

State of Arizona
House of Representatives
Fifty-third Legislature
First Regular Session
2017

HOUSE BILL 2486

AN ACT

AMENDING SECTIONS 16-901 AND 16-906, ARIZONA REVISED STATUTES; 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 16-901, Arizona Revised Statutes, is amended to
3 read:

4 16-901. Definitions

5 In this chapter, unless the context otherwise requires:

6 1. "Advertisement" means information or materials, other than
7 nonpaid social media messages, that are mailed, e-mailed, posted,
8 distributed, published, displayed, delivered, broadcasted or placed in a
9 communication medium and that are for the purpose of influencing an
10 election.

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

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

17 4. "Ballot measure expenditure" means an expenditure made by a
18 person that expressly advocates the support or opposition of a clearly
19 identified ballot measure.

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

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

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

32 8. "Candidate committee" includes the candidate.

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

36 10. "Committee" means a candidate committee, a political action
37 committee or a political party.

38 11. "Contribution" means any money, advance, deposit or other thing
39 of value that is made to a person for the purpose of influencing an
40 election. Contribution includes:

41 (a) A contribution that is made to retire campaign debt from a
42 previous election cycle.

43 (b) Money or the fair market value of anything that is directly or
44 indirectly provided to an elected official for the specific purpose of
45 defraying the expense of communications with constituents.

1 (c) The full purchase price of any item from a committee.

2 (d) A loan that is made to a committee for the purpose of
3 influencing an election, to the extent the loan remains outstanding.

4 12. "Control" means to possess, directly or indirectly, the power
5 to direct or to cause the direction of the management or policies of
6 another organization, whether through voting power, ownership, contract or
7 otherwise.

8 13. "Coordinate", "coordinated" or "coordination" means the
9 coordination of an expenditure as ~~proscribed~~ PRESCRIBED by section 16-922.

10 14. "Coordinated party expenditures" means expenditures that are
11 made by a political party to directly pay for goods or services on behalf
12 of its nominee.

13 15. "District office" means an elected office established or
14 organized pursuant to title 15 or 48.

15 16. "Earmarked" means a designation, instruction or encumbrance
16 between the transferor of a contribution and a transferee that requires
17 the transferee to make a contribution to a clearly identified candidate.

18 17. "Election" means any election for any ballot measure in this
19 state or any candidate election during a primary, general, recall, special
20 or runoff election for any office in this state other than a federal
21 office and a political party office prescribed by chapter 5, article 2 of
22 this title.

23 18. "Election cycle" means the two-year period ~~between successive~~
24 ~~statewide general elections~~ BEGINNING ON JANUARY 1 IN THE YEAR AFTER A
25 STATEWIDE GENERAL ELECTION AND ENDING ON DECEMBER 31 IN THE YEAR OF A
26 STATEWIDE GENERAL ELECTION or, for cities and towns, the two-year period
27 ~~between the scheduled date of~~ BEGINNING ON THE FIRST DAY OF THE CALENDAR
28 QUARTER AFTER THE CALENDAR QUARTER IN WHICH THE CITY'S OR TOWN'S SECOND,
29 RUNOFF OR GENERAL ELECTION IS SCHEDULED AND ENDING ON THE LAST DAY OF THE
30 CALENDAR QUARTER IN WHICH the city's or town's IMMEDIATELY FOLLOWING
31 second, runoff or general election ~~and the IS~~ scheduled ~~date of the~~
32 ~~immediately following second, runoff or general election~~, however THAT
33 ELECTION IS designated by the city or town. For THE purposes of a:

34 (a) Recall election, "election cycle" means the period between
35 issuance of a recall petition serial number and the latest of the
36 following:

37 ~~(a)~~ (i) The date of the recall election that is called pursuant to
38 section 19-209.

39 ~~(b)~~ (ii) The date that a resignation is accepted pursuant to
40 section 19-208.

41 ~~(c)~~ (iii) The date that the receiving officer provides notice
42 pursuant to section 19-208.01 that the number of signatures is
43 insufficient.

