

REFERENCE TITLE: financial disclosure; model legislation; lobbying

State of Arizona
Senate
Fifty-second Legislature
Second Regular Session
2016

SB 1174

Introduced by
Senators Farley, Hobbs; Bradley, Contreras, Dalessandro, Pancrazi

AN ACT

AMENDING SECTION 38-542, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2011, CHAPTER 332, SECTION 27; AMENDING SECTION 38-542, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2014, CHAPTER 149, SECTION 1; AMENDING SECTIONS 41-1231, 41-1232.02, 41-1232.03 AND 41-1232.04, ARIZONA REVISED STATUTES; RELATING TO PUBLIC OFFICERS AND LOBBYING.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 38-542, Arizona Revised Statutes, as amended by
3 Laws 2011, chapter 332, section 27, is amended to read:

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

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

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

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

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

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

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

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

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

1 controlled or dependent business. If the public officer, any member of his
2 household or a controlled or dependent business incurred or discharged a debt
3 ~~which~~ THAT is reportable under this subsection during the preceding year, the
4 report shall disclose that the transaction was made and the date it occurred.

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

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

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

28 11. A DESCRIPTION OF ANY BENEFIT RECEIVED BY THE PUBLIC OFFICER OR ANY
29 MEMBER OF THE HOUSEHOLD OF THE PUBLIC OFFICER OR RELATIVES OF THE PUBLIC
30 OFFICER TO THE SECOND DEGREE OF CONSANGUINITY IF THE BENEFIT IS IN THE FORM
31 OF TRAVEL, LODGING OR REGISTRATION FEES RELATED TO A CONFERENCE, MEETING OR
32 OTHER EVENT, WITHOUT REGARD TO WHETHER DENOMINATED A SCHOLARSHIP, A REDUCED
33 RATE OR A FULL OR PARTIAL REIMBURSEMENT. THE DESCRIPTION OF THE BENEFIT
34 RECEIVED SHALL ITEMIZE THE SPECIFIC DOLLAR AMOUNT OF THE BENEFIT RECEIVED AND
35 MAY NOT BE REPORTED IN A CATEGORY RANGE AS PRESCRIBED IN SUBSECTION B OF THIS
36 SECTION. THERE IS NO MINIMUM AMOUNT FOR AND THIS PARAGRAPH APPLIES TO ANY
37 BENEFIT IN THE FORM OF TRAVEL, LODGING OR REGISTRATION FEES. THE DESCRIPTION
38 SHALL ALSO SEPARATELY ITEMIZE THE BENEFIT RECEIVED IN THE FORM OF TRAVEL,
39 LODGING AND REGISTRATION AND SHALL DISCLOSE THE NAME AND ADDRESS OF THE DONOR
40 OR PAYOR OF EACH BENEFIT.

41 B. EXCEPT AS PRESCRIBED IN SUBSECTION A, PARAGRAPH 11 OF THIS SECTION,
42 if an amount or value is required to be reported pursuant to this section, it
43 is sufficient to report whether the amount or value of the equity interest
44 falls within:

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

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

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

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

7 D. The statement required to be filed pursuant to subsection A **OF THIS**
8 **SECTION** shall be filed by all persons who qualified as public officers at any
9 time during the preceding calendar year on or before January 31 of each year
10 with the exceptions that a public officer appointed to fill a vacancy ~~shall~~,
11 within sixty days following his taking of such office, **SHALL** file a financial
12 disclosure statement covering as his annual period the twelve month period
13 ending with the last full month ~~prior to~~ **BEFORE** the date of his taking
14 office, and a public officer whose final term expires less than thirty-one
15 days into the immediately following calendar year may file the public
16 officer's final financial disclosure at the same time as the disclosure for
17 the last immediately preceding year.

18 E. The secretary of state shall prepare written guidelines, forms and
19 samples for completing the financial disclosure statement required by this
20 section. A copy of the guidelines, forms and samples shall be distributed to
21 each public officer and shall be made available to each candidate required to
22 file a financial disclosure statement pursuant to section 38-543. **THE**
23 **SECRETARY OF STATE SHALL POST ON THE SECRETARY OF STATE'S WEBSITE THE**
24 **INFORMATION CONTAINED IN THE FINANCIAL DISCLOSURE STATEMENTS FILED PURSUANT**
25 **TO THIS ARTICLE.**

26 Sec. 2. Section 38-542, Arizona Revised Statutes, as amended by Laws
27 2014, chapter 149, section 1, is amended to read:

28 **38-542. Duty to file financial disclosure statement; contents;**
29 exceptions

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

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

37 2. The name and address of each employer and of each other source of
38 compensation other than gifts amounting to more than one thousand dollars
39 received during the preceding calendar year by the public officer and members
40 of his household in their own names, or by any other person for the use or
41 benefit of the public officer or members of his household, a description of
42 the services for which the compensation was received and the nature of the
43 employer's business. This paragraph shall not be construed to require the
44 disclosure of individual items of compensation that constituted a portion of

1 the gross income of the business from which the public officer or members of
2 his household derived compensation.

