AN ACT

AMENDING SECTIONS 16-901 AND 16-911, ARIZONA REVISED STATUTES; RELATING TO CAMPAIGN CONTRIBUTIONS AND EXPENSES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Section 16-901, Arizona Revised Statutes, is amended to read:

16-901. Definitions
In this chapter, unless the context otherwise requires:
1. "Agent" means, with respect to any person other than a candidate, any person who has oral or written authority, either express or implied, to make or authorize the making of political expenditures as defined in this section on behalf of a candidate, any person who has been authorized by the treasurer of a political committee to make or authorize the making of political expenditures or a political consultant for a candidate or political committee.

2. "Ballot measure committee" means a political committee that seeks to qualify a measure to be placed on the ballot or that makes political expenditures expressly advocating the passage or defeat of a ballot measure.

3. "Candidate" means an individual who receives or gives consent for receipt of a contribution for his nomination for or election to any office in this state other than a federal office.

4. "Candidate's campaign committee" means a political committee designated and authorized by a candidate that is established, maintained, controlled and used by a candidate to accept donations or contributions to pay for the candidate's expenses in seeking elective office and that has total income or expenses of more than one thousand dollars.

5. "Clearly identified candidate" means that the name, a photograph or a drawing of the candidate appears or the identity of the candidate is otherwise apparent by unambiguous reference.

6. "Contribution" means any gift, subscription, loan, advance or deposit of money or payment or anything of value made for the purpose of influencing an election including supporting or opposing the recall of a public officer or supporting or opposing the circulation of a petition for a ballot measure, question or proposition or the recall of a public officer and:

(a) Includes all of the following:
   (i) A contribution made to retire campaign debt.
   (ii) Money or the fair market value of anything directly or indirectly given or loaned to an elected official for the purpose of defraying the expense of communications with constituents, regardless of whether the elected official has declared his candidacy.
   (iii) The entire amount paid to a political committee to attend a fund-raising or other political event and the entire amount paid to a political committee as the purchase price for a fund-raising meal or item, except that no contribution results if the actual cost of the meal or fund-raising item, based on the amount charged to the committee by the vendor, constitutes the entire amount paid by the purchaser for the meal or item, the meal or item is for the purchaser's personal use and not for resale
and the actual cost is the entire amount paid by the purchaser in connection with the event. This exception does not apply to auction items.

(iv) Unless specifically exempted, the provision of goods or services without charge or at a charge that is less than the usual and normal charge for such goods and services. The acquisition or use of campaign assets by a committee that are paid for with the candidate's personal monies, including campaign signs and other similar promotional materials, is a contribution and is reportable by the candidate's campaign committee as a contribution to the campaign.

(b) Does not include any of the following:

(i) The value of services provided without compensation by any individual who volunteers on behalf of a candidate, a candidate's campaign committee or any other political committee.

(ii) Money or the value of anything directly or indirectly provided to defray the expense of an elected official meeting with constituents if the elected official is engaged in the performance of the duties of his office or provided by the state or a political subdivision to an elected official for communication with constituents if the elected official is engaged in the performance of the duties of his office.

(iii) The use of real or personal property, including a church or community room used on a regular basis by members of a community for noncommercial purposes, that is obtained by an individual in the course of volunteering personal services to any candidate, candidate's campaign committee or political party, and the cost of invitations, food and beverages voluntarily provided by an individual to any candidate, candidate's campaign committee or political party in rendering voluntary personal services on the individual's residential premises or in the church or community room for candidate-related or political party-related activities, to the extent that the cumulative value of the invitations, food and beverages provided by the individual on behalf of any single candidate does not exceed one hundred dollars with respect to any single election.

(iv) Any unreimbursed payment for personal travel expenses made by an individual who on his own behalf volunteers his personal services to a candidate.

(v) The payment by a political party for party operating expenses, party staff and personnel, party newsletters and reports, voter registration and efforts to increase voter turnout, party organization building and maintenance and printing and postage expenses for slate cards, sample ballots, other written materials that substantially promote three or more nominees of the party for public office and other election activities not related to a specific candidate, except that this item does not apply to costs incurred with respect to a display of the listing of candidates made on telecommunications systems or in newspapers, magazines or similar types of general circulation advertising.

