

Conference Engrossed

FILED
MICHELE REAGAN
SECRETARY OF STATE

State of Arizona
House of Representatives
Fifty-second Legislature
Second Regular Session
2016

CHAPTER 196

HOUSE BILL 2429

AN ACT

AMENDING SECTION 38-541, ARIZONA REVISED STATUTES; AMENDING SECTION 38-542, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2014, CHAPTER 149, SECTION 1; 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 38-541, Arizona Revised Statutes, is amended to
3 read:

4 38-541. Definitions

5 In this chapter, unless the context otherwise requires:

6 1. "Business" includes any enterprise, organization, trade, occupation
7 or profession, whether or not operated as a legal entity or for profit,
8 including any business trust, corporation, partnership, joint venture or sole
9 proprietorship.

10 2. "Compensation" means anything of value or advantage, present or
11 prospective, including the forgiveness of debt.

12 3. "Controlled business" means any business in which the public
13 officer or any member of his household has an ownership or beneficial
14 interest, individually or combined, amounting to more than a fifty ~~per-cent~~
15 PERCENT interest.

16 4. "Dependent business" means any business in which the public officer
17 or any member of his household has an ownership or beneficial interest,
18 individually or combined, amounting to more than a ten ~~per-cent~~ PERCENT
19 interest, and during the preceding calendar year the business received from a
20 single source more than ten thousand dollars and more than fifty ~~per-cent~~
21 PERCENT of its gross income.

22 5. "Gift" includes any gratuity, special discount, favor, hospitality,
23 service, economic opportunity, loan or other benefit received without
24 equivalent consideration and not provided to members of the public at large.
25 GIFT DOES NOT INCLUDE:

26 (a) TRAVEL-RELATED EXPENSES THAT ARE PUBLICLY REPORTED PURSUANT TO
27 THIS ARTICLE.

28 (b) POLITICAL CAMPAIGN CONTRIBUTIONS THAT ARE PUBLICLY REPORTED
29 PURSUANT TO TITLE 16, CHAPTER 6.

30 6. "Local public officer" means a person holding an elective office of
31 an incorporated city or town, a county or a groundwater replenishment
32 district established under title 48, chapter 27.

33 7. "Member of household" means a public officer's spouse and any minor
34 child of whom the public officer has legal custody.

35 8. "Public officer" means a member of the legislature and any judge of
36 the court of appeals or the superior court, or a person holding an elective
37 office the constituency of which embraces the entire geographical limits of
38 this state. Members of Congress are not public officers as defined in this
39 paragraph.

40 9. "TRAVEL-RELATED EXPENSES" MEANS ANY COSTS ASSOCIATED WITH
41 TRANSPORTATION, FOOD, LODGING AND REGISTRATION FEES AND OTHER EXPENSES
42 DIRECTLY RELATED TO TRAVEL TO OR FROM A MEETING, CONFERENCE OR OTHER EVENT
43 WHERE THE PUBLIC OFFICER IS PARTICIPATING IN THE PUBLIC OFFICER'S OFFICIAL
44 CAPACITY.

1 Sec. 2. Section 38-542, Arizona Revised Statutes, as amended by Laws
2 2014, chapter 149, section 1, is amended to read:

3 38-542. Duty to file financial disclosure statement; contents;
4 exceptions

5 A. In addition to other statements and reports required by law, every
6 public officer, as a matter of public record, shall file with the secretary
7 of state on a form prescribed by the secretary of state a verified financial
8 disclosure statement covering the preceding calendar year. The statement
9 shall disclose:

10 1. The name and HOME OR WORK address of the public officer ~~and each~~
11 ~~member of his household~~, WHETHER THE PUBLIC OFFICER'S SPOUSE IS A MEMBER OF
12 THE PUBLIC OFFICER'S HOUSEHOLD, THE NUMBER OF MINOR CHILDREN WHO ARE MEMBERS
13 OF THE PUBLIC OFFICER'S HOUSEHOLD and all names and addresses under which
14 each does business. IF DISCLOSURE OF THE IDENTITY OF THE PUBLIC OFFICER'S
15 SPOUSE OR MINOR CHILD WOULD OTHERWISE BE REQUIRED, A PUBLIC OFFICER MAY
16 COMPLY WITH THE IDENTIFICATION REQUIREMENT BY USING THE TERM "SPOUSE" OR
17 "MINOR CHILD", AS APPLICABLE.

18 2. The name and address of each employer and of each other source of
19 compensation other than gifts amounting to more than one thousand dollars
20 received during the preceding calendar year by the public officer and members
21 of his household in their own names, or by any other person for the use or
22 benefit of the public officer or members of his household, a description of
23 the services for which the compensation was received and the nature of the
24 employer's business. This paragraph shall not be construed to require the
25 disclosure of individual items of compensation that constituted a portion of
26 the gross income of the business from which the public officer or members of
27 his household derived compensation.

