "Election" means any election for any ballot measure in this state
28 or any candidate election during a primary, general, recall, special or
29 runoff election for any office in this state other than a federal office and
30 a political party office prescribed by chapter 5, article 2 of this title.
- 31 18. "Election cycle" means the two-year period between successive
32 statewide general elections or, for cities and towns, the two-year period
33 between the scheduled date of the city's or town's second, runoff or general
34 election and the scheduled date of the immediately following second, runoff
35 or general election, however designated by the city or town. For purposes of
36 a recall election, "election cycle" means the period between issuance of a
37 recall petition serial number and the latest of the following:
- 38 (a) The date of the recall election that is called pursuant to section
39 19-209.
- 40 (b) The date that a resignation is accepted pursuant to section
41 19-208.
- 42 (c) The date that the receiving officer provides notice pursuant to
43 section 19-208.01 that the number of signatures is insufficient.

- 1 19. "Employee" means an individual who is entitled to compensation for
2 labor or services performed for the individual's employer.
- 3 20. "Employer" means any person that pays compensation to and directs
4 the labor or services of any individual in the course of employment.
- 5 21. "Enforcement officer" means the attorney general or the county,
6 city or town attorney with authority to collect fines or issue penalties with
7 respect to a given election pursuant to section 16-938.
- 8 22. "Entity" means a corporation, limited liability company, labor
9 organization, partnership, trust, association, organization, joint venture,
10 cooperative, unincorporated organization or association or other organized
11 group that consists of more than one individual.
- 12 23. "EXCESS CONTRIBUTION" MEANS A CONTRIBUTION THAT EXCEEDS THE
13 APPLICABLE CONTRIBUTION LIMITS FOR A PARTICULAR ELECTION.
- 14 ~~23.~~ 24. "Exclusive insurance contract" means an insurance producer's
15 contract with an insurer that does either of the following:
- 16 (a) Prohibits the producer from soliciting insurance business for any
17 other insurer.
- 18 (b) Requires a first right of refusal on all lines of insurance
19 business written by the insurer and solicited by the producer.
- 20 ~~24.~~ 25. "Expenditure" means any purchase, payment or other thing of
21 value that is made by a person for the purpose of influencing an election.
- 22 ~~25.~~ 26. "Family contribution" means any contribution that is provided
23 to a candidate's committee by the parent, grandparent, aunt, uncle, child or
24 sibling of the candidate or the candidate's spouse, including the spouse of
25 any of the listed family members, regardless of whether the relation is
26 established by marriage or adoption.
- 27 ~~26.~~ 27. "Filing officer" means the secretary of state or the county,
28 city or town officer in charge of elections for that jurisdiction who accepts
29 statements and reports for those elections pursuant to section 16-928.
- 30 ~~27.~~ 28. "Firewall" means a written policy that precludes one person
31 from sharing information with another person.
- 32 ~~28.~~ 29. "Identification" or "identify" means:
- 33 (a) For an individual, the individual's first and last name, residence
34 location or street address and occupation and the name of the individual's
35 primary employer.
- 36 (b) For any other person, the person's full name and physical location
37 or street address.
- 38 ~~29.~~ 30. "Incomplete contribution" means any contribution that is
39 received by a committee for which the contributor's complete identification
40 has not been obtained.
- 41 ~~30.~~ 31. "Independent expenditure" means an expenditure by a person,
42 other than a candidate committee, that complies with both of the following:
- 43 (a) Expressly advocates the election or defeat of a clearly identified
44 candidate.

1 (b) Is not made in cooperation or consultation with or at the request
2 or suggestion of the candidate or the candidate's agent.

3 ~~31.~~ 32. "In-kind contribution" means a contribution of goods,
4 services or anything of value that is provided without charge or at less than
5 the usual and normal charge.

6 ~~32.~~ 33. "Insurance producer" means a person that:

7 (a) Is required to be licensed to sell, solicit or negotiate
8 insurance.

9 (b) Has an exclusive insurance contract with an insurer.

10 ~~33.~~ 34. "Itemized" means that each contribution received or
11 expenditure made is set forth separately.

12 ~~34.~~ 35. "Labor organization" means any employee representation
13 organization that exists for the purpose of dealing with employers concerning
14 grievances, labor disputes, wages, rates of pay, hours of employment or other
15 conditions of employment.