3 3. For a controlled business, a description of the goods or services
4 provided by the business, and if any single source of compensation to the
5 business during the preceding calendar year amounts to more than ten thousand
6 dollars and is more than twenty-five per cent of the gross income of the
7 business, the disclosure shall also include a description of the goods or
8 services provided to the source of compensation. For a dependent business
9 the statement shall disclose a description of the goods or services provided
10 by the business and a description of the goods or services provided to the
11 source of compensation from which the dependent business derived the amount
12 of gross income described in section 38-541, paragraph 4. If the source of
13 compensation for a controlled or dependent business is a business, the
14 statement shall disclose a description of the business activities engaged in
15 by the source of compensation.

16 4. The names and addresses of all businesses and trusts in which the
17 public officer or members of his household, or any other person for the use
18 or benefit of the public officer or members of his household, had an
19 ownership or beneficial interest of over one thousand dollars at any time
20 during the preceding calendar year, and the names and addresses of all
21 businesses and trusts in which the public officer or any member of his
22 household held any office or had a fiduciary relationship at any time during
23 the preceding calendar year, together with the amount or value of the
24 interest and a description of the interest, office or relationship.

25 5. All Arizona real property interests and real property improvements,
26 including specific location and approximate size, in which the public
27 officer, any member of his household or a controlled or dependent business
28 held legal title or a beneficial interest at any time during the preceding
29 calendar year, and the value of any such interest, except that this paragraph
30 does not apply to a real property interest and improvements thereon used as
31 the primary personal residence or for the personal recreational use of the
32 public officer. If a public officer, any member of his household or a
33 controlled or dependent business acquired or divested any such interest
34 during the preceding calendar year, he shall also disclose that the
35 transaction was made and the date it occurred. If the controlled or
36 dependent business is in the business of dealing in real property interests
37 or improvements, disclosure need not include individual parcels or
38 transactions as long as the aggregate value of all parcels of such property
39 is reported.

40 6. The names and addresses of all creditors to whom the public officer
41 or members of his household, in their own names or in the name of any other
42 person, owed a debt of more than one thousand dollars or to whom a controlled
43 business or a dependent business owed a debt of more than ten thousand
44 dollars ~~which~~ THAT was also more than thirty ~~per cent~~ PERCENT of the total
45 business indebtedness at any time during the preceding calendar year, listing

1 each such creditor. This paragraph shall not be construed to require the
2 disclosure of debts owed by the public officer or any member of his household
3 resulting from the ordinary conduct of a business other than a controlled or
4 dependent business nor shall disclosure be required of credit card
5 transactions, retail installment contracts, debts on residences or
6 recreational property exempt from disclosure under paragraph 5 of this
7 subsection, debts on motor vehicles not used for commercial purposes, debts
8 secured by cash values on life insurance or debts owed to relatives. It is
9 sufficient disclosure of a creditor if the name and address of a person to
10 whom payments are made is disclosed. If the public officer, any member of
11 his household or a controlled or dependent business incurred or discharged a
12 debt ~~which~~ THAT is reportable under this subsection during the preceding
13 calendar year, the report shall disclose that the transaction was made and
14 the date it occurred.

15 7. The identification and amount of each debt exceeding one thousand
16 dollars owed at any time during the preceding calendar year to the public
17 officer and members of his household in their own names, or to any other
18 person for the use or benefit of the public officer or any member of his
19 household. The disclosure shall include the identification and amount of
20 each debt exceeding ten thousand dollars to a controlled business or
21 dependent business ~~which~~ THAT was also more than thirty ~~per-cent~~ PERCENT of
22 the total indebtedness to the business at any time during the preceding
23 calendar year. This paragraph shall not be construed to require the
24 disclosure of debts from the ordinary conduct of a business other than a
25 controlled or dependent business. If the public officer, any member of his
26 household or a controlled or dependent business incurred or discharged a debt
27 ~~which~~ THAT is reportable under this subsection during the preceding year, the
28 report shall disclose that the transaction was made and the date it occurred.

29 8. The name of each source of any gift, or accumulated gifts from a
30 single source, of more than five hundred dollars received by the public
31 officer and members of his household in their own names during the preceding
32 calendar year, or by any other person for the use or benefit of the public
33 officer or any member of his household except gifts received by will or by
34 virtue of intestate succession, or received by way of distribution from any
35 inter vivos or testamentary trust established by a spouse or by an ancestor,
36 or gifts received from any other member of the household or relatives to the
37 second degree of consanguinity. Political campaign contributions shall not
38 be construed as gifts if otherwise publicly reported as political campaign
39 contributions as required by law.

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

44 10. A list of all bonds, together with their value, issued by this
45 state or any political subdivision of this state and held at any time during

1 the preceding calendar year by the public officer or any member of his
2 household, which bonds issued by a single entity had a value in excess of one
3 thousand dollars. If the public officer or any member of his household
4 acquired or divested any bonds during the preceding calendar year ~~which~~ THAT
5 are reportable under this paragraph, the fact that the transaction occurred
6 and the date shall also be shown.

