

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

**CHAPTER 346**  
**HOUSE BILL 2296**

AN ACT

AMENDING SECTION 16-911, ARIZONA REVISED STATUTES, AS ADDED BY LAWS 2016, CHAPTER 79, SECTION 12; AMENDING SECTION 16-922, ARIZONA REVISED STATUTES, AS ADDED BY LAWS 2011, CHAPTER 149, SECTION 1; AMENDING SECTIONS 16-922 AND 16-926, ARIZONA REVISED STATUTES, AS ADDED BY LAWS 2016, CHAPTER 79, SECTION 12; 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 16-911, Arizona Revised Statutes, as added by Laws  
3 2016, chapter 79, section 12, is amended to read:

4 16-911. Exemption from definition of contribution

5 A. A person may make any contribution not otherwise prohibited by law.

6 B. The following are not contributions:

7 1. The value of an individual's volunteer services or expenses that  
8 are provided without compensation or reimbursement, including the  
9 individual's:

10 (a) Travel expenses.

11 (b) Use of real or personal property.

12 (c) Cost of invitations, food or beverages.

13 (d) Use of e-mail, internet activity or social media messages, only if  
14 the individual's use is not paid for by the individual or any other person  
15 and if the e-mails, social media messages or other internet activities do not  
16 contain or include transmittal of a paid advertisement or paid fund-raising  
17 solicitation.

18 2. The costs incurred for covering or carrying a news story,  
19 commentary or editorial by a broadcasting station or cable television  
20 operator, an internet website, a newspaper or another periodical publication,  
21 including an internet-based or electronic publication, if the cost for the  
22 news story, commentary or editorial is not paid for by and the medium is not  
23 owned or under the control of a candidate or committee.

24 3. Any payment to defray the expense of an elected official meeting  
25 with constituents or attending an informational tour, conference, seminar or  
26 presentation, if the payor or the elected official does not attempt to  
27 influence the result of an election and the payment is reported if required  
28 pursuant to title 38, chapter 3.1 or title 41, chapter 7, article 8.1, or  
29 both.

30 4. The payment by a political party to support its nominee, including:

31 (a) The printing or distribution of, or postage expenses for, voter  
32 guides, sample ballots, pins, bumper stickers, handbills, brochures, posters,  
33 yard signs and other similar materials distributed through the party.

34 (b) Coordinated political party expenditures.

35 5. The payment by any person to defray a political party's operating  
36 expenses or party-building activities, including:

37 (a) Party staff and personnel.

38 (b) Studies and reports.

39 (c) Voter registration, recruitment, polling and turnout efforts.

40 (d) Party conventions and party meetings.

41 (e) Construction, purchase or lease of party buildings or facilities.

42 6. The value of any of the following to a committee:

43 (a) Interest earned on the committee's deposits or investments.

44 (b) Transfers between committees to reimburse expenses and distribute  
45 monies raised through a joint fund-raising effort, ~~except that contributions~~

1 ~~shall be allocated as described in the fund raising solicitation and expenses~~  
2 ~~shall be allocated in the same proportion as contributions~~ IF THE TRANSFERS  
3 COMPLY WITH AN AGREEMENT TO REIMBURSE AND DISTRIBUTE MONIES THAT WAS EXECUTED  
4 BEFORE THE JOINT FUND-RAISING EFFORT OCCURRED.

5 (c) Payment of a committee's legal or accounting expenses by any  
6 person.

7 (d) An extension of credit for goods and services on a committee's  
8 behalf by a creditor if the terms are substantially similar to extensions of  
9 credit to nonpolitical debtors that are of similar risk and size of  
10 obligation. The creditor must make a commercially reasonable attempt to  
11 collect the debt, except that if an extension of credit remains unsatisfied  
12 by the committee after six months the committee is deemed to have received a  
13 contribution but the creditor is not deemed to have made a contribution.

14 7. The value of nonpartisan communications that are intended to  
15 encourage voter registration and turnout efforts.