16 ~~35.~~ 36. "Legislative office" means the office of representative in
17 the state house of representatives or senator in the state senate.

18 ~~36.~~ 37. "Mega PAC status" means official recognition that a political
19 action committee has received contributions from five hundred or more
20 individuals in amounts of ten dollars or more in the four-year period
21 immediately before application to the secretary of state.

22 ~~37.~~ 38. "Nominee" means a candidate who prevails in a primary
23 election for partisan office and includes the nominee's candidate committee.

24 ~~38.~~ 39. "Person" means an individual or a candidate, nominee,
25 committee, corporation, limited liability company, labor organization,
26 partnership, trust, association, organization, joint venture, cooperative or
27 unincorporated organization or association.

28 ~~39.~~ 40. "Personal monies" means any of the following:

29 (a) Assets to which the individual or individual's spouse has either
30 legal title or an equitable interest.

31 (b) Salary and other earned income from bona fide employment of the
32 individual or individual's spouse.

33 (c) Dividends and proceeds from the sale of investments of the
34 individual or individual's spouse.

35 (d) Bequests to the individual or individual's spouse.

36 (e) Income to the individual or individual's spouse from revocable
37 trusts for which the individual or individual's spouse is a beneficiary.

38 (f) Gifts of a personal nature to the individual or individual's
39 spouse that would have been given regardless of whether the individual became
40 a candidate or accepted a contribution.

41 (g) The proceeds of loans obtained by the individual or individual's
42 spouse that are secured by collateral or security provided by the individual
43 or individual's spouse.

44 (h) Family contributions.

1 ~~40.~~ 41. "Political action committee" means an entity that is required
2 to register as a political action committee pursuant to section 16-905.
3 ~~41.~~ 42. "Political party" means a committee that meets the
4 requirements for recognition as a political party pursuant to chapter 5 of
5 this title.
6 ~~42.~~ 43. "Primary purpose" means an entity's predominant purpose.
7 Notwithstanding any other law or rule, an entity is not organized for the
8 primary purpose of influencing an election if all of the following apply **AT**
9 **THE TIME THE CONTRIBUTION OR EXPENDITURE IS MADE:**
10 (a) The entity has tax exempt status under section 501(a) of the
11 internal revenue code.
12 (b) Except for a religious organization, assembly or institution, the
13 entity has properly filed a form 1023 or form 1024 with the internal revenue
14 service or the equivalent successor form designated by the internal revenue
15 service.
16 (c) The entity's tax exempt status has not been denied or revoked by
17 the internal revenue service.
18 (d) The entity remains in good standing with the corporation
19 commission.
20 (e) The entity has properly filed a form 990 with the internal revenue
21 service or the equivalent successor form designated by the internal revenue
22 service **IN COMPLIANCE WITH THE MOST RECENT FILING DEADLINE ESTABLISHED BY**
23 **INTERNAL REVENUE SERVICE REGULATIONS OR POLICIES.**
24 ~~43.~~ 44. "Retention" means the election process by which a superior
25 court judge, appellate court judge or supreme court justice is retained in
26 office as prescribed by article VI, section 38 or 40, Constitution of
27 Arizona.
28 ~~44.~~ 45. "Separate segregated fund" means a fund established by a
29 corporation, limited liability company, labor organization or partnership
30 that is required to register as a political action committee.
31 ~~45.~~ 46. "Social media messages" means forms of communication,
32 including internet sites for social networking or blogging, through which
33 users create a personal profile and participate in online communities to
34 share information, ideas and personal messages.
35 ~~46.~~ 47. "Sponsor" means any person that establishes, administers or
36 contributes financial support to the administration of a political action
37 committee or that has common or overlapping membership or officers with that
38 political action committee.
39 ~~47.~~ 48. "Standing committee" means a political action committee or
40 political party that is active in more than one reporting jurisdiction in
41 this state and that files a statement of organization in a format prescribed
42 by the secretary of state.

1 ~~48.~~ 49. "Statewide office" means the office of governor, secretary of
2 state, state treasurer, attorney general, superintendent of public
3 instruction, corporation commissioner or mine inspector.

4 ~~49.~~ 50. "Surplus monies" means those monies of a terminating
5 committee that remain after all of the committee's expenditures have been
6 made, all debts have been extinguished and the committee ceases accepting
7 contributions.

