

<b>Title</b> :	<b>Conflict of Interest</b>	
<b>Number</b> :		<b>8200.00</b>
<b>Approved</b> :		<b>02/13/85</b>
<b>Reference</b> :	<b>A.R.S. §§38-502, 38-503, 38-504, 38-505, 38-506, 38-510</b>	

The laws of the State of Arizona provide the basis for conflict of interest which apply to the members of the District Governing Board. Selected provisions are quoted as follows:

**A.R.S. §38-502 - DEFINITIONS**

In this article, unless the context otherwise requires:

1. "Compensation" means money, a tangible thing of value or a financial benefit.
2. "Employee" means all persons who are not public officers who are employed on a full, part-time or contract basis by an incorporated city or town, a political subdivision, or the state or any of its departments, commissions, agencies, bodies, or boards for remuneration.
3. "Make known" means the filing of a paper signed by a public officer or employee which fully discloses a substantial interest or the filing of a copy of the official minutes of a public agency which fully discloses a substantial interest. The filing shall be in the special file established pursuant to A.R.S. §38-509.
4. "Official records" means the minutes or papers, records and documents maintained by a public agency for the specific purpose of receiving disclosures of substantial interests required to be made known by this article.
5. "Political subdivision" means all political subdivisions of the state and county, including all school districts.
6. "Public agency" means:
  - a. All courts.
  - b. Any department, agency, board, commission, institution, instrumentality, legislative or administrative body of the state, county, incorporated town or city and any other political subdivision.
  - c. The state, county and incorporated cities or towns and any other political subdivisions.
7. "Public competitive bidding" means the method of purchasing defined in title 41, chapter 4, article 3, or procedures substantially equivalent to such method of purchasing or as provided by local charter or ordinance.
8. "Public officer" means all elected and appointed officers of a public agency established by charter, ordinance, resolution, state constitution or statute, but excluding members of the legislature.
9. "Relative" means the spouse, child, child's child, parent, grandparent, brother, or sister of the whole or half blood and their spouses and the parent, brother, sister, or child of a spouse.
10. "Remote interest" means:
  - a. That of a non-salaried officer of a nonprofit corporation.
  - b. That of a landlord or tenant of the contracting party.
  - c. That of an attorney of a contracting party.
  - d. That of a member of a nonprofit cooperative marketing association.
  - e. The ownership of less than three per cent of the shares of a corporation for profit, provided the total annual income from dividends, including the value of stock dividends, from the corporation does not exceed five per cent of the total annual income of such officer or employee and any other payments made to him/her by the corporation do not exceed five per cent of his/her total annual income.
  - f. That of a public officer or employee in being reimbursed for his/her actual and necessary expenses incurred in the performance of official duty.



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- g. That of a recipient of public services generally provided by the incorporated city or town, political subdivision or state department, commission, agency, body, or board of which he/she is a public officer or employee, on the same terms and conditions as if he/she were not an officer or employee.
  - h. That of a public school board member when the relative involved is not a dependent, as defined in A.R.S. §43-1001, or a spouse.
  - i. That of a public officer or employee, or that of a relative of a public officer or employee, unless the contract or decision involved would confer a direct economic benefit or detriment upon the officer, employee or his relative, of any of the following:
    - i. Another political subdivision.
    - ii. A public agency of another political subdivision.
    - iii. A public agency except if it is the same governmental entity.
  - j. That of a member of a trade, business, occupation, profession, or class of persons which is not greater than the interest of the other members of that or similar trades, businesses, occupations, professions, or classes of persons.
11. "Substantial interest" means any pecuniary or proprietary interest, either direct or indirect, other than a remote interest.

**A.R.S. §38-503 - CONFLICT OF INTEREST; EXEMPTION, SCHOOL BOARD MEMBER**

1. Any public officer or employee of a public agency who has, or whose relative has, a substantial interest in any contract, sale, purchase, or service to such public agency shall make known that interest in the official records of such public agency and shall refrain from voting upon or otherwise participating in any manner as an officer or employee in such contract, sale or purchase.
2. Any public officer or employee who has, or whose relative has, a substantial interest in any decision of a public agency shall make known such interest in the official records of such public agency and shall refrain from participating in any manner as an officer or employee in such decision.
3. Notwithstanding the provisions of subsections A and B, no public officer or employee of a public agency shall supply to such agency any equipment, material, supplies, or services, unless pursuant to an award or contract let after public competitive bidding, except that a school district governing board may purchase, without using public competitive bidding procedures, supplies, materials and equipment not exceeding three hundred dollars. in cost in any single transaction, not to exceed a total of one thousand dollars. annually, from a school board member and the board policy for such purchases must be approved annually.

**A.R.S. §38-504 - PROHIBITED ACTS**

1. No public officer or employee may represent another person for compensation before a public agency by which he/she is or was employed within the preceding twelve months or on which he/she serves or served within the preceding twelve months concerning any matter with which such officer or employee was directly concerned and in which he/she personally participated during his/her employment or service by a substantial and material exercise of administrative discretion.
2. During the period of his/her employment or service and for two years. thereafter, no public officer or employee may disclose or use for his/her personal profit, without appropriate authorization, any information acquired by him/her in the course of his/her official duties which has been clearly designated to him/her as confidential when such confidential designation is warranted because of the status of the proceedings or the circumstances under which the information was received and preserving its confidentiality is necessary to the proper conduct of government



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business. No public officer or employee shall disclose or use, without appropriate authorization, any information acquired by him/her in the course of his/her official duties which is declared confidential by law.

3. No public officer or employee may use or attempt to use his/her official position to secure any valuable thing or valuable benefit for himself/herself that would not ordinarily accrue to him/her in the performance of his/her official duties, which thing or benefit is of such character as to manifest a substantial and improper influence upon him/her with respect to his/her duties.

**A.R.S. §38-505 - ADDITIONAL INCOME PROHIBITED FOR SERVICES**

1. No public officer or employee may receive or agree to receive directly or indirectly compensation other than as provided by law for any service rendered or to be rendered by him/her personally in any case, proceeding, application, or other matter which is pending before the public agency of which he/she is a public officer or employee.
2. This section shall not be construed to prohibit the performance of ministerial functions including, but not limited to, the filing or amendment of tax returns, applications for permits and licenses, incorporation papers, and other documents.

**A.R.S. §38-506 - REMEDIES**

1. In addition to any other remedies provided by law, any contract entered into by a public agency in violation of this article is voidable at the instance of the public agency.
2. Any person affected by a decision of a public agency may commence a civil suit in the superior court for the purpose of enforcing the civil provisions of this article. The court may order such equitable relief as it deems appropriate in the circumstances including the remedies provided in this section.
3. The court may in its discretion order payment of costs, including reasonable attorney's fees, to the prevailing party in an action brought under subsection B.

**A.R.S. §38-510 - PENALTIES**

1. A person who:
  - a. Intentionally or knowingly violates any provision of A.R.S. §38-503 through A.R.S. §38-505 is guilty of a Class 6 Felony.
  - b. Recklessly or negligently violates any provision of A.R.S. §38-503 through A.R.S. §38-505 is guilty of a Class 1 Misdemeanor.
2. A person found guilty of an offense described in Subsection A of this section shall forfeit his/her public office or employment if any.
3. It is no defense to a prosecution for a violation of A.R.S. §38-503 through A.R.S. §38-505 that the public officer or employee to whom a benefit is offered, conferred, or agreed to be conferred was not qualified or authorized to act in the desired way.
4. It is a defense to a prosecution for a violation of A.R.S. §38-503 through A.R.S. §38-505 that the interest charged to be substantial was a remote interest.