7 11. A DESCRIPTION OF ANY BENEFIT RECEIVED BY THE PUBLIC OFFICER OR ANY
8 MEMBER OF THE HOUSEHOLD OF THE PUBLIC OFFICER OR RELATIVES OF THE PUBLIC
9 OFFICER TO THE SECOND DEGREE OF CONSANGUINITY IF THE BENEFIT IS IN THE FORM
10 OF TRAVEL, LODGING OR REGISTRATION FEES RELATED TO A CONFERENCE, MEETING OR
11 OTHER EVENT, WITHOUT REGARD TO WHETHER DENOMINATED A SCHOLARSHIP, A REDUCED
12 RATE OR A FULL OR PARTIAL REIMBURSEMENT. THE DESCRIPTION OF THE BENEFIT
13 RECEIVED SHALL ITEMIZE THE SPECIFIC DOLLAR AMOUNT OF THE BENEFIT RECEIVED AND
14 MAY NOT BE REPORTED IN A CATEGORY RANGE AS PRESCRIBED IN SUBSECTION B OF THIS
15 SECTION. THERE IS NO MINIMUM AMOUNT FOR AND THIS PARAGRAPH APPLIES TO ANY
16 BENEFIT IN THE FORM OF TRAVEL, LODGING OR REGISTRATION FEES. THE DESCRIPTION
17 SHALL ALSO SEPARATELY ITEMIZE THE BENEFIT RECEIVED IN THE FORM OF TRAVEL,
18 LODGING AND REGISTRATION AND SHALL DISCLOSE THE NAME AND ADDRESS OF THE DONOR
19 OR PAYOR OF EACH BENEFIT.

20 B. EXCEPT AS PRESCRIBED IN SUBSECTION A, PARAGRAPH 11 OF THIS SECTION,
21 if an amount or value is required to be reported pursuant to this section, it
22 is sufficient to report whether the amount or value of the equity interest
23 falls within:

- 24 1. Category 1, one thousand dollars to twenty-five thousand dollars.
- 25 2. Category 2, more than twenty-five thousand dollars to one hundred
26 thousand dollars.
- 27 3. Category 3, more than one hundred thousand dollars.

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

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

41 E. The secretary of state shall prepare written guidelines, forms and
42 samples for completing the financial disclosure statement required by this
43 section. A copy of the guidelines, forms and samples shall be distributed to
44 each public officer and shall be made available to each candidate required to
45 file a financial disclosure statement pursuant to section 38-543. THE

1 SECRETARY OF STATE SHALL POST ON THE SECRETARY OF STATE'S WEBSITE THE
2 INFORMATION CONTAINED IN THE FINANCIAL DISCLOSURE STATEMENTS FILED PURSUANT
3 TO THIS ARTICLE.

4 F. Beginning January 1, 2017, the statement required to be filed in
5 subsection ~~D~~- A of this section may be filed by the public officer in a form
6 prescribed by the secretary of state that includes authorization for future
7 filings to be submitted in an electronic format. Any subsequent filings
8 required to be filed in subsection ~~D~~- A of this section may be filed in an
9 electronic format as prescribed by the secretary of state.

10 Sec. 3. Section 41-1231, Arizona Revised Statutes, is amended to read:

11 41-1231. Definitions

12 In this article, unless the context otherwise requires:

13 1. "Authorized lobbyist" means any person, other than a designated
14 lobbyist or lobbyist for compensation, who is employed by, retained by or
15 representing a principal, with or without compensation, for the purpose of
16 lobbying and who is listed as an authorized lobbyist by the principal in its
17 registration pursuant to section 41-1232.

18 2. "Authorized public lobbyist" means a person, other than a
19 designated public lobbyist, who is employed by, retained by or representing a
20 public body, with or without compensation, for the purpose of lobbying and
21 who is listed as an authorized public lobbyist by the public body in its
22 registration pursuant to section 41-1232.01.

23 3. "Designated lobbyist" means the person who is designated by a
24 principal as the single point of contact for the principal and who is listed
25 as the designated lobbyist by the principal in its registration pursuant to
26 section 41-1232.

27 4. "Designated public lobbyist" means the person who is designated by
28 a public body as the single point of contact for the public body and who is
29 listed as the designated public lobbyist by the public body in its
30 registration pursuant to section 41-1232.01.

31 5. "Entertainment" means the amount of any expenditure paid or
32 incurred for admission to any sporting or cultural event or for participation
33 in any sporting or cultural activity.

34 6. "Expenditure" means a payment, distribution, loan, advance, deposit
35 or gift of money or anything of value and includes a contract, promise or
36 agreement, whether or not legally enforceable, to make an expenditure that
37 provides a benefit to an individual state officer or state employee and that
38 is incurred by or on behalf of one or more principals, public bodies,
39 lobbyists, designated public lobbyists or authorized public lobbyists.

40 7. "Family gift" means a gift to a state officer or employee or a
41 member of the officer's or employee's household from a principal, lobbyist,
42 designated public lobbyist or authorized public lobbyist who is a relative of
43 the state officer or employee or a member of the household of the state
44 officer or employee if the donor is not acting as the agent or intermediary
45 for someone other than a person covered by this paragraph.

1 8. "Food or beverage" means the amount of any expenditure paid or
2 incurred for food or beverages for a state officer or employee provided at a
3 location at which the principal, public body, lobbyist, designated public
4 lobbyist or authorized public lobbyist who made the expenditure is present.

5 9. "Gift" means a payment, distribution, expenditure, advance, deposit
6 or donation of money, any intangible personal property or any kind of
7 tangible personal or real property. For the purposes of this article, gift
8 does not include:

9 (a) A gift, devise or inheritance from an individual's spouse, child,
10 parent, grandparent, grandchild, brother, sister, parent-in-law,
11 brother-in-law, sister-in-law, nephew, niece, aunt, uncle or first cousin or
12 the spouse of any such individual if the donor is not acting as the agent or
13 intermediary for someone other than a person covered by this subdivision.