8 Sec. 3. Section 16-907, Arizona Revised Statutes, as added by Laws
9 2016, chapter 79, section 12, is amended to read:

10 16-907. Committee recordkeeping; treasurer; accounts

11 A. A committee treasurer is the custodian of the committee's books and
12 accounts. A committee may not make a contribution, expenditure or
13 disbursement without the authorization of the treasurer or the treasurer's
14 designated agent.

15 B. All committee monies shall be deposited in one or more bank
16 accounts held by the financial institutions listed in the committee's
17 statement of organization. Committee bank accounts shall be segregated as
18 follows:

19 1. Committee monies shall be segregated in different bank accounts
20 from personal monies.

21 2. Contributions from individuals, ~~and committees~~ PARTNERSHIPS,
22 CANDIDATE COMMITTEES, POLITICAL ACTION COMMITTEES OR POLITICAL PARTIES shall
23 be segregated in different bank accounts from contributions from
24 ~~corporations, limited liability companies and labor organizations~~ OTHER
25 DONORS.

26 3. Contributions to a political party to defray operating expenses or
27 support party-building activities shall be segregated in different bank
28 accounts from contributions used to support candidates.

29 4. For a committee that is a political party, the committee may
30 commingle monies from any source in a single bank account if the account is
31 maintained as prescribed in 11 Code of Federal Regulations section 106.7.

32 5. For contributions intended to influence a recall election, the
33 committee shall segregate those contributions into bank accounts that are
34 different from those intended to influence any other election and those
35 recall contributions may not be used to influence any other election.

36 C. A committee shall exercise its best effort to obtain the required
37 information for any incomplete contribution received that is required to be
38 itemized and reported. The committee shall clearly ask for identification
39 and inform the contributor that the committee is required by law to seek
40 identification. The committee shall report in an amended report any
41 contributor identification obtained after the contribution has been disclosed
42 on a campaign finance report.

43 D. A committee shall keep records of the following:

44 1. All contributions made or received by the committee.

1 2. The identification of any contributor that contributes in the
2 aggregate at least fifty dollars to the committee during the election cycle,
3 the date and amount of each contribution and the date of deposit into the
4 committee's account.

5 3. Cumulative totals contributed by each contributor during the
6 election cycle.

7 4. The name and address of every person that receives a contribution,
8 expenditure or disbursement from the committee, including the date and
9 amount, and, for any expenditure or disbursement, the purpose of the
10 expenditure or disbursement. ~~A contribution is deemed made when tendered to~~
11 ~~the committee's possession. An expenditure or disbursement is deemed made~~
12 ~~when promised, obligated, contracted for or spent.~~

13 E. A committee may accept a cash contribution.

14 F. A committee may accept a contribution by written or electronic
15 instrument, including a check, credit card, payroll deduction, online payment
16 or electronic transfer, if the contributor is an account holder of the
17 instrument. Unless designated as a joint contribution, a contribution shall
18 be attributed to the account holder that signs the instrument or authorizes
19 the transaction.

20 G. A committee shall preserve all records required to be kept by this
21 section for two years following the end of the election cycle.

22 H. On request of the filing officer or enforcement officer, a
23 committee that has filed a statement of organization shall produce any of the
24 records required to be kept pursuant to this section to the filing officer or
25 enforcement officer.

26 I. A person that qualifies as a committee as prescribed by section
27 16-905 shall report all contributions, expenditures and disbursements that
28 occurred before qualifying as a committee and shall maintain and produce
29 records as prescribed by this section.

30 Sec. 4. Section 16-912, Arizona Revised Statutes, as amended by Laws
31 2015, chapter 297, section 5, is amended to read:

32 16-912. Candidates and independent expenditures; campaign
33 literature and advertisement sponsors;
34 identification; civil penalty

35 A. A political committee that makes an expenditure for campaign
36 literature or advertisements that expressly advocate the election or defeat
37 of any candidate or that make any solicitation of contributions to any
38 political committee shall include on the literature or advertisement the
39 words "paid for by" followed by the name of the committee that appears on its
40 statement of organization or five hundred dollar exemption statement.