(vi) Independent expenditures.
(vii) Monies loaned by a state bank, a federally chartered depository institution or a depository institution the deposits or accounts of which are insured by the federal deposit insurance corporation or the national credit union administration, other than an overdraft made with respect to a checking or savings account, that is made in accordance with applicable law and in the ordinary course of business. In order for this exemption to apply, this loan shall be deemed a loan by each endorser or guarantor, in that proportion of the unpaid balance that each endorser or guarantor bears to the total number of endorsers or guarantors, the loan shall be made on a basis that assures repayment, evidenced by a written instrument, shall be subject to a due date or amortization schedule and shall bear the usual and customary interest rate of the lending institution.

(viii) A gift, subscription, loan, advance or deposit of money or anything of value to a national or a state committee of a political party specifically designated to defray any cost for the construction or purchase of an office facility not acquired for the purpose of influencing the election of a candidate in any particular election.

(ix) Legal or accounting services rendered to or on behalf of a political committee or a candidate, if the only person paying for the services is the regular employer of the individual rendering the services and if the services are solely for the purpose of compliance with this title.

(x) The payment by a political party of the costs of campaign materials, including pins, bumper stickers, handbills, brochures, posters, party tabloids and yard signs, used by the party in connection with volunteer activities on behalf of any nominee of the party or the payment by a state or local committee of a political party of the costs of voter registration and get-out-the-vote activities conducted by the committee if the payments are not for the costs of campaign materials or activities used in connection with any telecommunication, newspaper, magazine, billboard, direct mail or similar type of general public communication or political advertising.

(xi) Transfers between political committees to distribute monies raised through a joint fund-raising effort in the same proportion to each committee's share of the fund-raising expenses and payments from one political committee to another in reimbursement of a committee's proportionate share of its expenses in connection with a joint fund-raising effort.

(xii) An extension of credit for goods and services made in the ordinary course of the creditor's business if the terms are substantially similar to extensions of credit to nonpolitical debtors that are of similar risk and size of obligation and if the creditor makes a commercially reasonable attempt to collect the debt, except that any extension of credit under this item made for the purpose of influencing an election that remains unsatisfied by the candidate after six months, notwithstanding good faith collection efforts by the creditor, shall be deemed receipt of a contribution by the candidate but not a contribution by the creditor.
(xiii) Interest or dividends earned by a political committee on any bank accounts, deposits or other investments of the political committee. THAT IS GIVEN TO ANY ENTITY THAT IS REQUIRED TO BE REGISTERED AS A POLITICAL COMMITTEE AT THE TIME THE CONTRIBUTION IS MADE OR THAT IS GIVEN TO BE USED SPECIFICALLY FOR MAKING A CONTRIBUTION TO OTHER RECIPIENTS OR TO BE USED FOR MAKING POLITICAL EXPENDITURES AND INCLUDES A POLITICAL EXPENDITURE THAT IS MADE IN COORDINATION WITH A CANDIDATE, A CANDIDATE CAMPAIGN COMMITTEE, A BALLOT MEASURE COMMITTEE OR A POLITICAL PARTY COMMITTEE. CONTRIBUTION DOES NOT INCLUDE:

(a) ANY PAYMENT, GIFT, SUBSCRIPTION, LOAN, ADVANCE OR DEPOSIT OF MONEY OR ANYTHING OF VALUE MADE OR GIVEN AS PART OF A BONA FIDE COMMERCIAL TRANSACTION, INCLUDING ANY LOANS, REFUNDS, REBATES OR DISCOUNTS OFFERED TO THE GENERAL PUBLIC OR SIMILAR CUSTOMERS ON SUBSTANTIALLY THE SAME MATERIAL TERMS.

(b) THE PAYMENT BY ANY CORPORATION OR LABOR ORGANIZATION FOR THE COSTS OF ESTABLISHING, ADMINISTERING AND SOLICITING CONTRIBUTIONS FROM ITS RESTRICTED CLASS TO ITS SEPARATE SEGREGATED FUND.

(c) THE PAYMENT BY ANY CORPORATION OR LABOR ORGANIZATION FOR THE COSTS OF COMMUNICATING WITH ITS RESTRICTED CLASS ABOUT ANY SUBJECT, REGARDLESS OF WHETHER SUCH COMMUNICATIONS ARE MADE IN COORDINATION WITH ANY CANDIDATE, CANDIDATE CAMPAIGN COMMITTEE, BALLOT MEASURE COMMITTEE, EXPLORATORY COMMITTEE, POLITICAL PARTY COMMITTEE OR OFFICEHOLDER COMMITTEE.