16 8. Any payment to a filing officer for arguments in a publicity  
17 pamphlet.

18 9. The payment by any sponsor or its affiliate for the costs of  
19 establishing, administering and soliciting contributions from its employees,  
20 members, executives, stockholders and retirees and their families to the  
21 sponsor's separate segregated fund.

22 10. Any payment by any entity for the costs of communicating with its  
23 employees, members, executives, stockholders and retirees and their families  
24 about any subject, without regard to whether those communications are made in  
25 coordination with any candidate or candidate's agent.

26 11. The value of allowing a candidate or a committee's representative  
27 to appear at any private residence or at the facilities of any entity to  
28 speak about the candidate's campaign or about a ballot measure, if the venue  
29 is furnished by the venue's owner, is not paid for by a third party and is  
30 not a sports stadium, coliseum, convention center, hotel ballroom, concert  
31 hall or other similar arena that is generally open to the public.

32 12. The costs of hosting a debate or candidates' forum, if at least  
33 two opposing candidates, with respect to any given office sought, or  
34 representatives of at least two opposing ballot measure campaigns, with  
35 respect to any measure on the ballot, are invited with the same or similar  
36 advance notice and method of invitation.

37 13. The preparation and distribution of voter guides, subject to the  
38 following:

39 (a) A featured candidate or ballot measure shall not receive greater  
40 prominence or substantially more space in the voter guide than any other  
41 candidate or ballot measure.

42 (b) The voter guide shall not include any message that constitutes  
43 express advocacy.

44 14. Monies that are loaned by a financial institution in the ordinary  
45 course of business and not for the purpose of influencing the results of an

1 election, except that the loan is deemed a pro rata contribution by any  
2 endorser or guarantor, other than the candidate's spouse.

3 15. The costs of publishing a book or producing a documentary, if the  
4 publication and production are for distribution to the general public through  
5 traditional distribution mechanisms or a fee is obtained for the purchase of  
6 the publication or viewing of the documentary.

7 C. This section does not imply that any transactions that are not  
8 specifically listed in subsection B of this section are contributions unless  
9 those transactions otherwise meet the definition of contribution AS defined  
10 in section 16-901.

11 Sec. 2. Section 16-922, Arizona Revised Statutes, as added by Laws  
12 2011, chapter 149, section 1, is amended to read:

13 16-922. Religious assembly, institution; charitable  
14 organization; registration exemption

15 Notwithstanding any other law, this state and any agency or political  
16 subdivision of this state shall not require a person OR ENTITY to:

17 1. Register as a political committee OR FILE ANY REPORTS pursuant to  
18 this chapter if the person OR ENTITY is a religious assembly or institution  
19 OR IS ANY OTHER ENTITY WITH A CHARITABLE TAX EXEMPTION UNDER SECTION  
20 501(c)(3) OF THE INTERNAL REVENUE CODE OR ANY SUCCESSOR PROVISION OF FEDERAL  
21 TAX LAW that does not spend a substantial amount of time or assets, within  
22 the meaning of section 501(c)(3) of the internal revenue code, on influencing  
23 any federal, state or local legislation, referendum, initiative or  
24 constitutional amendment.

25 2. REGISTER AS A POLITICAL COMMITTEE IF ALL OF THE FOLLOWING APPLY:

26 (a) THE PERSON HAS TAX EXEMPT STATUS UNDER SECTION 501(a) OF THE  
27 INTERNAL REVENUE CODE OR ANY OTHER SUCCESSOR PROVISION OF FEDERAL TAX LAW.

28 (b) EXCEPT FOR A RELIGIOUS ASSEMBLY OR INSTITUTION, THE PERSON HAS  
29 PROPERLY FILED FORM 1023 OR FORM 1024 WITH THE INTERNAL REVENUE SERVICE OR  
30 THE EQUIVALENT SUCCESSOR FORM DESIGNATED BY THE INTERNAL REVENUE SERVICE.