44 (b) SPECIAL ELECTION, "ELECTION CYCLE" MEANS THE PERIOD BETWEEN THE
45 DATE OF ISSUANCE OF A PROCLAMATION OR ORDER CALLING THE SPECIAL ELECTION

1 AND THE LAST DAY OF THE CALENDAR QUARTER IN WHICH THE SPECIAL ELECTION IS
2 HELD.

3 19. "Employee" means an individual who is entitled to compensation
4 for labor or services performed for the individual's employer.

5 20. "Employer" means any person that pays compensation to and
6 directs the labor or services of any individual in the course of
7 employment.

8 21. "Enforcement officer" means the attorney general or the county,
9 city or town attorney with authority to collect fines or issue penalties
10 with respect to a given election pursuant to section 16-938.

11 22. "Entity" means a corporation, limited liability company, labor
12 organization, partnership, trust, association, organization, joint
13 venture, cooperative, unincorporated organization or association or other
14 organized group that consists of more than one individual.

15 23. "Excess contribution" means a contribution that exceeds the
16 applicable contribution limits for a particular election.

17 24. "Exclusive insurance contract" means an insurance producer's
18 contract with an insurer that does either of the following:

19 (a) Prohibits the producer from soliciting insurance business for
20 any other insurer.

21 (b) Requires a ~~first~~ right of FIRST refusal on all lines of
22 insurance business written by the insurer and solicited by the producer.

23 25. "Expenditure" means any purchase, payment or other thing of
24 value that is made by a person for the purpose of influencing an election.

25 26. "Family contribution" means any contribution that is provided
26 to a candidate's committee by the parent, grandparent, aunt, uncle, child
27 or sibling of the candidate or the candidate's spouse, including the
28 spouse of any of the listed family members, regardless of whether the
29 relation is established by marriage or adoption.

30 27. "Filing officer" means the secretary of state or the county,
31 city or town officer in charge of elections for that jurisdiction who
32 accepts statements and reports for those elections pursuant to section
33 16-928.

34 28. "Firewall" means a written policy that precludes one person
35 from sharing information with another person.

36 29. "Identification" or "identify" means:

37 (a) For an individual, the individual's first and last name,
38 residence location or street address and occupation and the name of the
39 individual's primary employer.

40 (b) For any other person, the person's full name and physical
41 location or street address.

42 30. "Incomplete contribution" means any contribution that is
43 received by a committee for which the contributor's complete
44 identification has not been obtained.

1 31. "Independent expenditure" means an expenditure by a person,
2 other than a candidate committee, that complies with both of the
3 following:

4 (a) Expressly advocates the election or defeat of a clearly
5 identified candidate.

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

8 32. "In-kind contribution" means a contribution of goods, services
9 or anything of value that is provided without charge or at less than the
10 usual and normal charge.

11 33. "Insurance producer" means a person that:

12 (a) Is required to be licensed to sell, solicit or negotiate
13 insurance.

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

15 34. "Itemized" means that each contribution received or expenditure
16 made is set forth separately.

17 35. "Labor organization" means any employee representation
18 organization that exists for the purpose of dealing with employers
19 concerning grievances, labor disputes, wages, rates of pay, hours of
20 employment or other conditions of employment.

21 36. "Legislative office" means the office of representative in the
22 state house of representatives or senator in the state senate.

23 37. "Mega PAC status" means official recognition that a political
24 action committee has received contributions from five hundred or more
25 individuals in amounts of ten dollars or more in the four-year period
26 immediately before application to the secretary of state.

27 38. "Nominee" means a candidate who prevails in a primary election
28 for partisan office and includes the nominee's candidate committee.

29 39. "Person" means an individual or a candidate, nominee,
30 committee, corporation, limited liability company, labor organization,
31 partnership, trust, association, organization, joint venture, cooperative
32 or unincorporated organization or association.

33 40. "Personal monies" means any of the following:

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

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

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

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

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

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

1 (g) The proceeds of loans obtained by the individual or
2 individual's spouse that are secured by collateral or security provided by
3 the individual or individual's spouse.

4 (h) Family contributions.

5 41. "Political action committee" means an entity that is required
6 to register as a political action committee pursuant to section 16-905.

7 42. "Political party" means a committee that meets the requirements
8 for recognition as a political party pursuant to chapter 5 of this title.