(d) THE APPEARANCE BY A CANDIDATE OR A REPRESENTATIVE OF A BALLOT MEASURE COMMITTEE AT ANY RESIDENCE OR THE FACILITIES OF ANY CORPORATION, LABOR ORGANIZATION, SOCIAL OR CIVIC ORGANIZATION OR EDUCATIONAL INSTITUTION TO SPEAK ABOUT THE CANDIDATE'S CAMPAIGN OR ABOUT A BALLOT MEASURE IF THE VENUE IS FURNISHED BY THE VENUE'S OWNER AND IS NOT PAID FOR BY A THIRD PARTY AND THE VENUE IS NOT A SPORTS STADIUM, COLISEUM, CONVENTION CENTER, HOTEL BALLROOM, CONCERT HALL OR OTHER SIMILAR PUBLIC ARENA.

(e) THE PAYMENT OF COSTS OF HOSTING A DEBATE OR CANDIDATE FORUM IF AT LEAST TWO OPPOSING CANDIDATES WITH RESPECT TO ANY GIVEN OFFICE SOUGHT OR REPRESENTATIVES OF AT LEAST TWO OPPOSING BALLOT MEASURE COMMITTEES WITH RESPECT TO ANY MEASURE ON THE BALLOT ARE INVITED WITH THE SAME OR SIMILAR ADVANCE NOTICE AND METHOD OF INVITATION.

(f) THE PREPARATION AND DISTRIBUTION OF VOTER GUIDES, SUBJECT TO THE FOLLOWING:

(i) THE SPONSOR INCLUDES IN THE VOTER GUIDE SIMILAR BIOGRAPHICAL INFORMATION ON EACH FEATURED CANDIDATE, SUCH AS EDUCATION, EMPLOYMENT POSITIONS AND OFFICES HELD AND COMMUNITY INVOLVEMENT, OR SIMILAR BACKGROUND INFORMATION ON EACH MEASURE.

(ii) COMPAREABLE INFORMATION IS PROVIDED ON EACH CANDIDATE FEATURED IN THE VOTER GUIDE FOR A PARTICULAR OFFICE OR EACH CANDIDATE FEATURED IS PROVIDED AN EQUAL OPPORTUNITY TO RESPOND TO QUESTIONS.
(iii) No featured candidate receives greater prominence in the voter guide than any other candidate or substantially more space for descriptions of the candidate's positions or responses.

(iv) For each ballot measure featured in the voter guide, one or more representatives of ballot measure committees for and against each measure are provided an equal opportunity to present their arguments. If there is no ballot measure committee either for or against a measure in the voter guide, individuals who do not represent a ballot measure committee may argue for or against the measure.

(v) The sponsor of the voter guide does not include any message of the sponsor that constitutes a political expenditure.

(g) The value of services provided without compensation by any individual who volunteers on behalf of any candidate, candidate campaign committee, ballot measure committee, political party committee or other political committee, or any unreimbursed payment for expenses related to that volunteer activity.

(h) The cost of invitations, food and beverages if those items are voluntarily provided by an individual who volunteers personal services on the individual's residential premises if the aggregate cost is less than five thousand dollars in a calendar year.

(i) The payment for any communication by any organization that is eligible to receive tax deductible donations under 26 United States Code section 170 and regulations of the United States Department of Treasury.

(j) Any cost incurred for covering or carrying a news story, commentary or editorial by a broadcasting station or cable television operator, website or newspaper or other periodical publication, including an internet or other electronic publication, if the cost for the news story, commentary or editorial is not paid for by and the medium is not owned or controlled by a candidate, candidate campaign committee, ballot measure committee, political party committee or other political committee.

(k) The payment or provision of legal and accounting services rendered to a candidate, candidate campaign committee, ballot measure committee, political party committee or other political committee if the services are solely for the purpose of ensuring compliance with or challenging the constitutional validity or interpretation of this chapter.

(l) The payment by a political party committee of the costs of preparation, display, mailing or other distribution incurred by the committee with respect to a printed slate card, sample ballot or other printed listing of three or more candidates for any elected state or local office. This subdivision does not apply to communications disseminated through broadcasting stations, newspapers, magazines or other similar types of paid general public advertising.