31 (c) THE PERSON HAS PROPERLY FILED FORM 990 WITH THE INTERNAL REVENUE  
32 SERVICE OR THE EQUIVALENT SUCCESSOR FORM DESIGNATED BY THE INTERNAL REVENUE  
33 SERVICE.

34 (d) THE PERSON'S TAX EXEMPT STATUS HAS NOT BEEN DENIED OR REVOKED BY  
35 THE INTERNAL REVENUE SERVICE.

36 (e) THE PERSON REMAINS IN GOOD STANDING WITH THE CORPORATION  
37 COMMISSION.

38 Sec. 3. Section 16-922, Arizona Revised Statutes, as added by Laws  
39 2016, chapter 79, section 12, is amended to read:

40 16-922. Independent and coordinated expenditures

41 A. Any person may make independent expenditures.

42 B. An expenditure is not an independent expenditure if either of the  
43 following applies:

1           1. There is actual coordination with respect to an expenditure between  
2 a candidate or candidate's agent and the person making the expenditure or  
3 that person's agent.

4           2. Both of the following apply:

5           (a) The expenditure is based on nonpublic information about a  
6 candidate's or candidate committee's plans or needs that the candidate or  
7 candidate's agent provides to the person making the expenditure or that  
8 person's agent.

9           (b) The candidate or candidate's agent provides the nonpublic  
10 information with an intent toward having the expenditure made.

11           C. In evaluating whether an expenditure is an independent expenditure,  
12 a filing officer or enforcement officer may consider the following to be  
13 rebuttable evidence of coordination:

14           1. Any agent of the person making the expenditure is also an agent of  
15 the candidate whose election or whose opponent's defeat is being advocated by  
16 the expenditure.

17           2. In the same election cycle, the person making the expenditure or  
18 that person's agent is or has been authorized to raise or spend monies on the  
19 candidate's behalf.

20           3. In the same election cycle, the candidate is or has been authorized  
21 to raise money or solicit contributions on behalf of the person making the  
22 expenditure.

23           D. Notwithstanding subsection C of this section, coordination does not  
24 exist under either of the following:

25           1. If the person making the expenditure maintains a firewall between  
26 the person and that person's agent in compliance with all of the following:

27           (a) The person's agent did not participate in deciding to make the  
28 expenditure or in deciding the content, timing or targeting of the  
29 expenditure.

30           (b) The person making the expenditure has a written policy  
31 establishing the firewall and its requirements.

32           (c) The person making the expenditure and the person's agent followed  
33 the written policy regarding the firewall.

34           2. Solely because an agent of a person making the expenditure serves  
35 or has served on a candidate's host committee for a fund-raising event.

36           E. An expenditure that is coordinated with a candidate, other than a  
37 coordinated party expenditure, is deemed an in-kind contribution to the  
38 candidate.

39           F. An entity that makes an independent expenditure, other than an  
40 individual or a committee, shall file independent expenditure reports  
41 pursuant to section 16-926, subsection ~~G~~ H.

42           Sec. 4. Section 16-926, Arizona Revised Statutes, as added by Laws  
43 2016, chapter 79, section 12, is amended to read:

44           16-926. Campaign finance reports; contents

1           A. A committee shall file campaign finance reports with the filing  
2 officer. The secretary of state's instructions and procedures manual adopted  
3 pursuant to section 16-452 shall prescribe the format for all reports and  
4 statements.

5           B. A campaign finance report shall set forth:

6           1. The amount of cash on hand at the beginning of the reporting  
7 period.

8           2. Total receipts during the reporting period, including:

9           (a) An itemized list of receipts in the following categories,  
10 including the source, amount and date of receipt, together with the total of  
11 all receipts in each category:

12           (i) Contributions from individuals whose contributions exceed fifty  
13 dollars for that election cycle, including identification of the  
14 contributor's occupation and employer.

15           (ii) Contributions from candidate committees.

16           (iii) Contributions from political action committees.

17           (iv) Contributions from political parties.