41 B. If the expenditure for the campaign literature or advertisements by
42 a political committee is an independent expenditure, the political committee,
43 in addition to the disclosures required by subsection A of this section,
44 shall include on the literature or advertisement the names and telephone

1 numbers of ~~the~~ UP TO three political committees making the largest
2 contributions THAT IN THE AGGREGATE FOR THAT POLITICAL COMMITTEE TOTAL TWENTY
3 PERCENT OR MORE OF THE TOTAL AMOUNT OF CONTRIBUTIONS to the political
4 committee making the independent expenditure. IF NO POLITICAL COMMITTEE HAS
5 CONTRIBUTED THE REQUISITE PERCENTAGE, THE NAMES OF THE THREE POLITICAL
6 COMMITTEES THAT HAVE MADE THE LARGEST AMOUNT OF AGGREGATE CONTRIBUTIONS SHALL
7 BE DISCLOSED. If an acronym is used to name any political committee ~~outlined~~
8 PRESCRIBED in this section, the name of any sponsoring organization of the
9 political committee shall also be printed or spoken. For the purposes of
10 determining the three contributors to be disclosed, only the contributions
11 made during the calendar year in which the independent expenditure is made
12 shall be considered.

13 C. Subsection A of this section does not apply to bumper stickers,
14 pins, buttons, pens and similar small items on which the statements required
15 in subsection A of this section cannot be conveniently printed or to signs
16 paid for by a candidate with campaign monies or by a candidate's campaign
17 committee or to a solicitation of contributions by a separate segregated fund
18 from those persons it may solicit pursuant to sections 16-920 and 16-921.

19 D. The disclosures required pursuant to this section shall be printed
20 clearly and legibly in a conspicuous manner. The disclosure statement shall
21 include the words "paid for by" followed by the name of the entity making the
22 expenditure and shall state that it is not authorized by any candidate or
23 candidate's campaign committee. Disclosure statements shall also comply with
24 the following:

25 1. If the communication is broadcast on radio, the disclosure shall be
26 spoken at the end of the communication.

27 2. For printed material that is delivered or provided by hand or by
28 mail, the disclosure shall be printed clearly and legibly in a conspicuous
29 manner.

30 3. If the communication is broadcast on a telecommunications system,
31 the following apply:

32 (a) The disclosure shall be both written and spoken at the end of the
33 communication, except that if the written disclosure statement is displayed
34 for at least five seconds of a thirty second communications broadcast or ten
35 seconds of a sixty second communications broadcast, a spoken disclosure
36 statement is not required.

37 (b) The written disclosure statement shall be printed in letters that
38 are displayed in a height that is equal to or greater than four percent of
39 the vertical picture height.

40 E. A person who violates this section is subject to a civil penalty of
41 up to three times the cost of producing and distributing the literature or
42 advertisement. This civil penalty shall be imposed as prescribed in section
43 16-924.

1 Sec. 5. Section 16-913, Arizona Revised Statutes, as added by Laws
2 2016, chapter 79, section 12, is amended to read:

3 16-913. Candidate committee contribution limits; requirements

4 ~~A. A candidate committee may not contribute more than the following~~
5 ~~amounts per election cycle to a candidate committee for another candidate:~~

6 ~~1. Six thousand two hundred fifty dollars to a candidate committee for~~
7 ~~a candidate for city, town, county or district office.~~

8 ~~2. Six thousand two hundred fifty dollars to a candidate committee for~~
9 ~~a candidate for legislative office.~~

10 ~~3. Six thousand two hundred fifty dollars to a candidate committee for~~
11 ~~a candidate for statewide office.~~

12 A. A CANDIDATE COMMITTEE SHALL NOT MAKE CONTRIBUTIONS TO A CANDIDATE
13 COMMITTEE FOR ANOTHER CANDIDATE.

14 B. A candidate committee may transfer unlimited contributions to any
15 one or more other candidate committees for ~~the~~ THAT same candidate ~~without~~
16 ~~regard to the office sought~~ under the following conditions:

17 ~~1. Both candidate committees must be registered with an officer~~
18 ~~prescribed by subdivision (a) of this paragraph or both must be registered~~
19 ~~with an officer prescribed by subdivision (b) of this paragraph:~~

20 ~~(a) A filing officer in charge of city, town, county or district~~
21 ~~elections for any one or more offices, including offices with different~~
22 ~~filing officers prescribed in this subdivision.~~

23 ~~(b) The secretary of state, for any one or more offices for which the~~
24 ~~secretary of state is the filing officer.~~

25 1. A CANDIDATE COMMITTEE FOR A CITY OR TOWN CANDIDATE SHALL NOT
26 TRANSFER CONTRIBUTIONS TO THAT SAME CANDIDATE'S CAMPAIGN COMMITTEE FOR A
27 STATEWIDE, LEGISLATIVE OR COUNTY OFFICE.

