

State of Arizona  
Senate  
Fifty-third Legislature  
Second Regular Session  
2018

# SENATE BILL 1118

AN ACT

AMENDING SECTIONS 41-1231 AND 41-1232.02, ARIZONA REVISED STATUTES;  
RELATING TO LOBBYIST REGULATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 41-1231, Arizona Revised Statutes, is amended to  
3 read:

4 41-1231. Definitions

5 In this article, unless the context otherwise requires:

6 1. "Authorized lobbyist" means any person, other than a designated  
7 lobbyist or lobbyist for compensation, who is employed by, retained by or  
8 representing a principal, with or without compensation, for the purpose of  
9 lobbying and who is listed as an authorized lobbyist by the principal in  
10 its registration pursuant to section 41-1232.

11 2. "Authorized public lobbyist" means a person, other than a  
12 designated public lobbyist, who is employed by, retained by or  
13 representing a public body, with or without compensation, for the purpose  
14 of lobbying and who is listed as an authorized public lobbyist by the  
15 public body in its registration pursuant to section 41-1232.01.

16 3. "Designated lobbyist" means the person who is designated by a  
17 principal as the single point of contact for the principal and who is  
18 listed as the designated lobbyist by the principal in its registration  
19 pursuant to section 41-1232.

20 4. "Designated public lobbyist" means the person who is designated  
21 by a public body as the single point of contact for the public body and  
22 who is listed as the designated public lobbyist by the public body in its  
23 registration pursuant to section 41-1232.01.

24 5. "Entertainment" means the amount of any expenditure paid or  
25 incurred for admission to any sporting or cultural event or for  
26 participation in any sporting or cultural activity.

27 6. "Expenditure" means a payment, distribution, loan, advance,  
28 deposit or gift of money or anything of value and includes a contract,  
29 promise or agreement, whether or not legally enforceable, to make an  
30 expenditure that provides a benefit to an individual state officer or  
31 state employee and that is incurred by or on behalf of one or more  
32 principals, public bodies, lobbyists, designated public lobbyists or  
33 authorized public lobbyists.

34 7. "Family gift" means a gift to a state officer or employee or a  
35 member of the officer's or employee's household from a principal,  
36 lobbyist, designated public lobbyist or authorized public lobbyist who is  
37 a relative of the state officer or employee or a member of the household  
38 of the state officer or employee if the donor is not acting as the agent  
39 or intermediary for someone other than a person covered by this paragraph.

40 8. "Food or beverage" means the amount of any expenditure paid or  
41 incurred for food or beverages for a state officer or employee provided at  
42 a location at which the principal, public body, lobbyist, designated  
43 public lobbyist or authorized public lobbyist who made the expenditure is  
44 present.

1           9. "Gift" means a payment, distribution, expenditure, advance,  
2 deposit or donation of money, any intangible personal property or any kind  
3 of tangible personal or real property. For the purposes of this article,  
4 gift does not include:

5           (a) A gift, devise or inheritance from an individual's spouse,  
6 child, parent, grandparent, grandchild, brother, sister, parent-in-law,  
7 brother-in-law, sister-in-law, nephew, niece, aunt, uncle or first cousin  
8 or the spouse of any such individual if the donor is not acting as the  
9 agent or intermediary for someone other than a person covered by this  
10 subdivision.

11           (b) Expenditures that are either properly reported or exempt from  
12 reporting under this chapter for:

13           (i) A speaking engagement.

14           (ii) A HOSTED EVENT.

15           ~~(iii)~~ (iii) Food or beverages.

16           ~~(iii)~~ (iv) Travel and lodging.

17           ~~(iv)~~ (v) Flowers.

18           (c) Salary, compensation or employer-reimbursed expenses lawfully  
19 paid to a public official.

20           (d) The value, cost or price of professional or consulting services  
21 that are not rendered to obtain a benefit for any registered principal,  
22 public body, lobbyist, designated public lobbyist or authorized public  
23 lobbyist or the clients of a principal or lobbyist.

24           (e) Expenses relating to a special event or function to which all  
25 members of the legislature, either house of the legislature or any  
26 committee of the legislature is invited.

27           (f) A plaque or other form of recognition similar to a plaque to a  
28 state officer or state employee to signify the honorary recognition of a  
29 service or other notable accomplishment.

30           (g) Informational material, such as books, reports, pamphlets,  
31 calendars or periodicals, OR ATTENDANCE AT AN INFORMATIONAL PRESENTATION,  
32 INCLUDING THE COSTS OF ATTENDANCE, IF THAT PRESENTATION IS EDUCATIONAL IN  
33 NATURE AND OCCURS AS PART OF A MEETING, PROGRAM, CONFERENCE OR SEMINAR TO  
34 WHICH LEGISLATORS OR LEGISLATIVE EMPLOYEES, OR BOTH, ARE INVITED.