14 (b) Expenditures that are either properly reported or exempt from
15 reporting under this chapter for:

16 (i) A speaking engagement.

17 (ii) Food or beverages.

18 (iii) Travel and lodging.

19 (iv) Flowers.

20 (c) Salary, compensation or employer-reimbursed expenses lawfully paid
21 to a public official.

22 (d) The value, cost or price of professional or consulting services
23 that are not rendered to obtain a benefit for any registered principal,
24 public body, lobbyist, designated public lobbyist or authorized public
25 lobbyist or the clients of a principal or lobbyist.

26 (e) Expenses relating to a special event or function to which all
27 members of the legislature, either house of the legislature or any committee
28 of the legislature is invited.

29 (f) A plaque or other form of recognition similar to a plaque to a
30 state officer or state employee to signify the honorary recognition of a
31 service or other notable accomplishment.

32 (g) Informational material such as books, reports, pamphlets,
33 calendars or periodicals.

34 (h) An item that is not used and that is returned within fifteen days
35 of receipt to the donor or that is delivered within fifteen days of receipt
36 to a charitable organization and that is not claimed as a charitable
37 contribution for state or federal income tax purposes.

38 (i) A campaign contribution that is properly received and reported as
39 required by law.

40 (j) An item that is given to a state officer or employee if the state
41 officer or employee gives an item of approximately the same value to the
42 giver of the item at the same time that the item is given or on a similar
43 occasion as the one that prompted the original item to be given.

1 (k) Gifts of a personal nature that were customarily received by an
2 individual from the donor before the individual became a state officer or
3 employee.

4 (l) An item that is given to the general public at an event.

5 10. "Legislation" means bills, resolutions, memorials, amendments,
6 nominations and other matters that are pending or proposed in either house of
7 the legislature of this state.

8 11. "Lobbying":

9 (a) Means attempting to influence the passage or defeat of any
10 legislation by directly communicating with any legislator or attempting to
11 influence any formal rulemaking proceeding pursuant to chapter 6 of this
12 title or rulemaking proceedings that are exempt from chapter 6 of this title
13 by directly communicating with any state officer or employee.

14 (b) Includes ~~—~~:

15 (i) COMMUNICATING WITH OR ASSISTING A LEGISLATOR WITH RESPECT TO OR
16 PROMOTING THE PASSAGE OF DRAFT, PROPOSED OR MODEL LEGISLATION, WHETHER AT A
17 CONFERENCE, MEETING OR OTHER EVENT THAT OCCURS AT A LOCATION OTHER THAN THE
18 LEGISLATURE OR WHILE AT THE LEGISLATURE, AND WITHOUT REGARD TO WHETHER THE
19 SPONSOR OF THE CONFERENCE, MEETING OR OTHER EVENT IS A PRIVATE NONPROFIT
20 CORPORATION.

21 (ii) For a person who is otherwise required to be registered as a
22 lobbyist for compensation pursuant to this article, attempting to influence
23 the procurement of materials, services or construction by an agency as
24 defined in section 41-1001, including the office of the governor.

25 (c) Does not include:

26 (i) Interagency communications between state agency employees.

27 (ii) Communications between a public official or employee of a public
28 body, designated public lobbyist or authorized public lobbyist and any state
29 officer, except for a member of the legislature, or an employee of the
30 legislature.

31 (iii) Oral questions or comments made by a person to a state officer
32 or employee regarding a proposed rule and made in public at a meeting or
33 workshop that is open to the public and that is sponsored by a state agency,
34 board, commission, council or office.

35 (iv) Communications between a public body and a self-employed person
36 or person employed by a partnership or company regarding the procurement of
37 materials, services or construction unless the self-employed person or person
38 employed by a partnership or company is otherwise required to register
39 pursuant to this article or is employed by, supervised by at any level or
40 contracted by a person who is otherwise required to register as a lobbyist
41 for compensation pursuant to this article.

42 12. "Lobbyist" means any person, other than a designated public
43 lobbyist or AN authorized public lobbyist, who is employed by, retained by or
44 representing a person other than himself, with or without compensation, for
45 the purpose of lobbying and who is listed as a lobbyist by the principal in

1 its registration pursuant to section 41-1232. Lobbyist includes a lobbyist
2 for compensation, A designated lobbyist and AN authorized lobbyist.

3 13. "Lobbyist for compensation" means a lobbyist who is compensated for
4 the primary purpose of lobbying on behalf of a principal and who is listed by
5 the principal in its registration pursuant to section 41-1232.

6 14. "Person" means an individual, partnership, committee, association
7 or corporation and any other organization or group of persons, except
8 legislators and political parties qualified for representation on the ballot
9 pursuant to section 16-801 or 16-804.

10 15. "Personal hospitality" means hospitality, meals, beverages,
11 transportation or lodging furnished but not commercially provided by a person
12 on property or facilities owned or possessed by the person or the person's
13 family.

14 16. "Principal" means any person, other than a public body, that
15 employs, retains, engages or uses, with or without compensation, a lobbyist
16 OR THAT ENGAGES IN LOBBYING. Principal includes any subsidiary of a
17 corporation.