18           (v) Contributions from partnerships.

19           (vi) For a political action committee or political party,  
20 contributions from corporations and limited liability companies, including  
21 identification of the corporation's or limited liability company's file  
22 number issued by the corporation commission.

23           (vii) For a political action committee or political party,  
24 contributions from labor organizations, including identification of the labor  
25 organization's file number issued by the corporation commission.

26           (viii) For a candidate committee, a candidate's contribution of  
27 personal monies.

28           (ix) All loans, including identification of any endorser or guarantor  
29 other than a candidate's spouse, and the contribution amount endorsed or  
30 guaranteed by each.

31           (x) Rebates and refunds.

32           (xi) Interest on committee monies.

33           (xii) The fair market value of in-kind contributions received.

34           (xiii) Extensions of credit that remain outstanding, including  
35 identification of the creditor and the purpose of the extension.

36           (b) The aggregate amount of contributions from all individuals whose  
37 contributions do not exceed fifty dollars for the election cycle.

38           3. An itemized list of all disbursements in excess of two hundred  
39 fifty dollars during the reporting period in the following categories,  
40 including the recipient, the recipient's address, a description of the  
41 disbursement and the amount and date of the disbursement, together with the  
42 total of all disbursements in each category:

43           (a) Disbursements for operating expenses.

44           (b) Contributions to candidate committees.

45           (c) Contributions to political action committees.

- 1 (d) Contributions to political parties.
- 2 (e) Contributions to partnerships.
- 3 (f) For a political action committee or political party, contributions
- 4 to corporations and limited liability companies, including identification of
- 5 the corporation's or limited liability company's file number issued by the
- 6 corporation commission.
- 7 (g) For a political action committee or political party, contributions
- 8 to labor organizations, including identification of the labor organization's
- 9 file number issued by the corporation commission.
- 10 (h) Repayment of loans.
- 11 (i) Refunds of contributions.
- 12 (j) Loans made.
- 13 (k) The value of in-kind contributions provided.
- 14 (l) Independent expenditures that are made to advocate the election or
- 15 defeat of a candidate, including identification of the candidate, office
- 16 sought by the candidate, election date, mode of advertising and distribution
- 17 or publication date.
- 18 (m) Expenditures to advocate the passage or defeat of a ballot
- 19 measure, including identification of the ballot measure, ballot measure
- 20 serial number, election date, mode of advertising and distribution or
- 21 publication date.
- 22 (n) Expenditures to advocate for or against the issuance of a recall
- 23 election order or for the election or defeat of a candidate in a recall
- 24 election, including identification of the officer to be recalled or candidate
- 25 supported or opposed, mode of advertising and distribution or publication
- 26 date.
- 27 (o) Any other disbursements or expenditures.
- 28 4. The total sum of all receipts and disbursements for the reporting
- 29 period.
- 30 5. A certification by the committee treasurer, issued under penalty of
- 31 perjury, that the contents of the report are true and correct.
- 32 C. FOR THE PURPOSES OF REPORTING UNDER SUBSECTION B OF THIS SECTION:
- 33 1. A CONTRIBUTION IS DEEMED TO BE RECEIVED EITHER ON THE DATE THE
- 34 COMMITTEE KNOWINGLY TAKES POSSESSION OF THE CONTRIBUTION OR THE DATE OF THE
- 35 CHECK OR CREDIT CARD PAYMENT. FOR AN IN-KIND CONTRIBUTION OF SERVICES, THE
- 36 CONTRIBUTION IS DEEMED MADE EITHER ON THE DATE THE SERVICES ARE PERFORMED OR
- 37 THE DATE THE COMMITTEE RECEIVES THE SERVICES.
- 38 2. AN EXPENDITURE OR DISBURSEMENT IS DEEMED MADE EITHER ON THE DATE
- 39 THE COMMITTEE AUTHORIZES THE MONIES TO BE SPENT OR THE DATE THE MONIES ARE
- 40 WITHDRAWN FROM THE COMMITTEE'S ACCOUNT. FOR A TRANSACTION BY CHECK, THE
- 41 EXPENDITURE OR DISBURSEMENT IS DEEMED MADE ON THE DATE THE COMMITTEE SIGNS
- 42 THE CHECK. FOR A CREDIT CARD TRANSACTION ON PAPER, THE EXPENDITURE OR
- 43 DISBURSEMENT IS DEEMED MADE ON THE DATE THE COMMITTEE SIGNS THE AUTHORIZATION
- 44 TO CHARGE THE CREDIT CARD. FOR AN ELECTRONIC TRANSACTION, AN EXPENDITURE OR
- 45 DISBURSEMENT IS DEEMED MADE ON THE DATE THE COMMITTEE ELECTRONICALLY