(m) The payment by a political party committee of the costs of campaign materials, including pins, bumper stickers, handbills, brochures, posters, party tabloids and yard signs, that are used by that committee in
CONNECTION WITH VOLUNTEER ACTIVITIES ON BEHALF OF NOMINEES OF THAT PARTY IF BOTH OF THE FOLLOWING APPLY:

(i) THOSE PAYMENTS ARE NOT FOR THE COSTS OF CAMPAIGN MATERIALS OR ACTIVITIES USED IN CONNECTION WITH ANY BROADCASTING, NEWSPAPER, MAGAZINE, BILLBOARD, DIRECT MAIL OR OTHER SIMILAR TYPE OF PAID GENERAL PUBLIC ADVERTISING.

(ii) THOSE PAYMENTS ARE NOT MADE FROM CONTRIBUTIONS DESIGNATED TO BE SPENT ON BEHALF OF ANY ONE OR MORE PARTICULAR CANDIDATE.

(n) THE PAYMENT BY A POLITICAL PARTY COMMITTEE OF THE COSTS OF VOTER REGISTRATION AND GET-OUT-THE-VOTE ACTIVITIES CONDUCTED BY THAT COMMITTEE ON BEHALF OF NOMINEES OF THAT PARTY IF BOTH OF THE FOLLOWING APPLY:

(i) THOSE PAYMENTS ARE NOT FOR THE COSTS OF CAMPAIGN MATERIALS OR ACTIVITIES USED IN CONNECTION WITH ANY BROADCASTING, NEWSPAPER, MAGAZINE, BILLBOARD, DIRECT MAIL OR OTHER SIMILAR TYPE OF PAID GENERAL PUBLIC ADVERTISING.

(ii) THOSE PAYMENTS ARE NOT MADE FROM EARMARKED CONTRIBUTIONS.

6. "Earmarked" means a designation, instruction or encumbrance that results in all or any part of a contribution or POLITICAL expenditure being made to, or expended on behalf of, a clearly identified candidate or a candidate's campaign committee.

7. "Election" means any election for any initiative, referendum or other measure or proposition or a primary, general, recall, special or runoff election for any office in this state other than the office of precinct committeeman and other than a federal office. Unless otherwise provided by law, the general election does not include the primary election.

8. "Expenditures" includes any purchase, payment, distribution, loan, advance, deposit or gift of money or anything of value made by a person for the purpose of influencing an election in this state including supporting or opposing the recall of a public officer or supporting or opposing the circulation of a petition for a ballot measure, question or proposition or the recall of a public officer and a contract, promise or agreement to make an expenditure resulting in an extension of credit and the value of any in-kind contribution received. Expenditure does not include any of the following:

(a) A news story, commentary or editorial distributed through the facilities of any telecommunications system, newspaper, magazine or other periodical publication, unless the facilities are owned or controlled by a political committee, political party or candidate.

(b) Nonpartisan activity designed to encourage individuals to vote or to register to vote.

(c) The payment by a political party of the costs of preparation, display, mailing or other distribution incurred by the party with respect to any printed slate card, sample ballot or other printed listing of three or more candidates for any public office for which an election is held, except that this subdivision does not apply to costs incurred by the party with
respect to a display of any listing of candidates made on any telecommunications system or in newspapers, magazines or similar types of general public political advertising.

(d) The payment by a political party of the costs of campaign materials, including pins, bumper stickers, handbills, brochures, posters, party tabloids and yard signs, used by the party in connection with volunteer activities on behalf of any nominee of the party or the payment by a state or local committee of a political party of the costs of voter registration and get-out-the-vote activities conducted by the committee if the payments are not for the costs of campaign materials or activities used in connection with any telecommunications system, newspaper, magazine, billboard, direct mail or similar type of general public communication or political advertising.

(e) Any deposit or other payment filed with the secretary of state or any other similar officer to pay any portion of the cost of printing an argument in a publicity pamphlet advocating or opposing a ballot measure.

9. "Exploratory committee" means a political committee that is formed for the purpose of determining whether an individual will become a candidate and that receives contributions or makes POLITICAL expenditures of more than five hundred ONE THOUSAND dollars in connection with that purpose.

10. "Family contribution" means any contribution that is provided to a candidate's campaign committee by a parent, grandparent, spouse, child or sibling of the candidate or a parent or spouse of any of those persons.

11. "Filing officer" means the office that is designated by section 16-916 to conduct the duties prescribed by this chapter.

