House Engrossed

FILED
KEN BENNETT
SECRETARY OF STATE

State of Arizona
House of Representatives
Fifty-first Legislature
First Regular Session
2013

CHAPTER 98

HOUSE BILL 2593

AN ACT

AMENDING SECTIONS 16-901 AND 16-905, ARIZONA REVISED STATUTES; AMENDING TITLE 16, CHAPTER 6, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 16-913.01; RELATING TO CAMPAIGN CONTRIBUTIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Section 16-901, Arizona Revised Statutes, is amended to read:

16-901. Definitions

In this chapter, unless the context otherwise requires:

1. "Agent" means, with respect to any person other than a candidate, any person who has oral or written authority, either express or implied, to make or authorize the making of expenditures as defined in this section on behalf of a candidate, any person who has been authorized by the treasurer of a political committee to make or authorize the making of expenditures or a political consultant for a candidate or political committee.

2. "Candidate" means an individual who receives or gives consent for receipt of a contribution for his nomination for or election to any office in this state other than a federal office.

3. "Candidate's campaign committee" means a political committee designated and authorized by a candidate.

4. "Clearly identified candidate" means that the name, a photograph or a drawing of the candidate appears or the identity of the candidate is otherwise apparent by unambiguous reference.

5. "Contribution" means any gift, subscription, loan, advance or deposit of money or anything of value made for the purpose of influencing an election including supporting or opposing the recall of a public officer or supporting or opposing the circulation of a petition for a ballot measure, question or proposition or the recall of a public officer and:

(a) Includes all of the following:

(i) A contribution made to retire campaign debt.

(ii) Money or the fair market value of anything directly or indirectly given or loaned to an elected official for the purpose of defraying the expense of communications with constituents, regardless of whether the elected official has declared his candidacy.

(iii) The entire amount paid to a political committee to attend a fund-raising or other political event and the entire amount paid to a political committee as the purchase price for a fund-raising meal or item, except that no contribution results if the actual cost of the meal or fund-raising item, based on the amount charged to the committee by the vendor, constitutes the entire amount paid by the purchaser for the meal or item, the meal or item is for the purchaser's personal use and not for resale and the actual cost is the entire amount paid by the purchaser in connection with the event. This exception does not apply to auction items.

(iv) Unless specifically exempted, the provision of goods or services without charge or at a charge that is less than the usual and normal charge for such goods and services.

(b) Does not include any of the following:

(i) The value of services provided without compensation by any individual who volunteers on behalf of a candidate, a candidate's campaign committee or any other political committee.

(ii) Money or the value of anything directly or indirectly provided to defray the expense of an elected official meeting with constituents if the elected official is engaged in the performance of the duties of his office or provided by the state or a political subdivision to an elected official for communication with constituents if the elected official is engaged in the performance of the duties of his office.

(iii) The use of real or personal property, including a church or community room used on a regular basis by members of a community for noncommercial purposes, that is obtained by an individual in the course of volunteering personal services to any candidate, candidate's committee or political party, and the cost of invitations, food and beverages voluntarily provided by an individual to any candidate, candidate's campaign committee or political party in rendering voluntary personal services on the individual's residential premises or in the church or community room for candidate-related or political party-related activities, to the extent that the cumulative value of the invitations, food and beverages provided by the individual on behalf of any single candidate does not exceed one hundred dollars with respect to any single election.

(iv) Any unreimbursed payment for personal travel expenses made by an individual who on his own behalf volunteers his personal services to a candidate.

(v) The payment by a political party for party operating expenses, party staff and personnel, party newsletters and reports, voter registration and efforts to increase voter turnout, party organization building and maintenance and printing and postage expenses for slate cards, sample ballots, other written materials that substantially promote three or more nominees of the party for public office and other election activities not related to a specific candidate, except that this item does not apply to costs incurred with respect to a display of the listing of candidates made on telecommunications systems or in newspapers, magazines or similar types of general circulation advertising.

(vi) Independent expenditures.