18 17. "Procurement" has the same meaning prescribed in section 41-2503.

19 18. "Public body" means the Arizona board of regents, a university
20 under the jurisdiction of the Arizona board of regents, the judicial
21 department, any state agency, board, commission or council, any county, any
22 county elected officer who elects to appoint a designated public lobbyist or
23 any city, town, district or other political subdivision of this state that
24 receives and uses tax revenues and that employs, retains, engages or uses,
25 with or without compensation, a designated public lobbyist or authorized
26 public lobbyist.

27 19. "Public official" means a person who is duly elected, appointed or
28 retained through election to an elected state, county or local office.

29 20. "Single expenditure" means an expenditure that provides a benefit
30 of more than twenty dollars to an individual state officer or state employee
31 and that is incurred by or on behalf of one or more principals, public
32 bodies, lobbyists, designated public lobbyists or authorized public
33 lobbyists.

34 21. "Speaking engagement":

35 (a) Means the amount of any expense paid or incurred for entrance
36 fees, lodging, food and beverage, entertainment, travel and other expenses
37 for the state officer's or employee's attendance at an event, committee,
38 meeting, conference or seminar, including meetings of state, regional or
39 national organizations or their committees concerned with legislative or
40 governmental activities if the state officer or employee participates in the
41 event as a speaker or panel participant by presenting information relating to
42 the state officer's or employee's legislative or official duties or by
43 performing a ceremonial function appropriate to the state officer's or
44 employee's position.

1 (b) Does not include expenditures for an honorarium or any other
2 similar fee paid to a speaker.

3 22. "State employee" means an employee of the legislature, a university
4 under the jurisdiction of the Arizona board of regents, the judicial
5 department or a state office, agency, board, commission or council.

6 23. "State officer" means a person who is duly elected, appointed or
7 retained through election to any state office, or a member of any state
8 board, commission or council, and includes a member of the legislature.

9 Sec. 4. Section 41-1232.02, Arizona Revised Statutes, is amended to
10 read:

11 41-1232.02. Expenditure reporting; principals and lobbyists;
12 gifts

13 A. Each principal shall report annually all single expenditures,
14 whether or not the expenditures were made in the course of lobbying. These
15 single expenditures shall be itemized separately, and each itemization shall
16 include the date of the expenditure, the amount of the expenditure, the name
17 of each state officer or employee receiving or benefitting from the
18 expenditure, the category of the expenditure and the name of the lobbyist or
19 other person who made the expenditure on behalf of the principal. In
20 addition each principal shall report annually the aggregate of all
21 expenditures of twenty dollars or less received by or benefitting a state
22 officer or employee, whether or not the expenditures were made in the course
23 of lobbying. The report shall be filed by March 1 and shall list the annual
24 expenditures made on behalf of the principal. If March 1 is a Saturday,
25 Sunday or other legal holiday, the report shall be filed on the next business
26 day.

27 B. Each lobbyist for compensation and designated lobbyist shall report
28 quarterly all single expenditures incurred in the preceding calendar quarter
29 by the lobbyist for compensation or designated lobbyist, whether or not the
30 single expenditures were made in the course of lobbying. These single
31 expenditures shall be itemized separately, and each itemization shall include
32 the date of the expenditure, the amount of the expenditure, the name of the
33 state officer or employee receiving or benefitting from the expenditure, the
34 category of the expenditure and the principal on whose behalf the expenditure
35 was made. If the expenditure was made by the lobbyist and was not made on
36 behalf of a principal, it shall be itemized separately. The quarterly report
37 shall be filed no later than the last day of the month following the end of
38 the calendar quarter, unless the last day of the month is a Saturday, Sunday
39 or other legal holiday. In that case, the report shall be filed on the next
40 business day.

41 C. Each lobbyist for compensation and designated lobbyist shall also
42 report quarterly the aggregate of all expenditures of twenty dollars or less
43 received by or benefitting a state officer or employee, whether or not the
44 expenditures were made in the course of lobbying. The report shall list
45 separately the aggregate of expenditures made on behalf of each principal and

1 the aggregate not made on behalf of any principal. In the fourth calendar
 2 quarter, these expenditures shall also be listed by cumulative total for the
 3 calendar year. Each quarterly lobbyist report shall include all reportable
 4 expenditures made by any employee of the lobbyist for compensation or
 5 designated lobbyist, regardless of whether that employee is listed as a
 6 lobbyist on any registration filed by a principal engaging the lobbyist. The
 7 quarterly report shall be filed no later than the last day of the month
 8 following the end of the calendar quarter, unless the last day of the month
 9 is a Saturday, Sunday or other legal holiday. In that case, the report shall
 10 be filed the next business day.

11 D. The reports required by subsections A and B of this section shall
 12 identify each single expenditure according to the following categories,
 13 EXCEPT THERE IS NO MINIMUM AMOUNT FOR AND THE REPORTS SHALL ITEMIZE ANY
 14 BENEFIT PROVIDED IN THE FORM OF TRAVEL, LODGING OR REGISTRATION FEES EVEN IF
 15 THE AMOUNT OF THE BENEFIT DOES NOT CONSTITUTE A SINGLE EXPENDITURE AS DEFINED
 16 IN SECTION 41-1231:

- 17 1. Food or beverages.
- 18 2. Speaking engagement.
- 19 3. Travel. ~~and~~
- 20 4. Lodging.