12. HYBRID COMMITTEE MEANS A POLITICAL COMMITTEE THAT MAINTAINS SEPARATE BANK ACCOUNTS, ONE OF WHICH CARRIES ON THE ACTIVITIES OF AN INDEPENDENT EXPENDITURE-ONLY COMMITTEE AND ONE OF WHICH MAKES POLITICAL CONTRIBUTIONS, AND THAT ALLOCATES ITS SOLICITATION AND ADMINISTRATIVE COSTS BETWEEN THE TWO ACCOUNTS ACCORDING TO THE RATIO OF FUNDS RECEIVED BY EACH.

13. "Identification" means:

(a) For an individual, his name and mailing address, his occupation and the name of his employer.

(b) For any other person, including a political committee, the full name and mailing address of the person. For a political committee, identification includes the identification number issued on the filing of a statement of organization pursuant to section 16-902.01.

14. "Incomplete contribution" means any contribution received by a political committee for which the contributor's mailing address, occupation, employer or identification number has not been obtained and is not in the possession of the political committee.

15. "Independent expenditure" means an A POLITICAL expenditure by a person or political committee, other than a candidate's campaign committee, that expressly advocates the election or defeat of a clearly identified candidate AND that is made without cooperation or consultation with any candidate or committee or agent of the candidate and that is not made in
concert with or at the SPECIFIC request or suggestion of a candidate—or any committee or agent of the candidate. Independent expenditure includes an expenditure that is subject to the requirements of section 16-917, which requires a copy of campaign literature or advertisement to be sent to a candidate named or otherwise referred to in the literature or advertisement.

16. "INDEPENDENT EXPENDITURE-ONLY COMMITTEE" MEANS A POLITICAL COMMITTEE THAT MAKES ONLY POLITICAL EXPENDITURES AND THAT DOES NOT MAKE ANY POLITICAL CONTRIBUTIONS TO ANY CANDIDATE, CANDIDATE COMMITTEE OR POLITICAL PARTY COMMITTEE. AN INDEPENDENT EXPENDITURE-ONLY COMMITTEE MAY MAKE POLITICAL CONTRIBUTIONS TO OTHER INDEPENDENT EXPENDITURE-ONLY COMMITTEES OR TO THE INDEPENDENT EXPENDITURE-ONLY ACCOUNTS OF HYBRID POLITICAL COMMITTEES.

17. “In-kind contribution” means a contribution of goods or services or anything of value and not a monetary contribution. The use by a candidate's campaign committee of a distinctive trade name, trademark or trade dress item, including a logo, that is owned by a business or other entity that is owned by that candidate or in which the candidate has a controlling interest is deemed to be an in-kind contribution to the candidate's campaign committee and shall be reported as otherwise prescribed by law.

18. "Itemized" means that each contribution received or expenditure made is set forth separately.

19. “Literature or advertisement” means information or materials that are mailed, distributed or placed in some medium of communication for the purpose of influencing the outcome of an election.

20. "OFFICEHOLDER EXPENSE COMMITTEE" MEANS ANY ENTITY THAT IS ESTABLISHED, MAINTAINED, CONTROLLED AND USED BY AN ELECTED OR APPOINTED HOLDER OF PUBLIC OFFICE AS PRESCRIBED IN SECTION 41-133 TO ACCEPT DONATIONS OR CONTRIBUTIONS TO PAY FOR THE OFFICEHOLDER’S OFFICIAL EXPENSES AS OTHERWISE PERMITTED BY LAW, OR TO EXPEND MONIES AS OTHERWISE PERMITTED BY LAW. AN OFFICEHOLDER EXPENSE COMMITTEE IS REQUIRED TO REGISTER AND REPORT AS A POLITICAL COMMITTEE WITHOUT REGARD TO ITS INCOME OR SPENDING LEVELS.

21. "Personal monies" means any of the following:

(a) Except as prescribed in paragraph 15 of this section, assets to which the candidate has a legal right of access or control at the time he becomes a candidate and with respect to which the candidate has either legal title or an equitable interest.

(b) Salary and other earned income from bona fide employment of the candidate, dividends and proceeds from the sale of the stocks or investments of the candidate, bequests to the candidate, income to the candidate from trusts established before candidacy, income to the candidate from trusts established by bequest after candidacy of which the candidate is a beneficiary, gifts to the candidate of a personal nature that have been customarily received before the candidacy and proceeds received by the candidate from lotteries and other legal games of chance.
(c) The proceeds of loans obtained by the candidate that are not contributions and for which the collateral or security is covered by subdivision (a) or (b) of this paragraph.