28 3. For a controlled business, a description of the goods or services
29 provided by the business, and if any single source of compensation to the
30 business during the preceding calendar year amounts to more than ten thousand
31 dollars and is more than twenty-five ~~per cent~~ PERCENT of the gross income of
32 the business, the disclosure shall also include a description of the goods or
33 services provided to the source of compensation. For a dependent business
34 the statement shall disclose a description of the goods or services provided
35 by the business and a description of the goods or services provided to the
36 source of compensation from which the dependent business derived the amount
37 of gross income described in section 38-541, paragraph 4. If the source of
38 compensation for a controlled or dependent business is a business, the
39 statement shall disclose a description of the business activities engaged in
40 by the source of compensation.

41 4. The names and addresses of all businesses and trusts in which the
42 public officer or members of his household, or any other person for the use
43 or benefit of the public officer or members of his household, had an
44 ownership or beneficial interest of over one thousand dollars at any time
45 during the preceding calendar year, and the names and addresses of all

1 businesses and trusts in which the public officer or any member of his
2 household held any office or had a fiduciary relationship at any time during
3 the preceding calendar year, together with the amount or value of the
4 interest and a description of the interest, office or relationship.

5 5. All Arizona real property interests and real property improvements,
6 including specific location and approximate size, in which the public
7 officer, any member of his household or a controlled or dependent business
8 held legal title or a beneficial interest at any time during the preceding
9 calendar year, and the value of any such interest, except that this paragraph
10 does not apply to a real property interest and improvements thereon used as
11 the primary personal residence or for the personal recreational use of the
12 public officer. If a public officer, any member of his household or a
13 controlled or dependent business acquired or divested any such interest
14 during the preceding calendar year, he shall also disclose that the
15 transaction was made and the date it occurred. If the controlled or
16 dependent business is in the business of dealing in real property interests
17 or improvements, disclosure need not include individual parcels or
18 transactions as long as the aggregate value of all parcels of such property
19 is reported.

20 6. The names and addresses of all creditors to whom the public officer
21 or members of his household, in their own names or in the name of any other
22 person, owed a debt of more than one thousand dollars or to whom a controlled
23 business or a dependent business owed a debt of more than ten thousand
24 dollars which was also more than thirty ~~per-cent~~ PERCENT of the total
25 business indebtedness at any time during the preceding calendar year, listing
26 each such creditor. This paragraph shall not be construed to require the
27 disclosure of debts owed by the public officer or any member of his household
28 resulting from the ordinary conduct of a business other than a controlled or
29 dependent business nor shall disclosure be required of credit card
30 transactions, retail installment contracts, debts on residences or
31 recreational property exempt from disclosure under paragraph 5 of this
32 subsection, debts on motor vehicles not used for commercial purposes, debts
33 secured by cash values on life insurance or debts owed to relatives. It is
34 sufficient disclosure of a creditor if the name and address of a person to
35 whom payments are made is disclosed. If the public officer, any member of
36 his household or a controlled or dependent business incurred or discharged a
37 debt which is reportable under this subsection during the preceding calendar
38 year, the report shall disclose that the transaction was made and the date it
39 occurred.

40 7. The identification and amount of each debt exceeding one thousand
41 dollars owed at any time during the preceding calendar year to the public
42 officer and members of his household in their own names, or to any other
43 person for the use or benefit of the public officer or any member of his
44 household. The disclosure shall include the identification and amount of
45 each debt exceeding ten thousand dollars to a controlled business or

1 dependent business which was also more than thirty ~~per cent~~ PERCENT of the
2 total indebtedness to the business at any time during the preceding calendar
3 year. This paragraph shall not be construed to require the disclosure of
4 debts from the ordinary conduct of a business other than a controlled or
5 dependent business. If the public officer, any member of his household or a
6 controlled or dependent business incurred or discharged a debt which is
7 reportable under this subsection during the preceding year, the report shall
8 disclose that the transaction was made and the date it occurred.

9 8. The name of each source of any gift, or accumulated gifts from a
10 single source, of more than five hundred dollars received by the public
11 officer and members of his household in their own names during the preceding
12 calendar year, or by any other person for the use or benefit of the public
13 officer or any member of his household except gifts received by will or by
14 virtue of intestate succession, or received by way of distribution from any
15 inter vivos or testamentary trust established by a spouse or by an ancestor,
16 or gifts received from any other member of the household or relatives to the
17 second degree of consanguinity. ~~Political campaign contributions shall not~~
18 ~~be construed as gifts if otherwise publicly reported as political campaign~~
19 ~~contributions as required by law.~~

20 9. A list of all business licenses issued to, held by or in which the
21 public officer or any member of his household had an interest at any time
22 during the preceding calendar year, including the name in which the license
23 was issued, the type of business and its location.