(vii) Monies loaned by a state bank, a federally chartered depository institution or a depository institution the deposits or accounts of which are insured by the federal deposit insurance corporation or the national credit union administration, other than an overdraft made with respect to a checking or savings account, that is made in accordance with applicable law and in the ordinary course of business. In order for this exemption to apply, this loan shall be deemed a loan by each endorser or guarantor, in that proportion of the unpaid balance that each endorser or guarantor bears to the total number of endorsers or guarantors, the loan shall be made on a basis that assures

repayment, evidenced by a written instrument, shall be subject to a due date or amortization schedule and shall bear the usual and customary interest rate of the lending institution.

(viii) A gift, subscription, loan, advance or deposit of money or anything of value to a national or a state committee of a political party specifically designated to defray any cost for the construction or purchase of an office facility not acquired for the purpose of influencing the election of a candidate in any particular election.

(ix) Legal or accounting services rendered to or on behalf of a political committee or a candidate, if the only person paying for the services is the regular employer of the individual rendering the services and if the services are solely for the purpose of compliance with this title.

(x) The payment by a political party of the costs of campaign materials, including pins, bumper stickers, handbills, brochures, posters, party tabloids and yard signs, used by the party in connection with volunteer activities on behalf of any nominee of the party or the payment by a state or local committee of a political party of the costs of voter registration and get-out-the-vote activities conducted by the committee if the payments are not for the costs of campaign materials or activities used in connection with any telecommunication, newspaper, magazine, billboard, direct mail or similar type of general public communication or political advertising.

(xi) Transfers between political committees to distribute monies raised through a joint fund-raising effort in the same proportion to each committee's share of the fund-raising expenses and payments from one political committee to another in reimbursement of a committee's proportionate share of its expenses in connection with a joint fund-raising effort.

(xii) An extension of credit for goods and services made in the ordinary course of the creditor's business if the terms are substantially similar to extensions of credit to nonpolitical debtors that are of similar risk and size of obligation and if the creditor makes a commercially reasonable attempt to collect the debt, except that any extension of credit under this item made for the purpose of influencing an election that remains unsatisfied by the candidate after six months, notwithstanding good faith collection efforts by the creditor, shall be deemed receipt of a contribution by the candidate but not a contribution by the creditor.

(xiii) Interest or dividends earned by a political committee on any bank accounts, deposits or other investments of the political committee.

6. "Earmarked" means a designation, instruction or encumbrance that results in all or any part of a contribution or expenditure being made to, or expended on behalf of, a clearly identified candidate or a candidate's campaign committee.

7. "Election" means any election for any initiative, referendum or other measure or proposition or a primary, general, recall, special or runoff election for any office in this state other than the office of precinct

committeeman and other than a federal office. For THE purposes of sections 16-903 and 16-905, the general election ~~includes~~ DOES NOT INCLUDE the primary election.

8. "Expenditures" includes any purchase, payment, distribution, loan, advance, deposit or gift of money or anything of value made by a person for the purpose of influencing an election in this state including supporting or opposing the recall of a public officer or supporting or opposing the circulation of a petition for a ballot measure, question or proposition or the recall of a public officer and a contract, promise or agreement to make an expenditure resulting in an extension of credit and the value of any in-kind contribution received. Expenditure does not include any of the following:

(a) A news story, commentary or editorial distributed through the facilities of any telecommunications system, newspaper, magazine or other periodical publication, unless the facilities are owned or controlled by a political committee, political party or candidate.

(b) Nonpartisan activity designed to encourage individuals to vote or to register to vote.

(c) The payment by a political party of the costs of preparation, display, mailing or other distribution incurred by the party with respect to any printed slate card, sample ballot or other printed listing of three or more candidates for any public office for which an election is held, except that this subdivision does not apply to costs incurred by the party with respect to a display of any listing of candidates made on any telecommunications system or in newspapers, magazines or similar types of general public political advertising.

(d) The payment by a political party of the costs of campaign materials, including pins, bumper stickers, handbills, brochures, posters, party tabloids and yard signs, used by the party in connection with volunteer activities on behalf of any nominee of the party or the payment by a state or local committee of a political party of the costs of voter registration and get-out-the-vote activities conducted by the committee if the payments are not for the costs of campaign materials or activities used in connection with any telecommunications system, newspaper, magazine, billboard, direct mail or similar type of general public communication or political advertising.

