

REFERENCE TITLE: *utilities; contributions; lobbying; nonrecoverable expenses*

State of Arizona  
Senate  
Fifty-sixth Legislature  
Second Regular Session  
2024

## **SB 1514**

Introduced by  
Senators Sundareshan: Bravo, Epstein, Hatathlie, Hernandez, Mendez

### AN ACT

AMENDING SECTION 16-916, ARIZONA REVISED STATUTES; AMENDING TITLE 40, CHAPTER 2, ARTICLE 7, ARIZONA REVISED STATUTES, BY ADDING SECTION 40-363; AMENDING TITLE 41, CHAPTER 7, ARTICLE 8.1, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-1232.09; RELATING TO CAMPAIGN CONTRIBUTIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 16-916, Arizona Revised Statutes, is amended to  
3 read:

4 16-916. Corporation, limited liability company and labor  
5 organization contributions; separate segregated  
6 fund; limits; requirements

7 A. A corporation, limited liability company or labor organization  
8 shall not make contributions to a candidate committee.

9 B. A corporation, limited liability company or labor organization  
10 may make unlimited contributions to persons other than candidate  
11 committees.

12 C. A corporation, limited liability company or labor organization  
13 may sponsor a separate segregated fund. Employees, members, executives,  
14 stockholders and retirees and their families of a corporation, limited  
15 liability company or labor organization and any subsidiary or affiliate of  
16 a corporation, limited liability company or labor organization may make  
17 contributions to the separate segregated fund, subject to the following:

18 1. The separate segregated fund must register as a political action  
19 committee.

20 2. The sponsor or its affiliate may pay the administrative,  
21 personnel and fund-raising expenses of its separate segregated fund, which  
22 shall not be deemed contributions to the fund.

23 3. The sponsor or its separate segregated fund may solicit  
24 contributions from the sponsor's, sponsor's affiliates' or sponsor's  
25 subsidiaries' employees, members, executives, stockholders and retirees  
26 and their families. The following additional restrictions apply:

27 (a) With respect to an insurer, an insurer or its separate  
28 segregated fund may also solicit contributions from an insurance  
29 producer's employees, members, executives, stockholders and retirees and  
30 their families.

31 (b) With respect to a trade association or membership organization,  
32 the association or organization may solicit contributions from its  
33 members' employees, executives, stockholders, subsidiaries and retirees  
34 and their families.

35 4. A sponsor or its affiliate or a trade association or membership  
36 organization may facilitate the making of contributions to its separate  
37 segregated fund by establishing a payroll deduction system or other  
38 similar payment transfer method.

39 5. A sponsor, trade association, membership organization or  
40 separate segregated fund may rely on the federal election commission's  
41 written guidance interpreting 52 United States Code section 30118(b) and  
42 rules adopted under that section when interpreting this subsection, if  
43 otherwise consistent with this article and articles 1, 1.1, 1.3, 1.4, 1.5,  
44 1.6 and 1.7 of this chapter.

1 D. A PUBLIC SERVICE CORPORATION THAT IS REGULATED BY THE  
2 CORPORATION COMMISSION OR A PUBLIC POWER ENTITY AS DEFINED IN SECTION  
3 30-801 MAY NOT MAKE CONTRIBUTIONS TO:

4 1. ANY POLITICAL ACTION COMMITTEE THAT MAKES EXPENDITURES,  
5 INCLUDING A COMMITTEE THAT MAKES INDEPENDENT EXPENDITURES, FOR OR AGAINST  
6 ANY CANDIDATE FOR THE CORPORATION COMMISSION.

7 2. A CORPORATION THAT IS REGISTERED UNDER SECTION 501(c)(3) OR  
8 501(c)(4) OF THE INTERNAL REVENUE CODE AND THAT MAKES EXPENDITURES TO  
9 INFLUENCE THE OUTCOME OF AN ELECTION OF ONE OR MORE CANDIDATES FOR THE  
10 CORPORATION COMMISSION.

11 Sec. 2. Title 40, chapter 2, article 7, Arizona Revised Statutes,  
12 is amended by adding section 40-363, to read:

13 40-363. Nonrecoverable expenditures

14 A PUBLIC SERVICE CORPORATION THAT IS REGULATED BY THE CORPORATION  
15 COMMISSION, THE PUBLIC SERVICE CORPORATION'S PARENT COMPANY AND ANY  
16 SUBSIDIARY OF THE PUBLIC SERVICE CORPORATION OR A PUBLIC POWER ENTITY AS  
17 DEFINED IN SECTION 30-801 MAY NOT SPEND RATEPAYER MONIES ON ANY OF THE  
18 FOLLOWING:

19 1. MEMBERSHIP, DUES, SPONSORSHIPS OR CONTRIBUTIONS TO ANY ENTITY  
20 THAT IS EXEMPT FROM TAXATION UNDER SECTION 501 OF THE INTERNAL REVENUE  
21 CODE, INCLUDING BUSINESSES OR TRADE ASSOCIATIONS.