(d) Family contributions.

19. 22. "Political committee" means a candidate or any association or combination of persons that is organized, conducted or combined for the purpose of influencing the result of any election or to determine whether an individual will become a candidate for election in this state or in any county, city, town, district or precinct in this state, that engages in political activity in behalf of or against a candidate for election or retention or in support of or opposition to an initiative, referendum or recall or any other measure or proposition and that applies for a serial number and circulates petitions and, in the case of a candidate for public office except those exempt pursuant to section 16-903, that receives contributions or makes expenditures of more than two hundred fifty dollars in connection therewith, notwithstanding that the association or combination of persons may be part of a larger association, combination of persons or sponsoring organization not primarily organized, conducted or combined for the purpose of influencing the result of any election in this state or in any county, city, town or precinct in this state. Political committee includes the following types of committees:

(a) A candidate's campaign committee.

(b) A separate, segregated fund established by a corporation or labor organization pursuant to section 16-920, subsection A, paragraph 3.

(c) A committee acting in support of or opposition to the qualification, passage or defeat of a ballot measure, question or proposition.

(d) A committee organized to circulate or oppose a recall petition or to influence the result of a recall election.

(e) A political party.

(f) A committee organized for the purpose of making independent expenditures.

(g) A committee organized in support of or opposition to one or more candidates.

(h) A political organization.

(i) An exploratory committee.

ANY GROUP OF TWO OR MORE INDIVIDUALS WHO ARE UNRELATED BY MARRIAGE OR ANY OTHER ORGANIZATION OR ENTITY THAT MAKES TOTAL POLITICAL CONTRIBUTIONS OR POLITICAL EXPENDITURES OF MORE THAN ONE THOUSAND DOLLARS DURING ANY CALENDAR YEAR AND THE MAJOR PURPOSE OF WHICH IS THE MAKING OF POLITICAL CONTRIBUTIONS OR POLITICAL EXPENDITURES. POLITICAL COMMITTEE INCLUDES THE FOLLOWING TYPES OF COMMITTEE:

(a) A BALLOT MEASURE COMMITTEE.

(b) A POLITICAL PARTY COMMITTEE.

(c) A SEPARATE SEGREGATED FUND COMMITTEE.
(d) AN INDEPENDENT EXPENDITURE-ONLY COMMITTEE.
(e) A HYBRID COMMITTEE.
(f) A CANDIDATE CAMPAIGN COMMITTEE.
(g) AN OFFICEHOLDER EXPENSE COMMITTEE.
(h) AN EXPLORATORY COMMITTEE.

23. "POLITICAL EXPENDITURES":
(a) MEANS THE PAYMENT FOR:
(i) ANY COMMUNICATIONS THAT IN EXPRESS TERMS CALL FOR THE ELECTION, RETENTION, RECALL OR DEFEAT OF A CLEARLY IDENTIFIED CANDIDATE OR CANDIDATES AFFILIATED WITH A POLITICAL PARTY OR THE PASSAGE OR DEFEAT OF A MEASURE CLEARLY IDENTIFIED BY ITS NUMBER, NAME OR BALLOT TITLE, BY USING PHRASES SUCH AS "VOTE FOR THE GOVERNOR", "REELECT YOUR SENATOR", "RETAINT JUDGE SMITH", "DEFEAT SHERIFF JONES", "SUPPORT THE DEMOCRATIC NOMINEE", "CAST YOUR BALLOT FOR THE REPUBLICAN CHALLENGER FOR STATE REPRESENTATIVE IN DISTRICT 1", "DOE FOR MAYOR", "YES ON MEASURE 1", "VOTE FOR CHAMPIONS OF THE TAXPAYERS" ACCOMPANIED BY A LISTING OF CLEARLY IDENTIFIED CANDIDATES ASSOCIATED WITH BEING "CHAMPIONS OF THE TAXPAYERS", "DEFEAT" ACCOMPANIED BY A PICTURE OF ONE OR MORE CANDIDATES OR "REJECT THE INCUMBENT".
(ii) THE REPUBLICATION OF ANY CANDIDATE'S, CANDIDATE CAMPAIGN COMMITTEE'S, BALLOT MEASURE COMMITTEE'S, POLITICAL PARTY COMMITTEE'S OR POLITICAL COMMITTEE'S CAMPAIGN MATERIALS.
(b) DOES NOT INCLUDE:
(i) PAYMENT FOR THE REPUBLICATION OF MATERIALS IN A VOTER GUIDE AS PRESCRIBED IN PARAGRAPH 6 OF THIS SECTION AND THE REPUBLICATION OF CAMPAIGN MATERIALS THAT COMMENT ON OR EXPLAIN A CANDIDATE'S POSITION ON ANY ISSUE AND THAT DO NOT OTHERWISE IN EXPRESS TERMS CALL FOR THE ELECTION, RETENTION, RECALL OR DEFEAT OF ANY CLEARLY IDENTIFIED CANDIDATE OR THE PASSAGE OR DEFEAT OF A CLEARLY IDENTIFIED MEASURE AS PRESCRIBED IN SUBDIVISION (a), ITEM (i) OF THIS PARAGRAPH.
(ii) THE REPUBLICATION OF PUBLICLY AVAILABLE PHOTOGRAPHS OR VIDEO FOOTAGE OF A CANDIDATE THAT IS DEVOID OF ANY TEXT OR AUDIO CONTENT IN OR FROM THE ORIGINAL MATERIAL.
(iii) ANYTHING THAT IS SPECIFICALLY EXCLUDED FROM THE DEFINITION OF POLITICAL CONTRIBUTION.