24 10. A list of all bonds, together with their value, issued by this
25 state or any political subdivision of this state and held at any time during
26 the preceding calendar year by the public officer or any member of his
27 household, which bonds issued by a single entity had a value in excess of one
28 thousand dollars. If the public officer or any member of his household
29 acquired or divested any bonds during the preceding calendar year which are
30 reportable under this paragraph, the fact that the transaction occurred and
31 the date shall also be shown.

32 11. THE NAME OF EACH MEETING, CONFERENCE OR OTHER EVENT WHERE THE
33 PUBLIC OFFICER IS PARTICIPATING IN THE PUBLIC OFFICER'S OFFICIAL CAPACITY IF
34 TRAVEL-RELATED EXPENSES OF ONE THOUSAND DOLLARS OR MORE WERE INCURRED ON
35 BEHALF OF THE PUBLIC OFFICER AND THE TRAVEL-RELATED EXPENSES ARE NOT PAID BY
36 THE PUBLIC OFFICER.

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

- 40 1. Category 1, one thousand dollars to twenty-five thousand dollars.
- 41 2. Category 2, more than twenty-five thousand dollars to one hundred
42 thousand dollars.
- 43 3. Category 3, more than one hundred thousand dollars.

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

1 D. The statement required to be filed pursuant to subsection A shall
2 be filed by all persons who qualified as public officers at any time during
3 the preceding calendar year on or before January 31 of each year with the
4 exceptions that a public officer appointed to fill a vacancy shall, within
5 sixty days following his taking of such office, file a financial disclosure
6 statement covering as his annual period the twelve month period ending with
7 the last full month prior to the date of his taking office, and a public
8 officer whose final term expires less than thirty-one days into the
9 immediately following calendar year may file the public officer's final
10 financial disclosure at the same time as the disclosure for the last
11 immediately preceding year.

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

17 F. Beginning January 1, 2017, the statement required to be filed in
18 subsection D of this section may be filed by the public officer in a form
19 prescribed by the secretary of state that includes authorization for future
20 filings to be submitted in an electronic format. Any subsequent filings
21 required to be filed in subsection D of this section may be filed in an
22 electronic format as prescribed by the secretary of state. BEGINNING
23 JANUARY 1, 2017, ANY STATEMENTS THAT ARE REQUIRED TO BE FILED BY A LOCAL
24 PUBLIC OFFICER PURSUANT TO AN ORDINANCE, RULE, RESOLUTION OR REGULATION
25 ADOPTED PURSUANT TO SECTION 38-545 MAY BE FILED IN AN ELECTRONIC FORMAT AS
26 PRESCRIBED BY THE SECRETARY OF STATE.

27 Sec. 3. Effective date

28 This act is effective from and after December 31, 2016.

APPROVED BY THE GOVERNOR MAY 11, 2016.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 11, 2016.

Passed the House February 18, 2016

by the following vote: 57 Ayes,

0 Nays, 3 Not Voting

[Signature]
Speaker of the House

Pro Tempore

[Signature]
Chief Clerk of the House

Passed the Senate March 24, 2016

by the following vote: 29 Ayes,

0 Nays, 1 Not Voting

[Signature]
President of the Senate

[Signature]
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

_____ day of _____, 20____

at _____ o'clock _____ M.

Secretary to the Governor

Approved this _____ day of

at _____ o'clock _____ M.

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this _____ day of _____, 20____

at _____ o'clock _____ M.

Secretary of State

H.B. 2429

HOUSE FINAL PASSAGE
as per Joint Conference

Passed the House April 21, 2016

by the following vote: 51 Ayes,

3 Nays, 6 Not Voting

Don M. R. S.
Speaker of the House

Pro Tempore

Jim Drake
Chief Clerk of the House

SENATE FINAL PASSAGE
as per Joint Conference

Passed the Senate May 4, 2016

by the following vote: 28 Ayes,

1 Nays, 1 Not Voting

A. Zappo
President of the Senate

Auson Owens
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

5th day of May, 2016

at 10:06 o'clock A. M.

Mista Lyzmar
Secretary to the Governor

Approved this 11th day of

May

at 10:25 o'clock A. M.

Joseph R. Fucey
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this 12 day of May, 2016

at 3:08 o'clock P M.

Michelle Reagan
Secretary of State