28 2. Contributions originally made to the transferring candidate
29 committee are deemed to be contributions to the receiving candidate
30 committee. On transfer, an individual's aggregate contributions to both
31 candidate committees during the election cycle shall not exceed the
32 individual's contribution limit for that candidate.

33 C. A candidate committee shall not KNOWINGLY accept contributions in
34 excess of the contribution limits prescribed by law. A candidate committee
35 THAT UNKNOWINGLY ACCEPTS AN EXCESS CONTRIBUTION shall refund or reattribute
36 any excess ~~contributions~~ CONTRIBUTION within sixty days after receipt of the
37 contribution. A CANDIDATE COMMITTEE MAY REATTRIBUTE AN EXCESS CONTRIBUTION
38 ONLY IF BOTH OF THE FOLLOWING APPLY:

39 1. THE EXCESS CONTRIBUTION WAS RECEIVED FROM AN INDIVIDUAL
40 CONTRIBUTOR.

41 2. THE INDIVIDUAL CONTRIBUTOR AUTHORIZES THE CANDIDATE COMMITTEE TO
42 REATTRIBUTE THE EXCESS AMOUNT TO ANOTHER INDIVIDUAL WHO WAS IDENTIFIED AS A
43 JOINT ACCOUNT HOLDER IN THE ORIGINAL INSTRUMENT USED TO MAKE THE EXCESS
44 CONTRIBUTION.

1 D. A CANDIDATE COMMITTEE MAY ACCEPT CONTRIBUTIONS ONLY FROM AN
2 INDIVIDUAL, A PARTNERSHIP, A CANDIDATE COMMITTEE, A POLITICAL ACTION
3 COMMITTEE OR A POLITICAL PARTY.

4 ~~D.~~ E. A candidate committee may make unlimited contributions to a
5 person other than a candidate's committee.

6 ~~E.~~ F. A candidate may contribute unlimited personal monies to the
7 candidate's own candidate committee.

8 Sec. 6. Section 16-914, Arizona Revised Statutes, as added by Laws
9 2016, chapter 79, section 12, is amended to read:

10 16-914. Political action committee contribution limits;
11 requirements

12 A. A political action committee without mega PAC status may not
13 contribute more than the following amounts per election cycle:

14 1. Six thousand two hundred fifty dollars to a candidate committee for
15 city, town, county or district office.

16 2. Six thousand two hundred fifty dollars to a candidate committee for
17 legislative office.

18 3. Six thousand two hundred fifty dollars to a candidate committee for
19 statewide office.

20 B. A political action committee with mega PAC status may contribute
21 twice the amounts prescribed in subsection A of this section per election
22 cycle if the political action committee provides the recipient candidate
23 committee a copy of the political action committee's certification of mega
24 PAC status.

25 C. A political action committee ~~shall not~~ MAY ONLY contribute to a
26 candidate committee using monies contributed by ~~a corporation, limited~~
27 ~~liability company or labor organization~~ AN INDIVIDUAL, A PARTNERSHIP, A
28 CANDIDATE COMMITTEE, A POLITICAL ACTION COMMITTEE OR A POLITICAL PARTY.

29 D. A political action committee may make unlimited contributions to
30 persons other than candidate committees.

31 Sec. 7. Section 16-915, Arizona Revised Statutes, as added by Laws
32 2016, chapter 79, section 12, is amended to read:

33 16-915. Political party contribution limits; requirements

34 A. A political party may not contribute more than the following
35 amounts per election cycle:

36 1. Ten thousand dollars to the party's nominee for a city, town,
37 county or district office.

38 2. Ten thousand dollars to the party's nominee for legislative office.

39 3. One hundred thousand dollars to the party's nominee for statewide
40 office.