35           (h) An item that is not used and that is returned within fifteen  
36 days of receipt to the donor or that is delivered within fifteen days of  
37 receipt to a charitable organization and that is not claimed as a  
38 charitable contribution for state or federal income tax purposes.

39           (i) A campaign contribution that is properly received and reported  
40 as required by law.

41           (j) An item that is given to a state officer or employee if the  
42 state officer or employee gives an item of approximately the same value to  
43 the giver of the item at the same time that the item is given or on a  
44 similar occasion as the one that prompted the original item to be given.

1 (k) Gifts of a personal nature that were customarily received by an  
2 individual from the donor before the individual became a state officer or  
3 employee.

4 (l) An item that is given to the general public at an event.

5 10. "HOSTED EVENT":

6 (a) MEANS AN EVENT OR FUNCTION TO WHICH ONE OR MORE STATE OFFICERS  
7 OR STATE EMPLOYEES ARE INVITED AND ATTEND AND THAT IS ORGANIZED AND PAID  
8 FOR BY A PRINCIPAL.

9 (b) INCLUDES A PARTY, DINNER, LUNCHEON OR OTHER FUNCTION.

10 (c) DOES NOT INCLUDE AN ATHLETIC EVENT OR OTHER ENTERTAINMENT.

11 ~~10.~~ 11. "Legislation" means bills, resolutions, memorials,  
12 amendments, nominations and other matters that are pending or proposed in  
13 either house of the legislature of this state.

14 ~~11.~~ 12. "Lobbying":

15 (a) Means attempting to influence the passage or defeat of any  
16 legislation by directly communicating with any legislator or attempting to  
17 influence any formal rulemaking proceeding pursuant to chapter 6 of this  
18 title or rulemaking proceedings that are exempt from chapter 6 of this  
19 title by directly communicating with any state officer or employee.

20 (b) Includes, for a person who is otherwise required to be  
21 registered as a lobbyist for compensation pursuant to this article,  
22 attempting to influence the procurement of materials, services or  
23 construction by an agency as defined in section 41-1001, including the  
24 office of the governor.

25 (c) Does not include:

26 (i) Interagency communications between state agency employees.

27 (ii) Communications between a public official or employee of a  
28 public body, designated public lobbyist or authorized public lobbyist and  
29 any state officer, except for a member of the legislature, or an employee  
30 of the legislature.

31 (iii) Oral questions or comments made by a person to a state  
32 officer or employee regarding a proposed rule and made in public at a  
33 meeting or workshop that is open to the public and that is sponsored by a  
34 state agency, board, commission, council or office.

35 (iv) Communications between a public body and a self-employed  
36 person or person employed by a partnership or company regarding the  
37 procurement of materials, services or construction unless the self-  
38 employed person or person employed by a partnership or company is  
39 otherwise required to register pursuant to this article or is employed by,  
40 supervised by at any level or contracted by a person who is otherwise  
41 required to register as a lobbyist for compensation pursuant to this  
42 article.

43 ~~12.~~ 13. "Lobbyist" means any person, other than a designated public  
44 lobbyist or authorized public lobbyist, who is employed by, retained by or  
45 representing a person other than himself, with or without compensation,

1 for the purpose of lobbying and who is listed as a lobbyist by the  
2 principal in its registration pursuant to section 41-1232. Lobbyist  
3 includes a lobbyist for compensation, designated lobbyist and authorized  
4 lobbyist.

5 ~~13:~~ 14. "Lobbyist for compensation" means a lobbyist who is  
6 compensated for the primary purpose of lobbying on behalf of a principal  
7 and who is listed by the principal in its registration pursuant to section  
8 41-1232.

9 ~~14:~~ 15. "Person" means an individual, partnership, committee,  
10 association or corporation and any other organization or group of persons,  
11 except legislators and political parties qualified for representation on  
12 the ballot pursuant to section 16-801 or 16-804.

13 ~~15:~~ 16. "Personal hospitality" means hospitality, meals, beverages,  
14 transportation or lodging furnished but not commercially provided by a  
15 person on property or facilities owned or possessed by the person or the  
16 person's family.

17 ~~16:~~ 17. "Principal" means any person, other than a public body,  
18 that employs, retains, engages or uses, with or without compensation, a  
19 lobbyist. Principal includes any subsidiary of a corporation.