21 5. REGISTRATION FEES PAID FOR A CONFERENCE, MEETING OR OTHER EVENT,
 22 WITHOUT REGARD TO WHETHER DENOMINATED A SCHOLARSHIP, A REDUCED RATE OR A FULL
 23 OR PARTIAL REIMBURSEMENT, AND THE NAME AND ADDRESS OF ALL DONORS OR PAYORS
 24 INTO ANY ACCOUNT OR FUND THAT IS AGGREGATED AND USED TO PROVIDE THE BENEFIT.

- 25 ~~4-~~ 6. Flowers.
- 26 ~~5-~~ 7. Other expenditures.

27 E. Expenditures by principals and lobbyists such as those for the
 28 lobbyist's personal sustenance, office expenses, filing fees, legal fees,
 29 employees' compensation, lodging and travel are not required to be reported.
 30 In addition, expenditures by a principal or a lobbyist for family gifts,
 31 personal hospitality or those items excluded from the definition of gift
 32 pursuant to section 41-1231, paragraph 9, subdivision (a), (c), (d), (f),
 33 (g), (h), (i), (j), (k) or (l) are not required to be reported.

34 F. All expenditures incurred by a principal or lobbyist in the case of
 35 special events for legislators, including parties, dinners, athletic events,
 36 entertainment and other functions, to which all members of the legislature,
 37 either house of the legislature or any committee of the legislature are
 38 invited shall be reported. Expenditures are not required to be allocated to
 39 individual legislators, but for each such event a description of the event
 40 and the date, location, name of the legislative body invited and total
 41 expenditures incurred shall be reported. Expenditures for special events
 42 held in conjunction with state, national or regional meetings of an
 43 organization or association concerned or dealing with legislative or other
 44 governmental activities to which all state officers or state employees in
 45 attendance at such event are invited shall be reported in the same manner.

1 G. All information required to be filed pursuant to this section with
2 the secretary of state shall be filed in that office and preserved by the
3 secretary of state for five years from the date of filing, after which time
4 the information shall be destroyed. The information is a public record and
5 open to public inspection.

6 H. If a principal, lobbyist for compensation or designated lobbyist
7 makes no expenditures that it would otherwise be required to report during a
8 specified reporting period, the principal, lobbyist for compensation or
9 designated lobbyist may sign a notarized form prescribed by the secretary of
10 state indicating that there were no expenditures during the specific
11 reporting period.

12 I. A person or organization shall not make a gift to or an expenditure
13 on behalf of a state officer or employee through another person or
14 organization for the purpose of disguising the identity of the person making
15 the gift or expenditure.

16 J. A principal or lobbyist or any other person acting on behalf of a
17 principal or lobbyist shall not give to any state officer or state employee
18 and a state officer or state employee shall not accept from a principal or
19 lobbyist either of the following:

20 1. Gifts with a total value of more than ten dollars during any
21 calendar year.

22 2. Gifts that are designed to influence the state officer's or state
23 employee's official conduct.

24 Sec. 5. Section 41-1232.03, Arizona Revised Statutes, is amended to
25 read:

26 41-1232.03. Expenditure reporting: public bodies and public
27 lobbyists: gifts

28 A. Each public body shall report annually all single expenditures
29 received by or benefitting a member of the legislature whether or not the
30 expenditures were made in the course of lobbying. These expenditures shall
31 be itemized separately, and each itemization shall include the date of the
32 expenditure, the amount of the expenditure, the name of each member of the
33 legislature receiving or benefitting from the expenditure, the category of
34 the expenditure and the name of the designated public lobbyist or authorized
35 public lobbyist who made the expenditure on behalf of the public body. In
36 addition each public body shall report annually the aggregate of all
37 expenditures of twenty dollars or less received by or benefitting a member of
38 the legislature, whether or not the expenditures were made in the course of
39 lobbying. The report shall list all expenditures by the public body made in
40 the course of lobbying for the personal sustenance, filing fee, legal fees,
41 employees' compensation, meals, lodging and travel of the designated public
42 lobbyist and all authorized public lobbyists employed or retained by, and
43 representing, the public body. The public body shall apportion expenditures
44 that are attributable both to lobbying and to other activities of the public
45 body and shall report only the portion attributable to lobbying. For the

1 purpose of reporting employee compensation, a public body, on establishing a
2 time allocation schedule for apportioned lobbying activity based on actual
3 experience under this article, may submit after the 1993 calendar year an
4 affidavit to the secretary of state stating the compensation attributable to
5 lobbying for subsequent years for the designated public lobbyist and all
6 authorized public lobbyists whose job responsibilities have not been
7 significantly altered since the time allocation schedule was established.
8 The report shall be filed by March 1 and shall list the annual expenditures
9 made on behalf of the public body. If March 1 is a Saturday, Sunday or other
10 legal holiday, the report shall be filed on the next business day.