41 B. A political party ~~shall not~~ MAY ONLY contribute to nominees using
42 monies contributed by ~~a corporation, limited liability company or labor~~
43 ~~organization~~ AN INDIVIDUAL, A PARTNERSHIP, A CANDIDATE COMMITTEE, A POLITICAL
44 ACTION COMMITTEE OR A POLITICAL PARTY.

1 C. A political party shall not contribute to candidate committees
2 other than nominees.

3 D. A political party may make unlimited contributions to persons other
4 than candidate committees and nominees.

5 Sec. 8. Section 16-927, Arizona Revised Statutes, as added by Laws
6 2016, chapter 79, section 12, is amended to read:

7 16-927. Campaign finance reporting period

8 A. A political action committee and political party shall file a
9 campaign finance report covering each reporting period as follows:

10 1. For a calendar quarter without an election, the political action
11 committee or political party shall file a quarterly report. The quarterly
12 report shall be:

13 (a) Filed not later than the fifteenth day after the calendar quarter.

14 (b) Complete through the last day of the calendar quarter.

15 2. For a calendar quarter with an election, the political action
16 committee or political party shall file a preelection and postelection report
17 as follows:

18 (a) A preelection report shall be:

19 (i) Filed not later than ten days before the election.

20 (ii) Complete from the first day of the applicable calendar quarter
21 through the seventeenth day before the election.

22 (b) A postelection report shall be:

23 (i) Filed not later than the fifteenth day after the applicable
24 calendar quarter.

25 (ii) Complete from the sixteenth day before the election through the
26 last day of the applicable calendar quarter.

27 B. A candidate committee shall file a campaign finance report only
28 during the four calendar quarters comprising the twelve-month period
29 preceding the general election for the office for which the candidate is
30 seeking election, or for cities and towns, the city's or town's second,
31 runoff or general election, however designated by the city or town. **THE**
32 **REPORTING PERIOD FOR A CANDIDATE COMMITTEE'S FIRST CAMPAIGN FINANCE REPORT OF**
33 **THE ELECTION CYCLE SHALL INCLUDE THE ENTIRE ELECTION CYCLE TO DATE.**

34 C. A committee shall file campaign finance reports until terminated.

35 Sec. 9. Heading change

36 The article heading of title 16, chapter 6, article 1.5, Arizona
37 Revised Statutes, as added by Laws 2016, chapter 79, section 12, is changed
38 from "INFLATIONARY ADJUSTMENTS" to "BIENNIAL FINANCIAL ADJUSTMENTS".

39 Sec. 10. Section 16-933, Arizona Revised Statutes, as added by Laws
40 2016, chapter 79, section 12, is amended to read:

41 16-933. Transfer and disposal of committee monies; limitations

42 A. A committee that intends to terminate shall dispose of surplus
43 monies as follows:

44 1. Return surplus monies to the contributor.

1 2. Contribute surplus monies PURSUANT TO AND within the limits
2 prescribed in article 1.2 of this chapter.

3 3. IN THE CASE OF A CANDIDATE COMMITTEE, CONTRIBUTE SURPLUS MONIES TO
4 A CANDIDATE COMMITTEE FOR ANOTHER CANDIDATE UNDER THE FOLLOWING CONDITIONS:

5 (a) THE CANDIDATE COMMITTEE MAKES THE CONTRIBUTION AFTER THE TIME
6 PERIOD FOR FILING A NOMINATION PAPER PURSUANT TO SECTION 16-311,
7 SUBSECTION A.

8 (b) THE CANDIDATE ASSOCIATED WITH THE CANDIDATE COMMITTEE THAT MAKES
9 THE CONTRIBUTION DID NOT FILE A NOMINATION PAPER TO RUN FOR ELECTION IN THE
10 CURRENT ELECTION CYCLE.

11 (c) IN THE CASE OF A CANDIDATE COMMITTEE FOR LEGISLATIVE OFFICE, THE
12 CANDIDATE COMMITTEE MAKES THE CONTRIBUTION WHEN THE LEGISLATURE IS NOT IN
13 REGULAR LEGISLATIVE SESSION.

14 (d) THE CANDIDATE COMMITTEE MAKES THE CONTRIBUTION WITHIN THE LIMITS
15 PRESCRIBED FOR INDIVIDUALS IN SECTION 16-912.