24. "Political organization" means an organization that is formally affiliated with and recognized by a political party including a district committee organized pursuant to section 16-823.

25. "Political party" means the state committee as prescribed by section 16-825 or the county committee as prescribed by section 16-821 of an organization that meets the requirements for recognition as a political party pursuant to section 16-801 or section 16-804, subsection A.

26. "POLITICAL PARTY COMMITTEE" MEANS A POLITICAL COMMITTEE THAT NOMINATES ONE OR MORE CANDIDATES WHOSE NAMES APPEAR ON THE BALLOT AS THE CANDIDATES OF THAT GROUP, ORGANIZATION OR ENTITY.
27. "SEPARATE SEGREGATED FUND COMMITTEE" MEANS A POLITICAL COMMITTEE THAT IS ESTABLISHED, MAINTAINED, CONTROLLED AND USED BY A CORPORATION OR LABOR ORGANIZATION TO SOLICIT AND ACCEPT CONTRIBUTIONS FROM A RESTRICTED CLASS THAT CONSISTS OF ITS DIRECTORS, OFFICERS, EMPLOYEES OR MEMBERS, IN ANY COMBINATION, AND THE SPOUSES OF THOSE PERSONS. THE CORPORATION OR LABOR ORGANIZATION MAY DEFINE PERSONS WHO QUALIFY AS MEMBERS ELIGIBLE FOR THIS RESTRICTED CLASS IF THOSE PERSONS HAVE AT A MINIMUM EITHER ACCEPTED OR AFFIRMED THEIR MEMBERSHIP OR MADE A CONTRIBUTION TO THE CORPORATION OR LABOR ORGANIZATION WITHIN THE IMMEDIATELY PRECEDING THREE YEARS.

28. "Sponsoring organization" means any organization that establishes, administers or contributes financial support to the administration of, or that has common or overlapping membership or officers with, a political committee other than a candidate's campaign committee.

29. "Standing political committee" means a political committee that satisfies all of the following:
   (a) Is active in more than one reporting jurisdiction in this state for more than one year.
   (b) Files a statement of organization as prescribed by section 16-902.01, subsection E.
   (c) Is any of the following as defined by paragraph 19 of this section:
      (i) A separate, segregated fund.
      (ii) A political party.
      (iii) A committee organized for the purpose of making independent expenditures.
      (iv) A political organization.

30. "Statewide office" means the office of governor, secretary of state, state treasurer, attorney general, superintendent of public instruction, corporation commissioner or mine inspector.

31. "Surplus monies" means those monies of a political committee remaining after all of the committee's POLITICAL expenditures have been made and its debts have been extinguished.

Sec. 2. Section 16-911, Arizona Revised Statutes, is amended to read:

A. In evaluating whether an A POLITICAL expenditure is an independent expenditure as defined in section 16-901 OR IS UNLAWFULLY COORDINATED, an election official shall use the following as evidence of coordination and an A POLITICAL expenditure is not an independent expenditure if any of the following applies:

1. Any officer, member, employee or agent of the political committee making the expenditure is also an officer, member, employee or agent of the committee of the candidate whose election or whose opponent's defeat is being advocated by the expenditure or an agent of the candidate whose election or whose opponent's defeat is being advocated by the expenditure.