1 AUTHORIZES THE CHARGE. FOR AN AGREEMENT TO PURCHASE GOODS OR SERVICES, THE  
2 EXPENDITURE OR DISBURSEMENT IS DEEMED MADE EITHER ON THE DATE THE PARTIES  
3 ENTER INTO THE AGREEMENT OR THE DATE THE PURCHASE ORDER IS ISSUED.

4 3. A COMMITTEE MAY RECORD ITS TRANSACTIONS USING ANY OF THE METHODS  
5 AUTHORIZED BY THIS SUBSECTION BUT FOR EACH TYPE OF CONTRIBUTION, EXPENDITURE  
6 OR DISBURSEMENT MADE OR RECEIVED, THE COMMITTEE SHALL USE A CONSISTENT METHOD  
7 OF RECORDING TRANSACTIONS THROUGHOUT THE ELECTION CYCLE.

8 ~~E.~~ D. The amount of an in-kind contribution of services shall be  
9 equal to the usual and normal charges for the services on the date ~~received~~  
10 ~~by the committee~~ PERFORMED.

11 ~~D.~~ E. If any receipt or disbursement is earmarked, the committee  
12 shall report the identity of the person to whom the receipt or disbursement  
13 is earmarked.

14 ~~E.~~ F. Candidate committee reports shall be cumulative for the  
15 election cycle to which they relate. Political action committee and  
16 political party reports shall be cumulative for a two-year election cycle  
17 ending in the year of a statewide general election. If there has been no  
18 change during the reporting period in an item listed in the immediately  
19 preceding report, only the amount need be carried forward.

20 ~~F.~~ G. For a political action committee that receives individual  
21 contributions through a payroll deduction plan, that committee is not  
22 required to separately itemize each contribution received from the  
23 contributor during the reporting period. In lieu of itemization, the  
24 committee may report all of the following:

25 1. The aggregate amount of contributions received from the contributor  
26 through the payroll deduction plan during the reporting period.

27 2. The individual's identity.

28 3. The amount deducted per pay period.

29 ~~G.~~ H. An entity that makes independent expenditures or ballot measure  
30 expenditures in excess of one thousand dollars during a reporting period  
31 shall file an expenditure report with the filing officer for the applicable  
32 reporting period. Expenditure reports shall identify the candidate or ballot  
33 measure supported or opposed, office sought by the candidate, if any,  
34 election date, mode of advertising and first date of publication, display,  
35 delivery or broadcast of the advertisement.

36 Sec. 5. Retroactivity

37 Section 16-922, Arizona Revised Statutes, as added by Laws 2011,  
38 chapter 149, section 1 and this act, applies retroactively to ninety days  
39 before the date of the 2016 primary election.

40 Sec. 6. Effective date

41 Sections 1, 3 and 4 of this act are effective from and after the last  
42 day for filing a preelection campaign finance report for the November 2016  
43 general election as prescribed by section 16-913, subsection B, paragraph 2,  
44 Arizona Revised Statutes, as amended by Laws 2012, chapter 257, section 2,  
45 chapter 290, section 1 and chapter 361, section 18.

APPROVED BY THE GOVERNOR MAY 18, 2016.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 18, 2016.