(e) Any deposit or other payment filed with the secretary of state or any other similar officer to pay any portion of the cost of printing an argument in a publicity pamphlet advocating or opposing a ballot measure.

9. "Exploratory committee" means a political committee that is formed for the purpose of determining whether an individual will become a candidate and that receives contributions or makes expenditures of more than five hundred dollars in connection with that purpose.

10. "Family contribution" means any contribution that is provided to a candidate's campaign committee by a parent, grandparent, spouse, child or sibling of the candidate or a parent or spouse of any of those persons.

11. "Filing officer" means the office that is designated by section 16-916 to conduct the duties prescribed by this chapter.

12. "Identification" means:

(a) For an individual, his name and mailing address, his occupation and the name of his employer.

(b) For any other person, including a political committee, the full name and mailing address of the person. For a political committee, identification includes the identification number issued on the filing of a statement of organization pursuant to section 16-902.01.

13. "Incomplete contribution" means any contribution received by a political committee for which the contributor's mailing address, occupation, employer or identification number has not been obtained and is not in the possession of the political committee.

14. "Independent expenditure" means an expenditure by a person or political committee, other than a candidate's campaign committee, that expressly advocates the election or defeat of a clearly identified candidate, that is made without cooperation or consultation with any candidate or committee or agent of the candidate and that is not made in concert with or at the request or suggestion of a candidate, or any committee or agent of the candidate. Independent expenditure includes an expenditure that is subject to the requirements of section 16-917, which requires a copy of campaign literature or advertisement to be sent to a candidate named or otherwise referred to in the literature or advertisement. An expenditure is not an independent expenditure if any of the following applies:

(a) Any officer, member, employee or agent of the political committee making the expenditure is also an officer, member, employee or agent of the committee of the candidate whose election or whose opponent's defeat is being advocated by the expenditure or an agent of the candidate whose election or whose opponent's defeat is being advocated by the expenditure.

(b) There is any arrangement, coordination or direction with respect to the expenditure between the candidate or the candidate's agent and the person making the expenditure, including any officer, director, employee or agent of that person.

(c) In the same election the person making the expenditure, including any officer, director, employee or agent of that person, is or has been:

(i) Authorized to raise or expend monies on behalf of the candidate or the candidate's authorized committees.

(ii) Receiving any form of compensation or reimbursement from the candidate, the candidate's committees or the candidate's agent.

(d) The expenditure is based on information about the candidate's plans, projects or needs, or those of his campaign committee, provided to the expending person by the candidate or by the candidate's agents or any officer, member or employee of the candidate's campaign committee with a view toward having the expenditure made.

15. "In-kind contribution" means a contribution of goods or services or anything of value and not a monetary contribution.

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

17. "Literature or advertisement" means information or materials that are mailed, distributed or placed in some medium of communication for the purpose of influencing the outcome of an election.

18. "Personal monies" means any of the following:

(a) Assets to which the candidate has a legal right of access or control at the time he becomes a candidate and with respect to which the candidate has either legal title or an equitable interest.

(b) Salary and other earned income from bona fide employment of the candidate, dividends and proceeds from the sale of the stocks or investments of the candidate, bequests to the candidate, income to the candidate from trusts established before candidacy, income to the candidate from trusts established by bequest after candidacy of which the candidate is a beneficiary, gifts to the candidate of a personal nature that have been customarily received before the candidacy and proceeds received by the candidate from lotteries and other legal games of chance.

(c) The proceeds of loans obtained by the candidate that are not contributions and for which the collateral or security is covered by subdivision (a) or (b) of this paragraph.

(d) Family contributions.

