

REFERENCE TITLE: expenditure reporting; hosted event

State of Arizona
House of Representatives
Fifty-fourth Legislature
First Regular Session
2019

HB 2038

Introduced by
Representative Kavanagh

AN ACT

**AMENDING SECTIONS 41-1231 AND 41-1232.02, ARIZONA REVISED STATUTES;
RELATING TO LOBBYIST REGULATION.**

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 41-1231, Arizona Revised Statutes, is amended to
3 read:

4 41-1231. Definitions

5 In this article, unless the context otherwise requires:

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

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

16 3. "Designated lobbyist" means the person who is designated by a
17 principal as the single point of contact for the principal and who is
18 listed as the designated lobbyist by the principal in its registration
19 pursuant to section 41-1232.

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

24 5. "Entertainment" means the amount of any expenditure paid or
25 incurred for admission to any sporting or cultural event or for
26 participation in any sporting or cultural activity.

27 6. "Expenditure" means a payment, distribution, loan, advance,
28 deposit or gift of money or anything of value and includes a contract,
29 promise or agreement, whether or not legally enforceable, to make an
30 expenditure that provides a benefit to an individual state officer or
31 state employee and that is incurred by or on behalf of one or more
32 principals, public bodies, lobbyists, designated public lobbyists or
33 authorized public lobbyists.

34 7. "Family gift" means a gift to a state officer or employee or a
35 member of the officer's or employee's household from a principal,
36 lobbyist, designated public lobbyist or authorized public lobbyist who is
37 a relative of the state officer or employee or a member of the household
38 of the state officer or employee if the donor is not acting as the agent
39 or intermediary for someone other than a person covered by this paragraph.

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

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

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

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

13 (i) A speaking engagement.

14 (ii) A HOSTED EVENT.

15 ~~(iii)~~ (iii) Food or beverages.

16 ~~(iiii)~~ (iv) Travel and lodging.

17 ~~(iv)~~ (v) Flowers.

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

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

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

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

30 (g) Informational material such as books, reports, pamphlets,
31 calendars or periodicals.

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

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

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

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

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

1 10. "HOSTED EVENT":
2 (a) MEANS AN EVENT OR FUNCTION TO WHICH ONE OR MORE STATE OFFICERS
3 OR STATE EMPLOYEES ARE INVITED AND ATTEND AND THAT IS ORGANIZED AND PAID
4 FOR BY A PRINCIPAL.
5 (b) INCLUDES A PARTY, DINNER, LUNCHEON OR OTHER FUNCTION.
6 (c) DOES NOT INCLUDE AN ATHLETIC EVENT OR OTHER ENTERTAINMENT.
7 ~~10.~~ 11. "Legislation" means bills, resolutions, memorials,
8 amendments, nominations and other matters that are pending or proposed in
9 either house of the legislature of this state.
10 ~~11.~~ 12. "Lobbying":
11 (a) Means attempting to influence the passage or defeat of any
12 legislation by directly communicating with any legislator or attempting to
13 influence any formal rulemaking proceeding pursuant to chapter 6 of this
14 title or rulemaking proceedings that are exempt from chapter 6 of this
15 title by directly communicating with any state officer or employee.
16 (b) Includes, for a person who is otherwise required to be
17 registered as a lobbyist for compensation pursuant to this article,
18 attempting to influence the procurement of materials, services or
19 construction by an agency as defined in section 41-1001, including the
20 office of the governor.
21 (c) Does not include:
22 (i) Interagency communications between state agency employees.
23 (ii) Communications between a public official or employee of a
24 public body, designated public lobbyist or authorized public lobbyist and
25 any state officer, except for a member of the legislature, or an employee
26 of the legislature.
27 (iii) Oral questions or comments made by a person to a state
28 officer or employee regarding a proposed rule and made in public at a
29 meeting or workshop that is open to the public and that is sponsored by a
30 state agency, board, commission, council or office.
31 (iv) Communications between a public body and a self-employed
32 person or person employed by a partnership or company regarding the
33 procurement of materials, services or construction unless the
34 self-employed person or person employed by a partnership or company is
35 otherwise required to register pursuant to this article or is employed by,
36 supervised by at any level or contracted by a person who is otherwise
37 required to register as a lobbyist for compensation pursuant to this
38 article.
39 ~~12.~~ 13. "Lobbyist" means any person, other than a designated
40 public lobbyist or authorized public lobbyist, who is employed by,
41 retained by or representing a person other than himself, with or without
42 compensation, for the purpose of lobbying and who is listed as a lobbyist
43 by the principal in its registration pursuant to section 41-1232.
44 Lobbyist includes a lobbyist for compensation, designated lobbyist and
45 authorized lobbyist.

1 ~~13.~~ 14. "Lobbyist for compensation" means a lobbyist who is
2 compensated for the primary purpose of lobbying on behalf of a principal
3 and who is listed by the principal in its registration pursuant to section
4 41-1232.

5 ~~14.~~ 15. "Person" means an individual, partnership, committee,
6 association or corporation and any other organization or group of persons,
7 except legislators and political parties qualified for representation on
8 the ballot pursuant to section 16-801 or 16-804.

9 ~~15.~~ 16. "Personal hospitality" means hospitality, meals,
10 beverages, transportation or lodging furnished but not commercially
11 provided by a person on property or facilities owned or possessed by the
12 person or the person's family.

