

State of Arizona  
House of Representatives  
Fifty-third Legislature  
Second Regular Session  
2018

**CHAPTER 134**  
**HOUSE BILL 2153**

AMENDING SECTIONS 16-901 AND 16-905, 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 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 beginning on January  
24 1 in the year after a statewide general election and ending on December 31  
25 in the year of a statewide general election or, for cities and towns, the  
26 two-year period beginning on the first day of the calendar quarter after  
27 the calendar quarter in which the city's or town's second, runoff or  
28 general election is scheduled and ending on the last day of the calendar  
29 quarter in which the city's or town's immediately following second, runoff  
30 or general election is scheduled, however that election is designated by  
31 the city or town. For the purposes of a:

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

35 (i) The date of the recall election that is called pursuant to  
36 section 19-209.

37 (ii) The date that a resignation is accepted pursuant to section  
38 19-208.

39 (iii) The date that the receiving officer provides notice pursuant  
40 to section 19-208.01 that the number of signatures is insufficient.

41 (b) Special election, "election cycle" means the period between the  
42 date of issuance of a proclamation or order calling the special election  
43 and the last day of the calendar quarter in which the special election is  
44 held.

- 1           19. "Employee" means an individual who is entitled to compensation  
2 for labor or services performed for the individual's employer.
- 3           20. "Employer" means any person that pays compensation to and  
4 directs the labor or services of any individual in the course of  
5 employment.
- 6           21. "Enforcement officer" means the attorney general or the county,  
7 city or town attorney with authority to collect fines or issue penalties  
8 with respect to a given election pursuant to section 16-938.
- 9           22. "Entity" means a corporation, limited liability company, labor  
10 organization, partnership, trust, association, organization, joint  
11 venture, cooperative, unincorporated organization or association or other  
12 organized group that consists of more than one individual.
- 13           23. "Excess contribution" means a contribution that exceeds the  
14 applicable contribution limits for a particular election.
- 15           24. "Exclusive insurance contract" means an insurance producer's  
16 contract with an insurer that does either of the following:  
17           (a) Prohibits the producer from soliciting insurance business for  
18 any other insurer.  
19           (b) Requires a right of first refusal on all lines of insurance  
20 business written by the insurer and solicited by the producer.
- 21           25. "Expenditure" means any purchase, payment or other thing of  
22 value that is made by a person for the purpose of influencing an election.
- 23           26. "Family contribution" means any contribution that is provided  
24 to a candidate's committee by the parent, grandparent, aunt, uncle, child  
25 or sibling of the candidate or the candidate's spouse, including the  
26 spouse of any of the listed family members, regardless of whether the  
27 relation is established by marriage or adoption.
- 28           27. "Filing officer" means the secretary of state or the county,  
29 city or town officer in charge of elections for that jurisdiction who  
30 accepts statements and reports for those elections pursuant to section  
31 16-928.
- 32           28. "Firewall" means a written policy that precludes one person  
33 from sharing information with another person.
- 34           29. "Identification" or "identify" means:  
35           (a) For an individual, the individual's first and last name,  
36 residence location or street address and occupation and the name of the  
37 individual's primary employer.  
38           (b) For any other person, the person's full name and physical  
39 location or street address.
- 40           30. "Incomplete contribution" means any contribution that is  
41 received by a committee for which the contributor's complete  
42 identification has not been obtained.
- 43           31. "Independent expenditure" means an expenditure by a person,  
44 other than a candidate committee, that complies with both of the  
45 following:

- 1 (a) Expressly advocates the election or defeat of a clearly  
2 identified candidate.
- 3 (b) Is not made in cooperation or consultation with or at the  
4 request or suggestion of the candidate or the candidate's agent.
- 5 32. "In-kind contribution" means a contribution of goods, services  
6 or anything of value that is provided without charge or at less than the  
7 usual and normal charge.
- 8 33. "Insurance producer" means a person that:
- 9 (a) Is required to be licensed to sell, solicit or negotiate  
10 insurance.
- 11 (b) Has an exclusive insurance contract with an insurer.
- 12 34. "Itemized" means that each contribution received or expenditure  
13 made is set forth separately.
- 14 35. "Labor organization" means any employee representation  
15 organization that exists for the purpose of dealing with employers  
16 concerning grievances, labor disputes, wages, rates of pay, hours of  
17 employment or other conditions of employment.
- 18 36. "Legislative office" means the office of representative in the  
19 state house of representatives or senator in the state senate.
- 20 37. "Mega PAC status" means official recognition that a political  
21 action committee has received contributions from five hundred or more  
22 individuals in amounts of ten dollars or more in the four-year period  
23 immediately before application to the secretary of state.
- 24 38. "Nominee" means a candidate who prevails in a primary election  
25 for partisan office and includes the nominee's candidate committee.
- 26 39. "Person" means an individual or a candidate, nominee,  
27 committee, corporation, limited liability company, labor organization,  
28 partnership, trust, association, organization, joint venture, cooperative  
29 or unincorporated organization or association.
- 30 40. "Personal monies" means any of the following:
- 31 (a) Assets to which the individual or individual's spouse has  
32 either legal title or an equitable interest.
- 33 (b) Salary and other earned income from bona fide employment of the  
34 individual or individual's spouse.
- 35 (c) Dividends and proceeds from the sale of investments of the  
36 individual or individual's spouse.
- 37 (d) Bequests to the individual or individual's spouse.
- 38 (e) Income to the individual or individual's spouse from revocable  
39 trusts for which the individual or individual's spouse is a beneficiary.
- 40 (f) Gifts of a personal nature to the individual or individual's  
41 spouse that would have been given regardless of whether the individual  
42 became a candidate or accepted a contribution.
- 43 (g) The proceeds of loans obtained by the individual or  
44 individual's spouse that are secured by collateral or security provided by  
45 the individual or individual's spouse.

1 (h) Family contributions.

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

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

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

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

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

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

18 ~~(d) The entity remains in good standing with the corporation~~  
19 ~~commission.~~

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

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

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

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

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

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

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



- 1           2. REPORT OR OTHERWISE DISCLOSE PERSONALLY IDENTIFYING INFORMATION  
2 RELATING TO INDIVIDUALS WHO HAVE MADE CONTRIBUTIONS TO THAT ENTITY.  
3           3. DISCLOSE ITS SCHEDULE B, FORM 990.  
4           4. SUBMIT TO AN AUDIT OR SUBPOENA OR PRODUCE EVIDENCE REGARDING A  
5 POTENTIAL CAMPAIGN FINANCE VIOLATION.  
6           ~~D.~~ E. A fund that is established by a corporation, limited  
7 liability company, labor organization or partnership for the purpose of  
8 influencing the result of an election shall register as a political action  
9 committee.  
10          ~~E.~~ F. An entity may register as a political party committee only  
11 as prescribed in chapter 5 of this title.  
12          ~~F.~~ G. A committee is not subject to state income tax and is not  
13 required to file a state income tax return.  
14          ~~G.~~ H. The dollar amounts prescribed by this section shall be  
15 increased every two years pursuant to section 16-931.

APPROVED BY THE GOVERNOR APRIL 5, 2018.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 5, 2018.