9 43. "Primary purpose" means an entity's predominant purpose.
10 Notwithstanding any other law or rule, an entity is not organized for the
11 primary purpose of influencing an election if all of the following apply
12 at the time the contribution or expenditure is made:

13 (a) The entity has tax exempt status under section 501(a) of the
14 internal revenue code.

15 (b) Except for a religious organization, assembly or institution,
16 the entity has properly filed a form 1023 or form 1024 with the internal
17 revenue service or the equivalent successor form designated by the
18 internal revenue service.

19 (c) The entity's tax exempt status has not been denied or revoked
20 by the internal revenue service.

21 (d) The entity remains in good standing with the corporation
22 commission.

23 (e) The entity has properly filed a form 990 with the internal
24 revenue service or the equivalent successor form designated by the
25 internal revenue service in compliance with the most recent filing
26 deadline established by internal revenue service regulations or policies.

27 44. "Retention" means the election process by which a superior
28 court judge, appellate court judge or supreme court justice is retained in
29 office as prescribed by article VI, section 38 or 40, Constitution of
30 Arizona.

31 45. "Separate segregated fund" means a fund established by a
32 corporation, limited liability company, labor organization or partnership
33 that is required to register as a political action committee.

34 46. "Social media messages" means forms of communication, including
35 internet sites for social networking or blogging, through which users
36 create a personal profile and participate in online communities to share
37 information, ideas and personal messages.

38 47. "Sponsor" means any person that establishes, administers or
39 contributes financial support to the administration of a political action
40 committee or that has common or overlapping membership or officers with
41 that political action committee.

42 48. "Standing committee" means a political action committee or
43 political party that is active in more than one reporting jurisdiction in
44 this state and that files a statement of organization in a format
45 prescribed by the secretary of state.

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

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

8 Sec. 2. Section 16-906, Arizona Revised Statutes, is amended to
9 read:

10 16-906. Committee statement of organization; amendment;
11 committee limitation

12 A. A committee shall file a statement of organization with the
13 filing officer within ten days after qualifying as a committee.

14 B. A statement of organization shall include the following
15 committee information:

16 1. The committee name, mailing address, e-mail address, website, if
17 any, AND telephone number, if any, and THE type of committee. The
18 committee name shall include:

19 (a) For a candidate committee, the candidate's first or last name
20 and, IF THE CANDIDATE HAS A CANDIDATE COMMITTEE OPEN FOR MORE THAN ONE
21 OFFICE, THE office sought.

22 (b) For a political action committee that is sponsored, the
23 sponsor's name or commonly known nickname.

24 2. The name, mailing address, e-mail address, website, if any, and
25 telephone number of any sponsor.

26 3. The name, physical location or street address, e-mail address,
27 telephone number, occupation and employer of the committee's chairperson
28 and treasurer. For a candidate committee, the candidate may serve as both
29 chairperson and treasurer.

30 4. For a candidate committee for a partisan office, the candidate's
31 party affiliation.

32 5. A listing of all banks or other financial institutions used by
33 the committee.

34 6. A statement that the committee chairperson and committee
35 treasurer have read the filing officer's campaign finance and reporting
36 guide, agree to comply with this article and articles 1, 1.2, 1.3, 1.4,
37 1.5, 1.6 and 1.7 of this chapter, and agree to accept all notifications
38 and service of process via the e-mail address provided by the committee.

39 C. A committee shall file an amended statement of organization
40 within ten days after any change in committee information.

41 D. On filing a statement of organization, the filing officer shall
42 issue an identification number to the committee.

43 E. A standing committee shall file a statement of organization with
44 the secretary of state and a copy of the statement in each jurisdiction in

1 which the committee is active. Only the secretary of state shall issue an
2 identification number.

3 F. A candidate may have only one committee in existence for the
4 same office during the same election cycle.

5 G. On filing a statement of organization, a political action
6 committee or political party may perform any lawful activity, including
7 making contributions, making expenditures or conducting issue advocacy,
8 without establishing a separate committee for each activity or specifying
9 each activity in its statement of organization.

10 Sec. 3. Retroactivity

11 This act applies retroactively to from and after November 4, 2016.