19. "Political committee" means a candidate or any association or combination of persons that is organized, conducted or combined for the purpose of influencing the result of any election or to determine whether an individual will become a candidate for election in this state or in any county, city, town, district or precinct in this state, that engages in political activity in behalf of or against a candidate for election or retention or in support of or opposition to an initiative, referendum or recall or any other measure or proposition and that applies for a serial number and circulates petitions and, in the case of a candidate for public office except those exempt pursuant to section 16-903, that receives contributions or makes expenditures of more than two hundred fifty dollars in connection therewith, notwithstanding that the association or combination of persons may be part of a larger association, combination of persons or sponsoring organization not primarily organized, conducted or combined for the purpose of influencing the result of any election in this state or in any county, city, town or precinct in this state. Political committee includes the following types of committees:

(a) A candidate's campaign committee.

(b) A separate, segregated fund established by a corporation or labor organization pursuant to section 16-920, subsection A, paragraph 3.

(c) A committee acting in support of or opposition to the qualification, passage or defeat of a ballot measure, question or proposition.

(d) A committee organized to circulate or oppose a recall petition or to influence the result of a recall election.

(e) A political party.

(f) A committee organized for the purpose of making independent expenditures.

(g) A committee organized in support of or opposition to one or more candidates.

(h) A political organization.

(i) An exploratory committee.

20. "Political organization" means an organization that is formally affiliated with and recognized by a political party including a district committee organized pursuant to section 16-823.

21. "Political party" means the state committee as prescribed by section 16-825 or the county committee as prescribed by section 16-821 of an organization that meets the requirements for recognition as a political party pursuant to section 16-801 or section 16-804, subsection A.

22. "Sponsoring organization" means any organization that establishes, administers or contributes financial support to the administration of, or that has common or overlapping membership or officers with, a political committee other than a candidate's campaign committee.

23. "Standing political committee" means a political committee that satisfies all of the following:

(a) Is active in more than one reporting jurisdiction in this state for more than one year.

(b) Files a statement of organization as prescribed by section 16-902.01, subsection E.

(c) Is any of the following as defined by paragraph 19 of this section:

(i) A separate, segregated fund.

(ii) A political party.

(iii) A committee organized for the purpose of making independent expenditures.

(iv) A political organization.

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

25. "Surplus monies" means those monies of a political committee remaining after all of the committee's expenditures have been made and its debts have been extinguished.

Sec. 2. Section 16-905, Arizona Revised Statutes, is amended to read:

16-905. Contribution limitations; civil penalty; complaint

A. For an election other than for a statewide office, a contributor shall not give and an exploratory committee, a candidate or a candidate's campaign committee shall not accept contributions of more than:

1. For an election for a legislative office, ~~four hundred eighty-eight~~ TWO THOUSAND FIVE HUNDRED dollars from an individual.

2. For an election other than for a legislative office, ~~three hundred ninety~~ TWO THOUSAND FIVE HUNDRED dollars from an individual.

3. For an election for a legislative office, ~~four hundred eighty-eight~~ TWO THOUSAND FIVE HUNDRED dollars from a single political committee, excluding a political party, not certified under subsection G of this section to make contributions at the higher limits prescribed by paragraph 5 of this subsection and subsection B, paragraph 3 of this section.

4. For an election other than for a legislative office, ~~three hundred ninety~~ TWO THOUSAND FIVE HUNDRED dollars from a single political committee, excluding a political party, not certified under subsection G of this section to make contributions at the higher limits prescribed by subsection B, paragraph 3 of this section.

5. ~~Two~~ FIVE thousand dollars from a single political committee, excluding a political party, certified pursuant to subsection G of this section.

B. For an election for a statewide office, a contributor shall not give and an exploratory committee, a candidate or a candidate's committee shall not accept contributions of more than:

1. ~~One~~ TWO thousand ~~ten~~ FIVE HUNDRED dollars from an individual.

2. ~~One~~ TWO thousand ~~ten~~ FIVE HUNDRED dollars from a single political committee, excluding a political party, not certified under subsection G of this section to make contributions at the higher limits prescribed by subsection A, paragraph 5 of this section and paragraph 3 of this subsection.

3. Five thousand ten dollars from a single political committee excluding political parties certified pursuant to subsection G of this section.