11 B. Each designated public lobbyist shall report quarterly all single
12 expenditures received by or benefitting a member of the legislature and
13 incurred in the preceding calendar quarter by the designated public lobbyist,
14 whether or not the single expenditures were made in the course of lobbying.
15 Each designated public lobbyist's report shall also include all single
16 expenditures incurred in the preceding calendar quarter by each authorized
17 public lobbyist who is registered pursuant to section 41-1232.01 by the same
18 public body that registered the designated public lobbyist. This subsection
19 does not apply to an expenditure that was made by a designated public
20 lobbyist or AN authorized public lobbyist and that was received by or
21 benefitted an employee of a public body, if the employee is not a member or
22 employee of the legislature or a member of the household of a member or
23 employee of the legislature. These expenditures shall be itemized
24 separately, and each itemization shall include the date of the expenditure,
25 the amount of the expenditure, the name of the member or employee receiving
26 or benefitting from the expenditure, the category of the expenditure and the
27 public body on whose behalf the expenditure was made. If the expenditure was
28 made by the designated public lobbyist or authorized public lobbyist and was
29 not made on behalf of a public body, it shall be itemized separately. The
30 quarterly report shall be filed no later than the last day of the month
31 following the end of the calendar quarter, unless the last day of the month
32 is a Saturday, Sunday or other legal holiday. In that case, the report shall
33 be filed on the next business day.

34 C. Each designated public lobbyist shall also report quarterly the
35 aggregate of all expenditures of twenty dollars or less received by or
36 benefitting a member of the legislature, whether or not the expenditures were
37 made in the course of lobbying. Each designated public lobbyist's report
38 shall also include the aggregate of all expenditures of twenty dollars or
39 less that were received by or benefitted a member of the legislature and that
40 were made by an authorized public lobbyist who is registered pursuant to
41 section 41-1232.01 by the same public body that registered the designated
42 public lobbyist. This subsection does not apply to an expenditure that was
43 made by a designated public lobbyist or AN authorized public lobbyist and
44 that was received by or benefitted an employee of a public body, if the
45 employee is not a member or employee of the legislature or a member of the

1 household of a member or employee of the legislature. The report shall list
2 separately the aggregate of expenditures made on behalf of each public body
3 and the aggregate not made on behalf of any public body. In the fourth
4 calendar quarter, these expenditures shall also be listed by cumulative total
5 for the calendar year. Each quarterly lobbyist report shall include all
6 reportable expenditures made by any employee of the designated public
7 lobbyist or authorized public lobbyist, regardless of whether that employee
8 is listed as a designated public lobbyist or AN authorized public lobbyist on
9 any registration filed by a public body engaging the designated public
10 lobbyist or authorized public lobbyist. The quarterly report shall be filed
11 no later than the last day of the month following the end of the calendar
12 quarter, unless the last day of the month is a Saturday, Sunday or other
13 legal holiday. In that case, the report shall be filed on the next business
14 day.

15 D. The reports required by subsections A and B of this section shall
16 identify the nature of each single expenditure according to the following
17 categories, EXCEPT THERE IS NO MINIMUM AMOUNT FOR AND THE REPORTS SHALL
18 ITEMIZE ANY BENEFIT PROVIDED IN THE FORM OF TRAVEL, LODGING OR REGISTRATION
19 FEES EVEN IF THE AMOUNT OF THE BENEFIT DOES NOT CONSTITUTE A SINGLE
20 EXPENDITURE AS DEFINED IN SECTION 41-1231:

- 21 1. Food or beverages.
- 22 2. Speaking engagement.
- 23 3. Travel. ~~and~~
- 24 4. Lodging.

25 5. REGISTRATION FEES PAID FOR A CONFERENCE, MEETING OR OTHER EVENT,
26 WITHOUT REGARD TO WHETHER DENOMINATED A SCHOLARSHIP, A REDUCED RATE OR A FULL
27 OR PARTIAL REIMBURSEMENT, AND THE NAME AND ADDRESS OF ALL DONORS OR PAYORS
28 INTO ANY ACCOUNT OR FUND THAT IS AGGREGATED AND USED TO PROVIDE THE BENEFIT.

29 ~~4.~~ 6. Flowers.

30 ~~5.~~ 7. Other expenditures.

31 E. Expenditures by a public body, designated public lobbyist or
32 authorized public lobbyist for personal sustenance, family gifts, personal
33 hospitality or those items excluded from the definition of gift pursuant to
34 section 41-1231, paragraph 9, subdivision (a), (c), (d), (f), (g), (h), (i),
35 (j), (k) or (l) are not required to be reported.

36 F. All expenditures incurred by a public body, A designated public
37 lobbyist or AN authorized public lobbyist in the case of special events for
38 legislators, including parties, dinners, athletic events, entertainment and
39 other functions, to which all members of the legislature, either house of the
40 legislature or any committee of the legislature are invited shall be
41 reported. Expenditures are not required to be allocated to individual
42 legislators, but for each such event a description of the event and the date,
43 location, name of the legislative body invited and total expenditures
44 incurred shall be reported. Expenditures for special events held in
45 conjunction with state, national or regional meetings of an organization or

1 association concerned or dealing with legislative or other governmental
2 activities to which all members or employees of the legislature in attendance
3 at such event are invited shall be reported in the same manner.

4 G. All information required to be filed pursuant to this section with
5 the secretary of state shall be filed in that office and preserved by the
6 secretary of state for five years from the date of filing, after which time
7 the information shall be destroyed. The information is a public record and
8 open to public inspection.