22 2. CHARITABLE GIVING, INCLUDING CONTRIBUTIONS TO AN ORGANIZATION  
23 THAT IS EXEMPT FROM TAXATION UNDER SECTION 501(c)(3) OR 501(c)(4) OF THE  
24 INTERNAL REVENUE CODE, AND ANY EXPENSES RELATED TO CHARITABLE GIVING.

25 3. ADVERTISING.

26 4. ANY COMPENSATION FOR ANY EMPLOYEE, IF ANY PORTION OF THAT  
27 COMPENSATION SUPPORTS POLITICAL INFLUENCE ACTIVITIES OR ADVERTISING.

28 5. LITIGATION REGARDING EXISTING OR PROPOSED FEDERAL, STATE OR  
29 LOCAL REGULATIONS, LEGISLATION OR ORDINANCES.

30 6. ANY COSTS, INCLUDING MARKETING, ADMINISTRATION, CUSTOMER SERVICE  
31 OR OTHER COSTS FOR PRODUCTS OR SERVICES THAT ARE NOT REGULATED BY THE  
32 COMMISSION.

33 7. PENALTIES OR FINES, INCLUDING TAX PENALTIES OR FINES, ISSUED  
34 AGAINST THE PUBLIC SERVICE CORPORATION.

35 8. TRAVEL, LODGING, GIFTS, ENTERTAINMENT AND FOOD AND BEVERAGE  
36 EXPENSES FOR THE PUBLIC SERVICE CORPORATION'S BOARD OF DIRECTORS AND  
37 OFFICERS OR THE BOARD OF DIRECTORS AND OFFICERS OF AN AFFILIATE.

38 9. ANY OWNED, LEASED OR CHARTERED AIRCRAFT FOR THE BOARD OF  
39 DIRECTORS AND OFFICERS OR THE BOARD OF DIRECTORS AND OFFICERS OF AN  
40 AFFILIATE.

41 10. INVESTOR RELATIONS.

42 11. ANNUAL COMPENSATION THAT EXCEEDS THE GOVERNOR'S CURRENT ANNUAL  
43 COMPENSATION FOR ANY INDIVIDUAL, INCLUDING EMPLOYEES OF THE PUBLIC SERVICE  
44 CORPORATION, MEMBERS OF THE BOARD OF DIRECTORS AND OFFICERS OR THE BOARD  
45 OF DIRECTORS AND OFFICERS OF AN AFFILIATE.

1           12. ANY DIRECT OR INDIRECT COST ASSOCIATED WITH ITS ATTENDANCE IN,  
2 PARTICIPATION IN, PREPARATION FOR OR APPEAL OF ANY CONTESTED PROCEEDING  
3 CONDUCTED BEFORE THE COMMISSION, INCLUDING ATTORNEY FEES, FEES FOR EXPERT  
4 WITNESSES OR CONSULTANTS, THE PORTION OF EMPLOYEE SALARIES ASSOCIATED WITH  
5 THAT ATTENDANCE, PARTICIPATION OR PREPARATION FOR OR APPEAL OF A CONTESTED  
6 PROCEEDING AND ANY OTHER RELATED COSTS IDENTIFIED BY THE COMMISSION.

7           Sec. 3. Title 41, chapter 7, article 8.1, Arizona Revised Statutes,  
8 is amended by adding section 41-1232.09, to read:

9           41-1232.09. Lobbying prohibited; public service corporation;  
10 public power entity; report

11           A. A PUBLIC SERVICE CORPORATION THAT IS REGULATED BY THE  
12 CORPORATION COMMISSION, THE PUBLIC SERVICE CORPORATION'S PARENT COMPANY  
13 AND ANY SUBSIDIARY OF THE PUBLIC SERVICE CORPORATION MAY NOT SPEND  
14 RATEPAYER MONIES TO LOBBY THE LEGISLATURE.

15           B. A PUBLIC POWER ENTITY AS DEFINED IN SECTION 30-801 MAY NOT SPEND  
16 RATEPAYER MONIES TO LOBBY THE LEGISLATURE.

17           C. A PERSON PRESCRIBED BY SUBSECTION A OR B OF THIS SECTION SHALL  
18 FILE REPORTS PURSUANT TO SECTION 41-1232.02 OR 41-1232.03 THAT INCLUDE A  
19 DESCRIPTION OF THE SOURCE OF ANY MONIES USED TO LOBBY THE LEGISLATURE.