

House Engrossed

FILED
KEN BENNETT
SECRETARY OF STATE

State of Arizona
House of Representatives
Fifty-first Legislature
Second Regular Session
2014

CHAPTER 149

HOUSE BILL 2408

AN ACT

AMENDING SECTION 38-542, ARIZONA REVISED STATUTES; RELATING TO FINANCIAL DISCLOSURE.

(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, is amended to
3 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 was also more than thirty per cent of the total business
21 indebtedness at any time during the preceding calendar year, listing each
22 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 is reportable under this subsection during the preceding calendar
34 year, the report shall disclose that the transaction was made and the date it
35 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 was also more than thirty per cent of the total
43 indebtedness to the business at any time during the preceding calendar year.
44 This paragraph shall not be construed to require the disclosure of debts from
45 the ordinary conduct of a business other than a controlled or dependent

1 business. If the public officer, any member of his household or a controlled
2 or dependent business incurred or discharged a debt which is reportable under
3 this subsection during the preceding year, the report shall disclose that the
4 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 are
26 reportable under this paragraph, the fact that the transaction occurred and
27 the date shall also be shown.

28 B. If an amount or value is required to be reported pursuant to this
29 section, it is sufficient to report whether the amount or value of the equity
30 interest falls within:

31 1. Category 1, one thousand dollars to twenty-five thousand dollars.
32 2. Category 2, more than twenty-five thousand dollars to one hundred
33 thousand dollars.

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

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

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

1 financial disclosure at the same time as the disclosure for the last
2 immediately preceding year.

3 E. The secretary of state shall prepare written guidelines, forms and
4 samples for completing the financial disclosure statement required by this
5 section. A copy of the guidelines, forms and samples shall be distributed to
6 each public officer and shall be made available to each candidate required to
7 file a financial disclosure statement pursuant to section 38-543.

8 F. BEGINNING JANUARY 1, 2017, THE STATEMENT REQUIRED TO BE FILED IN
9 SUBSECTION D OF THIS SECTION MAY BE FILED BY THE PUBLIC OFFICER IN A FORM
10 PRESCRIBED BY THE SECRETARY OF STATE THAT INCLUDES AUTHORIZATION FOR FUTURE
11 FILINGS TO BE SUBMITTED IN AN ELECTRONIC FORMAT. ANY SUBSEQUENT FILINGS
12 REQUIRED TO BE FILED IN SUBSECTION D OF THIS SECTION MAY BE FILED IN AN
13 ELECTRONIC FORMAT AS PRESCRIBED BY THE SECRETARY OF STATE.

14 Sec. 2. Effective date

15 Section 38-542, Arizona Revised Statutes, as amended by this act, is
16 effective from and after December 31, 2016.

APPROVED BY THE GOVERNOR APRIL 22, 2014.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 23, 2014.

Passed the House March 17, 20 14

Passed the Senate April 17, 20 14

by the following vote: 56 Ayes,

by the following vote: 28 Ayes,

0 Nays, 3 Not Voting
vacancy

0 Nays, 2 Not Voting

[Signature]

[Signature]

Speaker of the House

President of the Senate

[Signature]
Cheryl Laube
Chief Clerk of the House

[Signature]
Charmian B. Dexter
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

17 day of April, 20 14

at 2:35 o'clock P M.

[Signature]
Wilma Howard
Secretary to the Governor

Approved this 22nd day of

April

at 2:12 o'clock P M.

[Signature]
Janice K. Brewer
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this 23rd day of April, 20 14

at 9:40 o'clock a M.

H.B. 2408

[Signature]
Kela Bennett
Secretary of State