



**ARIZONA STATE SENATE**  
*Fifty-Third Legislature, Second Regular Session*

FACT SHEET FOR H.B. 2153

campaign finance; nonprofits; disclosure

Purpose

Prohibits cities, towns, counties or political subdivisions from requiring certain tax-exempt organizations to register as *political action committees* (PAC) or to disclose specified information related to contributions.

Background

An entity is required to register as a PAC if it is organized for the primary purpose of influencing the result of an election and knowingly receives contributions or makes expenditures of at least \$1,100 in connection with an election within a calendar year ([A.R.S. § 16-905](#)).

Statute defines an *enforcement officer* as the Attorney General or the county, city or town attorney with the authority to collect fines or issue penalties with respect to a given election. A *filing officer* is the Secretary of State or the county, city or town officer in charge of elections for that jurisdiction who accepts statements and reports for those elections ([A.R.S. § 16-901](#)).

[Section 501 of the Internal Revenue Code](#) lists the types of nonprofit organizations that qualify for tax exempt status. Internal Revenue Code § 501(a) states that all organizations that are listed under 501(c), 501(d), or 401(a) are tax exempt. [Section 6033 of the Internal Revenue Code](#) imposes reporting and notice requirements on certain tax-exempt organizations that incur nondeductible lobbying and political expenses. Tax-exempt organizations, nonexempt charitable trusts, and certain political organizations must file form 990 to provide the Internal Revenue Service (IRS) with the information required by section 6033.

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

1. Prohibits a city, town, county or political subdivision from requiring an entity that remains in good standing with the Internal Revenue Service and claims 501(a) tax exempt status to:
  - a) register or file as a PAC;
  - b) report or otherwise disclose personally identifying information relating to individuals who have made contributions to that entity;
  - c) disclose its form 990; or
  - d) submit to an audit or subpoena or produce evidence regarding a potential campaign finance violation.

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2. Removes requirement that a filing or enforcement officer presume that an entity is organized for the primary purpose of influencing the result of an election if at the time of making a contribution or expenditure, the entity:
  - a) was not registered with the corporation commission if required by law; or
  - b) was registered with the corporation commission, but was not in good standing.
3. Makes conforming changes.
4. Becomes effective on the general effective date.

House Action

FPRPP	1/30/18	DP	6-3-0-0
3 <sup>rd</sup> Read	2/13/18		33-25-2

Prepared by Senate Research  
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JA/VR/lat