20 ~~17:~~ 18. "Procurement" has the same meaning prescribed in section  
21 41-2503.

22 ~~18:~~ 19. "Public body" means the Arizona board of regents, a  
23 university under the jurisdiction of the Arizona board of regents, the  
24 judicial department, any state agency, board, commission or council, any  
25 county, any county elected officer who elects to appoint a designated  
26 public lobbyist or any city, town, district or other political subdivision  
27 of this state that receives and uses tax revenues and that employs,  
28 retains, engages or uses, with or without compensation, a designated  
29 public lobbyist or authorized public lobbyist.

30 ~~19:~~ 20. "Public official" means a person who is duly elected,  
31 appointed or retained through election to an elected state, county or  
32 local office.

33 ~~20:~~ 21. "Single expenditure" means an expenditure that provides a  
34 benefit of more than twenty dollars to an individual state officer or  
35 state employee and that is incurred by or on behalf of one or more  
36 principals, public bodies, lobbyists, designated public lobbyists or  
37 authorized public lobbyists.

38 ~~21:~~ 22. "Speaking engagement":

39 (a) Means the amount of any expense paid or incurred for entrance  
40 fees, lodging, food and beverage, entertainment, travel and other expenses  
41 for the state officer's or employee's attendance at an event, committee,  
42 meeting, conference or seminar, including meetings of state, regional or  
43 national organizations or their committees concerned with legislative or  
44 governmental activities if the state officer or employee participates in  
45 the event as a speaker or panel participant by presenting information

1 relating to the state officer's or employee's legislative or official  
2 duties or by performing a ceremonial function appropriate to the state  
3 officer's or employee's position.

4 (b) Does not include expenditures for an honorarium or any other  
5 similar fee paid to a speaker.

6 ~~22.~~ 23. "State employee" means an employee of the legislature, a  
7 university under the jurisdiction of the Arizona board of regents, the  
8 judicial department or a state office, agency, board, commission or  
9 council.

10 ~~23.~~ 24. "State officer" means a person who is duly elected,  
11 appointed or retained through election to any state office, or a member of  
12 any state board, commission or council, and includes a member of the  
13 legislature.

14 Sec. 2. Section 41-1232.02, Arizona Revised Statutes, is amended to  
15 read:

16 41-1232.02. Expenditure reporting; principals and lobbyists;  
17 gifts

18 A. Each principal shall report annually all single expenditures,  
19 whether or not the expenditures were made in the course of lobbying.  
20 These single expenditures shall be itemized separately, and each  
21 itemization shall include the date of the expenditure, the amount of the  
22 expenditure, the name of each state officer or employee receiving or  
23 benefitting from the expenditure, the category of the expenditure and the  
24 name of the lobbyist or other person who made the expenditure on behalf of  
25 the principal. In addition each principal shall report annually the  
26 aggregate of all expenditures of twenty dollars or less received by or  
27 benefitting a state officer or employee, whether or not the expenditures  
28 were made in the course of lobbying. The report shall be filed by March 1  
29 and shall list the annual expenditures made on behalf of the principal.  
30 If March 1 is a Saturday, Sunday or other legal holiday, the report shall  
31 be filed on the next business day.

32 B. Each lobbyist for compensation and designated lobbyist shall  
33 report quarterly all single expenditures incurred in the preceding  
34 calendar quarter by the lobbyist for compensation or designated lobbyist,  
35 whether or not the single expenditures were made in the course of  
36 lobbying. These single expenditures shall be itemized separately, and  
37 each itemization shall include the date of the expenditure, the amount of  
38 the expenditure, the name of the state officer or employee receiving or  
39 benefitting from the expenditure, the category of the expenditure and the  
40 principal on whose behalf the expenditure was made. If the expenditure  
41 was made by the lobbyist and was not made on behalf of a principal, it  
42 shall be itemized separately. The quarterly report shall be filed no  
43 later than the last day of the month following the end of the calendar  
44 quarter, unless the last day of the month is a Saturday, Sunday or other

1 legal holiday. In that case, the report shall be filed on the next  
2 business day.

3 C. Each lobbyist for compensation and designated lobbyist shall  
4 also report quarterly the aggregate of all expenditures of twenty dollars  
5 or less received by or benefitting a state officer or employee, whether or  
6 not the expenditures were made in the course of lobbying. The report  
7 shall list separately the aggregate of expenditures made on behalf of each  
8 principal and the aggregate not made on behalf of any principal. In the  
9 fourth calendar quarter, these expenditures shall also be listed by  
10 cumulative total for the calendar year. Each quarterly lobbyist report  
11 shall include all reportable expenditures made by any employee of the  
12 lobbyist for compensation or designated lobbyist, regardless of whether  
13 that employee is listed as a lobbyist on any registration filed by a  
14 principal engaging the lobbyist. The quarterly report shall be filed no  
15 later than the last day of the month following the end of the calendar  
16 quarter, unless the last day of the month is a Saturday, Sunday or other  
17 legal holiday. In that case, the report shall be filed the next business  
18 day.