13 ~~16.~~ 17. "Principal" means any person, other than a public body,
14 that employs, retains, engages or uses, with or without compensation, a
15 lobbyist. Principal includes any subsidiary of a corporation.

16 ~~17.~~ 18. "Procurement" has the same meaning prescribed in section
17 41-2503.

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

26 ~~19.~~ 20. "Public official" means a person who is duly elected,
27 appointed or retained through election to an elected state, county or
28 local office.

29 ~~20.~~ 21. "Single expenditure" means an expenditure that provides a
30 benefit of more than ~~twenty dollars~~ \$20 to an individual state officer or
31 state employee and that is incurred by or on behalf of one or more
32 principals, public bodies, lobbyists, designated public lobbyists or
33 authorized public lobbyists.

34 ~~21.~~ 22. "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
41 the event as a speaker or panel participant by presenting information
42 relating to the state officer's or employee's legislative or official
43 duties or by performing a ceremonial function appropriate to the state
44 officer's or employee's position.

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

3 ~~22.~~ 23. "State employee" means an employee of the legislature, a
4 university under the jurisdiction of the Arizona board of regents, the
5 judicial department or a state office, agency, board, commission or
6 council.

7 ~~23.~~ 24. "State officer" means a person who is duly elected,
8 appointed or retained through election to any state office, or a member of
9 any state board, commission or council, and includes a member of the
10 legislature.

11 Sec. 2. Section 41-1232.02, Arizona Revised Statutes, is amended to
12 read:

13 41-1232.02. Expenditure reporting; principals and lobbyists;
14 gifts

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

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

44 C. Each lobbyist for compensation and designated lobbyist shall
45 also report quarterly the aggregate of all expenditures of ~~twenty dollars~~

1 \$20 or less received by or benefitting a state officer or employee,
 2 whether or not the expenditures were made in the course of lobbying. The
 3 report shall list separately the aggregate of expenditures made on behalf
 4 of each principal and the aggregate not made on behalf of any principal.
 5 In the fourth calendar quarter, these expenditures shall also be listed by
 6 cumulative total for the calendar year. Each quarterly lobbyist report
 7 shall include all reportable expenditures made by any employee of the
 8 lobbyist for compensation or designated lobbyist, regardless of whether
 9 that employee is listed as a lobbyist on any registration filed by a
 10 principal engaging the lobbyist. The quarterly report shall be filed no
 11 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 the next business
 14 day.

15 D. The reports required by subsections A and B of this section
 16 shall identify each single expenditure according to the following
 17 categories:

- 18 1. Food or beverages.
- 19 2. Speaking engagement.
- 20 3. HOSTED EVENT.
- 21 ~~3.~~ 4. Travel and lodging.
- 22 ~~4.~~ 5. Flowers.
- 23 ~~5.~~ 6. Other expenditures.

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

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

1 G. EXPENDITURES INCURRED BY A PRINCIPAL OR LOBBYIST FOR HOSTED
2 EVENTS, INCLUDING PARTIES, DINNERS, LUNCHEONS OR OTHER FUNCTIONS, TO WHICH
3 INDIVIDUAL STATE OFFICERS OR STATE EMPLOYEES ARE INVITED SHALL BE REPORTED
4 IN THE AMOUNT OF THE ACTUAL COST INCURRED FOR THE FOOD, BEVERAGE AND OTHER
5 TANGIBLE BENEFITS THAT ARE ACTUALLY RECEIVED BY THE STATE OFFICER OR STATE
6 EMPLOYEE AT THE EVENT. THE REPORTABLE EXPENDITURES ARE NOT BASED ON THE
7 OVERALL SPONSORSHIP AMOUNT THAT IS INCURRED BY THE PRINCIPAL OR LOBBYIST
8 THAT BENEFITS THE HOSTING ORGANIZATION. THE PRINCIPAL OR LOBBYIST WHO
9 INVITES THE STATE OFFICERS AND STATE EMPLOYEES TO THE HOSTED EVENT SHALL
10 REPORT THE EXPENDITURES.

11 ~~G.~~ H. All information required to be filed pursuant to this
12 section with the secretary of state shall be filed in that office and
13 preserved by the secretary of state for five years from the date of
14 filing, after which time the information shall be destroyed. The
15 information is a public record and open to public inspection.

16 ~~H.~~ I. If a principal, lobbyist for compensation or designated
17 lobbyist makes no expenditures that it would otherwise be required to
18 report during a specified reporting period, the principal, lobbyist for
19 compensation or designated lobbyist may sign a notarized form prescribed
20 by the secretary of state indicating that there were no expenditures
21 during the specific reporting period.

22 ~~I.~~ J. A person or organization shall not make a gift to or an
23 expenditure on behalf of a state officer or employee through another
24 person or organization for the purpose of disguising the identity of the
25 person making the gift or expenditure.

26 ~~J.~~ K. A principal or lobbyist or any other person acting on behalf
27 of a principal or lobbyist shall not give to any state officer or state
28 employee and a state officer or state employee shall not accept from a
29 principal or lobbyist either of the following:

30 1. Gifts with a total value of more than ~~ten dollars~~ \$10 during any
31 calendar year.

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