C. A candidate ~~shall not~~ MAY accept contributions from ~~all~~ political committees, excluding political parties, ~~combined totaling more than:~~

~~1. For an election for a legislative office, sixteen thousand one hundred fifty dollars.~~

~~2. For an office other than a legislative office or a statewide office, ten thousand twenty dollars.~~

~~3. For a statewide office, one hundred thousand one hundred ten dollars~~ AS OTHERWISE PRESCRIBED IN THIS SECTION AND A CANDIDATE IS NOT RESTRICTED AS TO THE AGGREGATE TOTAL THAT A CANDIDATE MAY LAWFULLY RECEIVE FROM ALL POLITICAL COMMITTEES, EXCLUDING POLITICAL PARTIES.

D. A nominee of a political party shall not accept contributions from all political parties or political organizations combined totaling more than

ten thousand twenty dollars for an election for an office other than a statewide office, and one hundred thousand one hundred ten dollars for an election for a statewide office.

E. An individual ~~shall not~~ MAY make contributions ~~totaling more than five thousand six hundred ten dollars in a calendar year to state and local candidates and political committees contributing to state or local candidates. Contributions to political parties and contributions to independent expenditure committees are exempt from the limitations of this subsection~~ AS OTHERWISE PRESCRIBED BY THIS SECTION, AND AN INDIVIDUAL IS NOT RESTRICTED AS TO THE AGGREGATE TOTAL THAT AN INDIVIDUAL MAY GIVE.

F. A candidate's campaign committee or an individual's exploratory committee shall not make a loan and shall not transfer or contribute money to any other campaign or exploratory committee that is designated pursuant to this chapter or 2 United States Code section 431 except as follows:

1. An exploratory committee may transfer monies to a subsequent candidate's campaign committee of the individual designating the exploratory committee, subject to the limits of subsection B of this section.

2. A candidate's campaign committee may transfer or contribute monies to another campaign committee designated by the same candidate as follows:

(a) Subject to the contribution limits of this section, transfer or contribute monies from one committee to another if both committees have been designated for an election in the same year.

(b) Without application of the contribution limits of this section, transfer or contribute monies from one committee to another designated for an election in a subsequent year.

G. Only political committees that received monies from five hundred or more individuals in amounts of ten dollars or more in the one year period immediately before application to the secretary of state for qualification as a political committee pursuant to this section may make contributions to candidates under subsection A, paragraph 5 of this section and subsection B, paragraph 3 of this section. The secretary of state shall obtain information necessary to make the determination that a committee meets the requirements of this subsection and shall provide written certification of the fact to the committee. A political committee certification is valid for two years. A candidate's campaign committee shall not accept a contribution pursuant to this subsection unless it is accompanied by a copy of the certification. All political committees that do not meet the requirements of this subsection are subject to the individual campaign contribution limits of subsection A, paragraphs 1 and 2 of this section and subsection B, paragraph 1 of this section.

H. The secretary of state biennially shall adjust to the nearest ten dollars the amounts in subsections A through E of this section by the percentage change in the consumer price index and publish the new amounts for distribution to election officials, candidates and campaign committees. For the purposes of this subsection, "consumer price index" means the consumer

price index for all urban consumers, United States city average, that is published by the United States department of labor, bureau of labor statistics.

I. The following specific limitations and procedures apply:

1. The limits of subsections A through E of this section apply to each election for any office or offices ~~which~~ THAT the candidate seeks.

2. The limits of subsections A~~,~~ AND B ~~and C~~ of this section apply to the total contributions from all separate segregated funds established, as provided in section 16-920, by a corporation, labor organization, trade association, cooperative or corporation without capital stock.

3. A contribution by an unemancipated minor child shall be treated as a contribution by the child's custodial parent or parents for determining compliance with subsection A, paragraphs 1 and 2, subsection B, paragraph 1 and subsection E of this section.

4. A contribution by an individual or a single political committee to two or more candidates in connection with a joint fund-raising effort shall be divided among the candidates in direct proportion to each candidate campaign committee's share of the expenses for the fund-raising effort.

5. A candidate shall sign and file with the candidate's nomination paper a statement that the candidate has read all applicable laws relating to campaign financing and reporting.

