Conference Engrossed

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)

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

Section 1. Section 38-541, Arizona Revised Statutes, is amended to read:

38-541. Definitions

In this chapter, unless the context otherwise requires:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. The names and addresses of all businesses and trusts in which the public officer or members of his household, or any other person for the use or benefit of the public officer or members of his household, had an ownership or beneficial interest of over one thousand dollars at any time during the preceding calendar year, and the names and addresses of all businesses and trusts in which the public officer or any member of his household held any office or had a fiduciary relationship at any time during

the preceding calendar year, together with the amount or value of the interest and a description of the interest, office or relationship.

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

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

7. The identification and amount of each debt exceeding one thousand dollars owed at any time during the preceding calendar year to the public officer and members of his household in their own names, or to any other person for the use or benefit of the public officer or any member of his household. The disclosure shall include the identification and amount of each debt exceeding ten thousand dollars to a controlled business or dependent business which was also more than thirty ~~per cent~~ PERCENT of the total indebtedness to the business at any time during the preceding calendar year. This paragraph shall not be construed to require the disclosure of

debts from the ordinary conduct of a business other than a controlled or dependent business. If the public officer, any member of his household or a controlled or dependent business incurred or discharged a debt which is reportable under this subsection during the preceding year, the report shall disclose that the transaction was made and the date it occurred.

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

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

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

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

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

1. Category 1, one thousand dollars to twenty-five thousand dollars.

2. Category 2, more than twenty-five thousand dollars to one hundred thousand dollars.

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

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

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

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

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

Sec. 3. Effective date

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.