16 ~~3-~~ 4. Donate surplus monies to a nonprofit organization that has tax
17 exempt status under section 501(c)(3) of the internal revenue code.

18 ~~4-~~ 5. In the case of a statewide or legislative candidate committee
19 and subject to section 41-133, transfer surplus monies to the candidate's
20 officeholder expense account.

21 B. Surplus monies shall not be used for or converted to personal use.

22 ~~C. Any transfer of surplus monies shall comply with section 16-913.~~

23 ~~D-~~ C. This section does not preclude the repayment of a loan to a
24 committee.

25 Sec. 11. Section 16-938, Arizona Revised Statutes, as added by Laws
26 2016, chapter 79, section 12, is amended to read:

27 16-938. Enforcement authority; investigation; reasonable cause;
28 notice of violation; administrative appeal

29 A. NOTWITHSTANDING SECTION 16-1021, on receipt of a complaint from a
30 third party, a filing officer is the sole public officer who is authorized to
31 initiate an investigation into alleged violations of this article and
32 articles 1, 1.1, 1.2, 1.3, 1.4, 1.5 and 1.6 of this chapter, including the
33 alleged failure to register as a committee. A filing officer shall limit an
34 investigation to violations that are within the filing officer's
35 jurisdiction. If the filing officer declares a conflict of interest, the
36 filing officer may refer the investigation to any other filing officer in
37 this state who agrees to accept the referral.

38 B. The secretary of state shall establish guidelines in the
39 instructions and procedures manual adopted pursuant to section 16-452 that
40 outline the procedures, timelines and other processes that apply to
41 investigations by all filing officers in this state.

42 C. If after providing the subject of an investigation a reasonable
43 opportunity to respond, the filing officer has reasonable cause to believe a
44 person violated this article or article 1, 1.1, 1.2, 1.3, 1.4, 1.5 or 1.6 of

1 this chapter, the filing officer shall refer the matter to the enforcement
2 officer as follows:

3 1. For matters investigated by the secretary of state, the secretary
4 of state shall notify the attorney general.

5 2. For matters investigated by a county filing officer, the county
6 filing officer shall notify the county attorney.

7 3. For matters investigated by a city or town filing officer, the city
8 or town filing officer shall notify the city or town attorney.

9 D. Before a reasonable cause determination is made as prescribed in
10 subsection C of this section, a filing officer, an enforcement officer and
11 any other public officer or employee may not order a person to register as a
12 committee and does not have audit or subpoena powers to compel the production
13 of evidence or the attendance of witnesses concerning a potential campaign
14 finance violation. A filing officer may request the voluntary production of
15 evidence or attendance of witnesses in making a reasonable cause
16 determination.

17 E. Only after receiving a referral from the filing officer, the
18 enforcement officer may:

19 1. Conduct an investigation using the enforcement officer's subpoena
20 powers, except that the enforcement officer shall not compel a person to file
21 campaign finance reports unless the enforcement officer has determined that
22 the person is a committee.

23 2. Serve the alleged violator with a notice of violation. The notice
24 shall state with reasonable particularity the nature of the violation, shall
25 specify the fine or penalty imposed and shall require compliance within
26 twenty days after the date of issuance of the notice. The enforcement
27 officer shall impose a presumptive civil penalty equal to the value or amount
28 of money that has been received, spent or promised in violation of this
29 article and articles 1, 1.1, 1.2, 1.3, 1.4, 1.5 and 1.6 of this chapter,
30 except that after a finding of special circumstances, the enforcement officer
31 may impose a penalty of up to three times the amount of the presumptive civil
32 penalty, based on the severity, extent or wilful nature of the alleged
33 violation. If the notice of violation requires a person to file campaign
34 finance reports, the reports are not required to be filed until the
35 enforcement officer's notice of violation has been upheld after any timely
36 appeal.

37 3. Keep any nonpublic information gathered by the enforcement officer
38 in the course of the committee status investigation confidential until the
39 final disposition of any appeal of the enforcement order.

40 F. The enforcement officer has the sole and exclusive authority to
41 initiate any applicable administrative or judicial proceedings to enforce an
42 alleged violation of this article and articles 1, 1.1, 1.2, 1.3, 1.4, 1.5 and
43 1.6 of this chapter that have been referred by the filing officer.

