

REFERENCE TITLE: financial disclosure; public officer; travel

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

HB 2298

Introduced by
Representative Mesnard

AN ACT

AMENDING SECTION 38-541, ARIZONA REVISED STATUTES; AMENDING SECTION 38-542, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2014, CHAPTER 149, SECTION 1; RELATING TO PUBLIC OFFICERS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 38-541, Arizona Revised Statutes, is amended to
3 read:
4 38-541. Definitions
5 In this chapter, unless the context otherwise requires:
6 1. "Business" includes any enterprise, organization, trade, occupation
7 or profession, whether or not operated as a legal entity or for profit,
8 including any business trust, corporation, partnership, joint venture or sole
9 proprietorship.
10 2. "Compensation" means anything of value or advantage, present or
11 prospective, including the forgiveness of debt.
12 3. "Controlled business" means any business in which the public
13 officer or any member of his household has an ownership or beneficial
14 interest, individually or combined, amounting to more than a fifty ~~per cent~~
15 PERCENT interest.
16 4. "Dependent business" means any business in which the public officer
17 or any member of his household has an ownership or beneficial interest,
18 individually or combined, amounting to more than a ten ~~per cent~~ PERCENT
19 interest, and during the preceding calendar year the business received from a
20 single source more than ten thousand dollars and more than fifty ~~per cent~~
21 PERCENT of its gross income.
22 5. "Gift" includes any gratuity, special discount, favor, hospitality,
23 service, economic opportunity, loan or other benefit received without
24 equivalent consideration and not provided to members of the public at large.
25 GIFT DOES NOT INCLUDE:
26 (a) TRAVEL-RELATED EXPENSES THAT ARE PUBLICLY REPORTED PURSUANT TO
27 THIS ARTICLE.
28 (b) POLITICAL CAMPAIGN CONTRIBUTIONS THAT ARE PUBLICLY REPORTED
29 PURSUANT TO TITLE 16, CHAPTER 6.
30 6. "Local public officer" means a person holding an elective office of
31 an incorporated city or town, a county or a groundwater replenishment
32 district established under title 48, chapter 27.
33 7. "Member of household" means a public officer's spouse and any minor
34 child of whom the public officer has legal custody.
35 8. "Public officer" means a member of the legislature and any judge of
36 the court of appeals or the superior court, or a person holding an elective
37 office the constituency of which embraces the entire geographical limits of
38 this state. Members of Congress are not public officers as defined in this
39 paragraph.
40 9. "TRAVEL-RELATED EXPENSES" MEANS ANY COSTS ASSOCIATED WITH
41 TRANSPORTATION, FOOD, LODGING AND REGISTRATION FEES AND OTHER EXPENSES
42 DIRECTLY RELATED TO TRAVEL TO OR FROM A MEETING, CONFERENCE OR OTHER EVENT
43 WHERE THE PUBLIC OFFICER IS PARTICIPATING IN THE PUBLIC OFFICER'S OFFICIAL
44 CAPACITY.

1 Sec. 2. Section 38-542, Arizona Revised Statutes, as amended by Laws
2 2014, chapter 149, section 1, is amended to read:

3 38-542. Duty to file financial disclosure statement; contents;
4 exceptions

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

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

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

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

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

44 5. All Arizona real property interests and real property improvements,
45 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~~ PERCENT of the total
 19 business indebtedness at any time during the preceding calendar year, listing
 20 each 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~~ PERCENT of the
 41 total indebtedness to the business at any time during the preceding calendar
 42 year. This paragraph shall not be construed to require the disclosure of
 43 debts from the ordinary conduct of a business other than a controlled or
 44 dependent business. If the public officer, any member of his household or a
 45 controlled or dependent business incurred or discharged a debt which is

1 reportable under this subsection during the preceding year, the report shall
2 disclose that the 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 11. THE NAME OF EACH MEETING, CONFERENCE OR OTHER EVENT WHERE THE
27 PUBLIC OFFICER IS PARTICIPATING IN THE PUBLIC OFFICER'S OFFICIAL CAPACITY IF
28 TRAVEL-RELATED EXPENSES OF ONE THOUSAND DOLLARS OR MORE WERE INCURRED ON
29 BEHALF OF THE PUBLIC OFFICER AND THE TRAVEL-RELATED EXPENSES ARE NOT PAID BY
30 THE PUBLIC OFFICER.

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

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

35 2. Category 2, more than twenty-five thousand dollars to one hundred
36 thousand dollars.

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

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

40 D. The statement required to be filed pursuant to subsection A shall
41 be filed by all persons who qualified as public officers at any time during
42 the preceding calendar year on or before January 31 of each year with the
43 exceptions that a public officer appointed to fill a vacancy shall, within
44 sixty days following his taking of such office, file a financial disclosure
45 statement covering as his annual period the twelve month period ending with

1 the last full month prior to the date of his taking office, and a public
2 officer whose final term expires less than thirty-one days into the
3 immediately following calendar year may file the public officer's final
4 financial disclosure at the same time as the disclosure for the last
5 immediately preceding year.

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

11 F. Beginning January 1, 2017, the statement required to be filed in
12 subsection D of this section may be filed by the public officer in a form
13 prescribed by the secretary of state that includes authorization for future
14 filings to be submitted in an electronic format. Any subsequent filings
15 required to be filed in subsection D of this section may be filed in an
16 electronic format as prescribed by the secretary of state.

17 Sec. 3. Effective date

18 This act is effective from and after December 31, 2016.