

Arizona Overhauls Campaign Finance Laws

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By Caleb P. Burns and Stephen J. Kenny

Arizona Governor Doug Ducey recently signed into law a major overhaul of the state's campaign finance laws. Among the provisions of S.B. 1516 are a consolidation of the different types of political committees and an increase in the contribution and expenditure thresholds that trigger registration requirements. The law is effective December 31, 2016, but the legislature is considering another bill that would make the legislation effective retroactively.

One provision of the law that has received significant attention is the exemption of certain tax-exempt organizations from political committee registration requirements. S.B. 1516 provides that only an entity with the "primary purpose" of influencing elections must register as a political committee. The law also specifies that an organization recognized as tax-exempt under Section 501(a) of the Internal Revenue Code is not organized for the primary purpose of influencing elections. If the organization satisfies additional criteria—such as properly filing its Form 990 with the IRS and remaining in good standing with the Arizona Corporation Commission—the organization need not register and report as a political committee in connection with participating in Arizona elections.

Critics of this legislation have organized a campaign to repeal it through a referendum in November. If the law's opponents gather enough signatures to get the issue on the ballot, the law will be placed on hold. But the legislature is considering another bill (H.B. 2296) with provisions identical to S.B. 1516 that would apply retroactively. If passed, H.B. 2296 would render the repeal of S.B. 1516 irrelevant.

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Another notable provision of S.B. 1516 is the exemption of certain volunteer campaign services and expenses from the definitions of regulated contributions and expenditures. Among these are travel expenses, the use of real or personal property, and the cost of invitations, food, and beverages. Effectively, supporters of candidates would be permitted to spend unlimited amounts on these items without incurring disclosure obligations or other regulation under Arizona campaign finance law. Also excluded from the definition of contribution are certain expenses by political parties in support of their nominees, such as the purchase and distribution of bumper stickers and yard signs.

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