19 D. The reports required by subsections A and B of this section  
20 shall identify each single expenditure according to the following  
21 categories:

- 22 1. Food or beverages.
- 23 2. Speaking engagement.
- 24 3. HOSTED EVENT.
- 25 ~~3.~~ 4. Travel and lodging.
- 26 ~~4.~~ 5. Flowers.
- 27 ~~5.~~ 6. Other expenditures.

28 E. Expenditures by principals and lobbyists such as those for the  
29 lobbyist's personal sustenance, office expenses, filing fees, legal fees,  
30 employees' compensation, lodging and travel are not required to be  
31 reported. In addition, expenditures by a principal or a lobbyist for  
32 family gifts, personal hospitality or those items excluded from the  
33 definition of gift pursuant to section 41-1231, paragraph 9, subdivision  
34 (a), (c), (d), (f), (g), (h), (i), (j), (k) or (l) are not required to be  
35 reported.

36 F. All expenditures incurred by a principal or lobbyist ~~in the case~~  
37 ~~of~~ FOR special events for legislators, including parties, dinners,  
38 athletic events, entertainment and other functions, to which all members  
39 of the legislature, either house of the legislature or any committee of  
40 the legislature are invited shall be reported. Expenditures are not  
41 required to be allocated to individual legislators, but for each such  
42 event a description of the event and the date, location, name of the  
43 legislative body invited and total expenditures incurred shall be  
44 reported. Expenditures for special events held in conjunction with state,  
45 national or regional meetings of an organization or association concerned

1 or dealing with legislative or other governmental activities to which all  
2 state officers or state employees in attendance at such event are invited  
3 shall be reported in the same manner.

4 G. EXPENDITURES INCURRED BY A PRINCIPAL OR LOBBYIST FOR HOSTED  
5 EVENTS, INCLUDING PARTIES, DINNERS, LUNCHEONS OR OTHER FUNCTIONS, TO WHICH  
6 INDIVIDUAL STATE OFFICERS OR STATE EMPLOYEES ARE INVITED SHALL BE REPORTED  
7 IN THE AMOUNT OF THE ACTUAL COST INCURRED FOR THE FOOD, BEVERAGE AND OTHER  
8 TANGIBLE BENEFITS THAT ARE ACTUALLY RECEIVED BY THE STATE OFFICER OR STATE  
9 EMPLOYEE AT THE EVENT. THE REPORTABLE EXPENDITURES ARE NOT BASED ON THE  
10 OVERALL SPONSORSHIP AMOUNT THAT IS INCURRED BY THE PRINCIPAL OR LOBBYIST  
11 THAT BENEFITS THE HOSTING ORGANIZATION. THE PRINCIPAL OR LOBBYIST WHO  
12 INVITES THE STATE OFFICERS AND STATE EMPLOYEES TO THE HOSTED EVENT SHALL  
13 REPORT THE EXPENDITURES.

14 ~~G.~~ H. All information required to be filed pursuant to this  
15 section with the secretary of state shall be filed in that office and  
16 preserved by the secretary of state for five years from the date of  
17 filing, after which time the information shall be destroyed. The  
18 information is a public record and open to public inspection.

19 ~~H.~~ I. If a principal, lobbyist for compensation or designated  
20 lobbyist makes no expenditures that it would otherwise be required to  
21 report during a specified reporting period, the principal, lobbyist for  
22 compensation or designated lobbyist may sign a notarized form prescribed  
23 by the secretary of state indicating that there were no expenditures  
24 during the specific reporting period.

25 ~~I.~~ J. A person or organization shall not make a gift to or an  
26 expenditure on behalf of a state officer or employee through another  
27 person or organization for the purpose of disguising the identity of the  
28 person making the gift or expenditure.

29 ~~J.~~ K. A principal or lobbyist or any other person acting on behalf  
30 of a principal or lobbyist shall not give to any state officer or state  
31 employee and a state officer or state employee shall not accept from a  
32 principal or lobbyist either of the following:

- 33 1. Gifts with a total value of more than ten dollars during any  
34 calendar year.
- 35 2. Gifts that are designed to influence the state officer's or  
36 state employee's official conduct.