1 G. If the alleged violator:
2 1. Takes corrective action within twenty days after the date of the
3 issuance of the notice of violation by the enforcement officer, the alleged
4 violator is not subject to any penalty.
5 2. Does not take corrective action within twenty days after the date
6 of issuance of the notice of violation by the enforcement officer, the
7 enforcement officer shall impose the penalty set forth in the notice and
8 shall provide formal notice that the imposition of the penalty is an
9 appealable agency action pursuant to sections 41-1092.03 and 41-1092.04.
10 H. Within thirty days after receiving the notice of violation from the
11 enforcement officer the alleged violator may request a hearing pursuant to
12 title 41, chapter 6, article 10.
13 I. After the conclusion of the administrative appeal process
14 prescribed in title 41, chapter 6, article 10, the alleged violator may
15 appeal to the superior court pursuant to title 12, chapter 7, article 6 for
16 judicial review of the final administrative decision.
17 Sec. 12. Title 16, chapter 7, article 1, Arizona Revised Statutes, is
18 amended by adding section 16-1022, to read:
19 16-1022. Campaign finance violations; classification
20 A. IT IS UNLAWFUL FOR A CORPORATION, LIMITED LIABILITY COMPANY OR
21 LABOR ORGANIZATION TO MAKE A CONTRIBUTION TO A CANDIDATE COMMITTEE. A
22 CORPORATION, LIMITED LIABILITY COMPANY OR LABOR ORGANIZATION THAT VIOLATES
23 THIS SUBSECTION IS GUILTY OF A CLASS 2 MISDEMEANOR. THE INDIVIDUAL THROUGH
24 WHOM THE VIOLATION IS EFFECTED IS GUILTY OF A CLASS 6 FELONY. THIS
25 SUBSECTION DOES NOT APPLY TO A COMMITTEE THAT IS INCORPORATED OR ORGANIZED
26 FOR LIMITATION OF LIABILITY.
27 B. IT IS UNLAWFUL FOR ANY PERSON TO MAKE A CONTRIBUTION IN THE NAME OF
28 ANOTHER PERSON, KNOWINGLY PERMIT A PERSON'S NAME TO BE USED TO EFFECT A
29 CONTRIBUTION IN THE NAME OF ANOTHER PERSON OR KNOWINGLY ACCEPT A CONTRIBUTION
30 MADE BY A PERSON IN THE NAME OF ANOTHER PERSON. A PERSON WHO VIOLATES THIS
31 SUBSECTION IS GUILTY OF A CLASS 6 FELONY.
32 C. IT IS UNLAWFUL FOR ANY PERSON TO MAKE A CONTRIBUTION OR EXPENDITURE
33 USING MONEY OR ANYTHING OF VALUE SECURED BY PHYSICAL FORCE, JOB
34 DISCRIMINATION OR FINANCIAL REPRISAL, INCLUDING THREATS OF ANY FORCE,
35 DISCRIMINATION OR REPRISAL. A PERSON WHO VIOLATES THIS SUBSECTION IS GUILTY
36 OF A CLASS 6 FELONY.
37 D. IT IS UNLAWFUL FOR ANY PERSON TO MAKE A CONTRIBUTION OR EXPENDITURE
38 USING DUES, FEES OR OTHER MONIES REQUIRED AS A CONDITION OF MEMBERSHIP IN A
39 LABOR ORGANIZATION OR AS A CONDITION OF EMPLOYMENT. A PERSON WHO VIOLATES
40 THIS SUBSECTION IS GUILTY OF A CLASS 6 FELONY.

1 2. Subsequent costs for maintenance of or upgrades to the secretary of
2 state's electronic campaign finance filing system may be charged to
3 participating jurisdictions, but the secretary of state shall disclose those
4 costs to the participating jurisdictions no later than December 1 in the year
5 before the fiscal year in which those costs will be assessed, in order to
6 allow for budget planning by participating jurisdictions.

7 Sec. 16. Effective date

8 Sections 1 through 3 and sections 5 through 15 of this act are
9 effective from and after the last day for filing a preelection campaign
10 finance report for the November 2016 general election as prescribed by
11 section 16-913, subsection B, paragraph 2, Arizona Revised Statutes, as
12 amended by Laws 2012, chapter 257, section 2, chapter 290, section 1 and
13 chapter 361, section 18.