6. An individual or political committee shall not use economic influence to induce members of an organization to make contributions to a candidate, collect contributions from members of an organization for transmittal to a candidate, make payments to candidates for public appearances or services ~~which~~ THAT are ordinarily uncompensated or use any similar device to circumvent any of the limitations of this section.

J. A person who violates this section is subject to a civil penalty imposed as prescribed in section 16-924 of three times the amount of money that has been received, expended or promised in violation of this section or three times the value in money for an equivalent of money or other things of value that have been received, expended or promised in violation of this section.

K. Any qualified elector may file a sworn complaint with the attorney general or the county attorney of the county in which a violation of this section is believed to have occurred, and the attorney general or the county attorney shall investigate the complaint for possible action.

L. If the filing officer, attorney general or county attorney fails to institute an action within forty-five working days after receiving a complaint under subsection K of this section, the individual filing the complaint may bring a civil action in the individual's own name and at the individual's own expense, with the same effect as if brought by the filing officer, attorney general or county attorney. The individual shall execute a bond payable to the defendant if the individual fails to prosecute the action

successfully. The court shall award to the prevailing party costs and reasonable attorney fees.

M. If a provision of this section or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of the section ~~which~~ THAT can be given effect without the invalid provision or application, and to this end the provisions of this section are severable.

N. The use of a candidate's personal monies, or the use of personal monies by an individual who designates an exploratory committee, is not subject to the limitations of this section.

Sec. 3. Title 16, chapter 6, article 1, Arizona Revised Statutes, is amended by adding section 16-913.01, to read:

16-913.01. Additional reporting by candidate campaign committees; single contribution; civil penalty

A. IN ADDITION TO ANY OTHER FILINGS REQUIRED BY LAW, A CANDIDATE OR A CANDIDATE'S CAMPAIGN COMMITTEE SHALL GIVE NOTICE TO THE FILING OFFICER IF THE CANDIDATE OR COMMITTEE RECEIVES FROM A SINGLE SOURCE A CONTRIBUTION OF AT LEAST ONE THOUSAND DOLLARS LESS THAN TWENTY DAYS BEFORE THE DAY OF THE ELECTION.

B. THE NOTICE PRESCRIBED BY THIS SECTION SHALL BE FILED WITHIN SEVENTY-TWO HOURS AFTER RECEIPT OF THE CONTRIBUTION AND SHALL INCLUDE THE DATE OF RECEIPT, THE NAME OF THE CONTRIBUTOR AND THE AMOUNT OF THE CONTRIBUTION. CONTRIBUTIONS THAT ARE SUBJECT TO THE NOTICE PRESCRIBED BY THIS SECTION SHALL BE INCLUDED IN THE NEXT REGULAR REPORT FILED PURSUANT TO SECTION 16-913. FOR THE PURPOSES OF THIS SECTION, THE DATE OF RECEIPT OF A CONTRIBUTION IS THE DATE THE CANDIDATE'S CAMPAIGN COMMITTEE OBTAINS POSSESSION OF THE CONTRIBUTION.

C. A CANDIDATE'S CAMPAIGN COMMITTEE THAT KNOWINGLY VIOLATES THIS SECTION AND A PERSON WHO KNOWINGLY VIOLATES THIS SECTION ARE LIABLE IN A CIVIL ACTION FOR A CIVIL PENALTY OF UP TO THREE TIMES THE AMOUNT IMPROPERLY REPORTED.

APPROVED BY THE GOVERNOR APRIL 11, 2013.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 11, 2013.

Passed the House February 28, 2013

by the following vote: 32 Ayes,

23 Nays, 5 Not Voting

Speaker of the House

Chief Clerk of the House

Passed the Senate April 9, 2013

by the following vote: 17 Ayes,

13 Nays, 0 Not Voting

President of the Senate

Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

10 day of April, 2013

at 3:20 o'clock P M.

Mikhaila Howard
Secretary to the Governor

Approved this 11th day of

April

at 12:48 o'clock P. M.

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this 11th day of April, 2013

at 4:34 o'clock P M.

Secretary of State

H.B. 2593