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2. There is any arrangement, coordination or direction with respect to the expenditure between the candidate or the candidate's agent and the person making the expenditure, including any officer, director, employee or agent of that person.

3. In the same election the person making the expenditure, including any officer, director, employee or agent of that person, is or has been:
   (a) Authorized to raise or expend monies on behalf of the candidate or the candidate's authorized committees.
   (b) Receiving any form of compensation or reimbursement from the candidate, the candidate's committees or the candidate's agent.

4. The expenditure is based on information about the candidate's plans, projects or needs, or those of the candidate's campaign committee, provided to the expending person by the candidate or by the candidate's agents or any officer, member or employee of the candidate's campaign committee with a view toward having the expenditure made.

   1. THE POLITICAL EXPENDITURE IS CREATED, PRODUCED, DISTRIBUTED OR UNDERTAKEN AT THE SPECIFIC REQUEST OF A CANDIDATE OR CANDIDATE CAMPAIGN COMMITTEE AND THE SPECIFIC REQUEST IS MADE TO THE PERSON MAKING THE EXPENDITURE.

   2. THE POLITICAL EXPENDITURE IS CREATED, PRODUCED, DISTRIBUTED OR UNDERTAKEN AT THE SPECIFIC REQUEST OF A PERSON WHO IS PAYING FOR THE EXPENDITURE.

B. For the purposes of subsection A, paragraphs 2 and 3 of this section, THE FOLLOWING ARE DEEMED TO BE SAFE HARBORS AND DO NOT CONSTITUTE UNLAWFUL COORDINATION:

   1. The actions of an officer, director, employee or agent of a trade association organized and recognized by the United States internal revenue service under section 501(c)(6) of the internal revenue code are not attributable to the trade association making an independent expenditure if all of the following apply:
      (a) The officer, director, employee or agent did not participate in any way in deciding to make an independent expenditure or in deciding the content, timing or targeting of an independent expenditure.
      (b) The trade association had an express written policy describing the requisite separation prescribed in subdivision (a) of this paragraph.
      (c) The trade association and the officer, director, employee or agent followed the written policy prescribed in subdivision (b) of this paragraph.

   2. Serving on a host committee for a fund-raising event does not presumptively demonstrate any arrangement, coordination or direction.

   1. MAKING A POLITICAL EXPENDITURE IF THE INFORMATION MATERIAL TO THE POLITICAL EXPENDITURE WAS OBTAINED FROM A PUBLICLY AVAILABLE SOURCE.

   2. SERVING ON A HOST COMMITTEE FOR A FUND-RAISING EVENT.

   3. USING A CANDIDATE'S OR A POLITICAL PARTY COMMITTEE'S RESPONSE TO AN INQUIRY ABOUT THAT CANDIDATE'S OR POLITICAL PARTY COMMITTEE'S POSITIONS ON
LEGISLATIVE OR POLICY ISSUES, INCLUDING SUBSTANTIVE DISCUSSION OF THE
LEGISLATIVE OR POLICY ISSUES.

4. A CANDIDATE'S ENDORSEMENT OF ANOTHER CANDIDATE.

5. A CANDIDATE'S SOLICITATION OF MONIES FOR ANOTHER CANDIDATE, A
CANDIDATE CAMPAIGN COMMITTEE, ANY OTHER POLITICAL COMMITTEE OR AN
ORGANIZATION THAT IS ELIGIBLE TO RECEIVE TAX DEDUCTIBLE DONATIONS UNDER 26
UNITED STATES CODE SECTION 170 AND REGULATIONS OF THE UNITED STATES
DEPARTMENT OF TREASURY.

6. DISSEMINATING A COMMUNICATION IN WHICH A CANDIDATE IS CLEARLY
IDENTIFIED ONLY IN THE CANDIDATE'S CAPACITY AS THE OWNER OR OPERATOR OF A
BUSINESS THAT EXISTED BEFORE THE CANDIDACY IF THE COMMUNICATION DOES NOT
REFER TO AN ELECTION OR ANOTHER CANDIDATE WHOSEEKS THE SAME OFFICE AS THAT
CANDIDATE.

Sec. 3. Conforming legislation

The legislative council staff shall prepare proposed legislation
conforming the Arizona Revised Statutes to the provisions of this act for
consideration in the fifty-second legislature, second regular session.