9 H. If a public body or designated public lobbyist makes no
10 expenditures that it would otherwise be required to report during a specified
11 reporting period, the public body or designated public lobbyist may sign a
12 notarized form prescribed by the secretary of state indicating that there
13 were no expenditures during the specific reporting period.

14 I. A person or organization shall not make a gift to or an expenditure
15 on behalf of a member or employee of the legislature through another person
16 or organization for the purpose of disguising the identity of the person
17 making the gift or expenditure.

18 J. A public body, A designated public lobbyist or AN authorized public
19 lobbyist or any other person acting on behalf of a public body, designated
20 public lobbyist or authorized public lobbyist shall not give to any member of
21 the legislature and a member of the legislature shall not accept from a
22 public body, designated public lobbyist or authorized public lobbyist either
23 of the following:

24 1. Gifts with a total value of more than ten dollars during any
25 calendar year.

26 2. Gifts that are designed to influence the member's or employee's
27 official conduct.

28 K. Subsection J of this section does not apply to gifts given by a
29 public body, designated public lobbyist or authorized public lobbyist to an
30 employee of a public body, if the employee is not a public official or a
31 member of the household of a public official or if the gift is accepted on
32 behalf of the public body and remains the property of the public body.

33 Sec. 6. Section 41-1232.04, Arizona Revised Statutes, is amended to
34 read:

35 41-1232.04. Registration; exceptions

36 A. Sections 41-1232, 41-1232.01, 41-1232.02 and 41-1232.03 do not
37 apply to a person if that person is acting in the following capacity:

38 1. A natural person who merely appears for himself before a committee
39 of the legislature or before a state officer or employee or a state agency,
40 board, commission or council to lobby in support of or in opposition to
41 legislation or official action.

42 2. A natural person who, acting in his own behalf, sends a letter to,
43 converses on the telephone with or has a personal conversation with a state
44 officer or employee for the purpose of supporting or opposing any legislation
45 or official action.

1 3. A duly elected or retained public official, judge or justice, a
2 person duly appointed to an elective public office, or an appointed member of
3 a state, county or local board, advisory committee, commission or council
4 acting in his official capacity on matters pertaining to his office, board,
5 advisory committee, commission or council.

6 4. A person WHO APPEARS UNDER THE AUTHORITY OF A LOBBYIST, A
7 DESIGNATED PUBLIC LOBBYIST OR AN AUTHORIZED PUBLIC LOBBYIST AND who answers
8 technical questions or provides technical information at the request of a
9 lobbyist, A designated public lobbyist, AN authorized public lobbyist or A
10 legislator AT AN OPEN MEETING OF THE LEGISLATURE OR ANY COMMITTEE OR
11 SUBCOMMITTEE OF THE LEGISLATURE AT WHICH THE LOBBYIST, DESIGNATED PUBLIC
12 LOBBYIST OR AUTHORIZED PUBLIC LOBBYIST IS PRESENT and who makes no
13 expenditures required to be reported by this article. FOR THE PURPOSES OF
14 THIS PARAGRAPH, PROVIDING A LEGISLATOR WITH ARGUMENTS FOR OR AGAINST OR A
15 DESCRIPTION OF THE EFFECTS OF POSSIBLE OR PENDING LEGISLATION DOES NOT
16 CONSTITUTE TECHNICAL INFORMATION OR PROVIDING AN ANSWER TO A TECHNICAL
17 QUESTION.

18 5. A person who performs professional services in drafting bills or in
19 advising and rendering opinions to clients as to the construction and effect
20 of proposed or pending legislation IF THE DRAFTING, ADVISING OR RENDERING OF
21 OPINIONS DOES NOT TAKE PLACE IN THE PRESENCE OF, AT THE REQUEST OF OR WITH A
22 LEGISLATOR.

23 6. An attorney ~~who represents~~ WHEN REPRESENTING clients before any
24 court or before any quasi-judicial body. FOR THE PURPOSES OF THIS PARAGRAPH,
25 THE LEGISLATURE, INCLUDING ANY ONE OR MORE OF ITS INDIVIDUAL MEMBERS, ITS
26 COMMITTEES, SUBCOMMITTEES, TASK FORCES, CAUCUSES OR OTHER GROUPS, DOES NOT
27 CONSTITUTE A COURT OR QUASI-JUDICIAL BODY.

28 7. A person who contacts a state officer or state employee solely for
29 the purpose of acquiring information.

30 8. A natural person who is a member of an association, who is not the
31 lobbyist for compensation, designated lobbyist or authorized lobbyist for the
32 association and who does not make any expenditures that would otherwise be
33 required to be reported by this article if the natural person were a
34 lobbyist, a designated public lobbyist or an authorized public lobbyist.

35 B. A PERSON WHO ENGAGES IN LOBBYING AS DEFINED IN SECTION 41-1231
36 SHALL COMPLY WITH THE REGISTRATION AND REPORTING REQUIREMENTS PRESCRIBED BY
37 THIS ARTICLE UNLESS EXEMPTED UNDER THIS SECTION.

38 Sec. 7. Effective date

39 Section 38-542, Arizona Revised Statutes, as amended by Laws 2014,
40 chapter 149, section 1 and this act, is effective from and after December
41 31, 2016.