

State of Arizona  
House of Representatives  
Forty-eighth Legislature  
Second Regular Session  
2008

# HOUSE BILL 2151

AN ACT

AMENDING TITLE 35, CHAPTER 2, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 7; MAKING AN APPROPRIATION; RELATING TO INVESTMENT BY PUBLIC FUNDS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Title 35, chapter 2, Arizona Revised Statutes, is amended  
3 by adding article 7, to read:

4 ARTICLE 7. IRAN INVESTMENTS

5 35-391. Definitions

6 IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

7 1. "ACTIVE BUSINESS OPERATIONS" MEANS ALL BUSINESS OPERATIONS THAT ARE  
8 NOT INACTIVE BUSINESS OPERATIONS.

9 2. "BUSINESS OPERATIONS" MEANS INVESTING, WITH ACTUAL KNOWLEDGE ON OR  
10 AFTER AUGUST 5, 1996, IN IRAN'S PETROLEUM SECTOR WHICH DIRECTLY AND  
11 SIGNIFICANTLY CONTRIBUTES TO THE ENHANCEMENT OF IRAN'S ABILITY TO DEVELOP THE  
12 PETROLEUM RESOURCES OF IRAN. THE RETAIL SALE OF GASOLINE AND RELATED  
13 CONSUMER PRODUCTS IS NOT CONSIDERED TO DIRECTLY OR SIGNIFICANTLY CONTRIBUTE  
14 TO THE ENHANCEMENT OF IRAN'S ABILITY TO DEVELOP PETROLEUM RESOURCES.

15 3. "COMPANY" MEANS ANY SOLE PROPRIETORSHIP, ORGANIZATION, ASSOCIATION,  
16 CORPORATION, PARTNERSHIP, JOINT VENTURE, LIMITED PARTNERSHIP, LIMITED  
17 LIABILITY PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY OR BUSINESS  
18 ASSOCIATION, INCLUDING ALL WHOLLY-OWNED SUBSIDIARIES, MAJORITY-OWNED  
19 SUBSIDIARIES OR PARENT COMPANIES OR AFFILIATES OF SUCH ENTITIES OR BUSINESS  
20 ASSOCIATIONS, THAT EXISTS FOR THE PURPOSE OF MAKING A PROFIT.

21 4. "DIRECT HOLDINGS" MEANS ALL PUBLICLY TRADED EQUITY SECURITIES OF A  
22 COMPANY THAT ARE HELD DIRECTLY BY THE PUBLIC FUND OR IN AN ACCOUNT OR FUND IN  
23 WHICH THE PUBLIC FUND OWNS ALL SHARES OR INTERESTS.

24 5. "GOVERNMENT OF IRAN" MEANS THE GOVERNMENT OF IRAN AND ITS  
25 INSTRUMENTALITIES AND COMPANIES OWNED OR CONTROLLED BY THE GOVERNMENT OF  
26 IRAN.

27 6. "INACTIVE BUSINESS OPERATIONS" MEANS THE CONTINUED HOLDING OR  
28 RENEWAL OF RIGHTS TO PROPERTY PREVIOUSLY OPERATED FOR THE PURPOSE OF  
29 GENERATING REVENUES BUT NOT PRESENTLY DEPLOYED FOR SUCH A PURPOSE.

30 7. "INDIRECT HOLDINGS" MEANS ALL INVESTMENTS HELD IN AN ACCOUNT OR  
31 FUND, INCLUDING A MUTUAL FUND, A REAL ESTATE FUND, A PRIVATE EQUITY FUND OR A  
32 COMMINGLED FUND, MANAGED BY ONE OR MORE PERSONS WHO ARE NOT EMPLOYED BY THE  
33 PUBLIC FUND, IN WHICH THE PUBLIC FUND OWNS SHARES OR INTERESTS TOGETHER WITH  
34 OTHER INVESTORS WHO ARE NOT SUBJECT TO THIS ARTICLE.

35 8. "IRAN" MEANS THE ISLAMIC REPUBLIC OF IRAN.

36 9. "LIST" MEANS THE SCRUTINIZED COMPANIES WITH ACTIVITIES IN THE IRAN  
37 PETROLEUM ENERGY SECTOR LIST THAT IS PRESCRIBED BY THIS ARTICLE.

38 10. "PETROLEUM RESOURCES" MEANS PETROLEUM OR NATURAL GAS.

39 11. "PUBLIC FUND" MEANS THE ARIZONA STATE RETIREMENT SYSTEM ESTABLISHED  
40 BY TITLE 38, CHAPTER 5, ARTICLE 2, THE ELECTED OFFICIALS' RETIREMENT PLAN  
41 ESTABLISHED BY TITLE 38, CHAPTER 5, ARTICLE 3, THE PUBLIC SAFETY PERSONNEL  
42 RETIREMENT SYSTEM ESTABLISHED BY TITLE 38, CHAPTER 5, ARTICLE 4, THE  
43 CORRECTIONS OFFICER RETIREMENT PLAN ESTABLISHED BY TITLE 38, CHAPTER 5,  
44 ARTICLE 6 OR THE STATE TREASURER INVESTMENTS AUTHORIZED BY SECTION 35-314.02.

1           12. "SCRUTINIZED" MEANS ANY ACTIVE BUSINESS OPERATIONS, IF THOSE  
2 BUSINESS OPERATIONS ARE SUBJECT TO SANCTIONS UNDER PUBLIC LAW 104-172, THE  
3 IRAN SANCTIONS ACT OF 1996, AND INVOLVE INVESTMENTS OF A MATERIAL PORTION OF  
4 THE COMPANY'S REVENUES OR ASSETS AND THE COMPANY HAS FAILED TO TAKE  
5 SUBSTANTIAL ACTION SPECIFIC TO IRAN. THE PUBLIC FUND HAS SOLE DISCRETION TO  
6 DETERMINE WHAT IS A MATERIAL PORTION OF REVENUES OR ASSETS.

7           13. "SUBSTANTIAL ACTION SPECIFIC TO IRAN" MEANS ADOPTING, PUBLICIZING  
8 AND IMPLEMENTING A FORMAL PLAN TO CEASE SCRUTINIZED BUSINESS OPERATIONS  
9 WITHIN ONE YEAR AND TO REFRAIN FROM ANY SUCH NEW BUSINESS OPERATIONS.

10           35-392. Identification of scrutinized companies

11           A. WITHIN ONE HUNDRED EIGHTY DAYS AFTER THE EFFECTIVE DATE OF THIS  
12 ARTICLE, THE PUBLIC FUND SHALL MAKE REASONABLE EFFORTS TO IDENTIFY ALL  
13 SCRUTINIZED COMPANIES IN WHICH THE PUBLIC FUND HAS DIRECT HOLDINGS. SUCH  
14 EFFORTS SHALL INCLUDE REVIEWING AND RELYING, AS APPROPRIATE IN THE PUBLIC  
15 FUND'S JUDGMENT, ON PUBLICLY AVAILABLE INFORMATION REGARDING COMPANIES WITH  
16 BUSINESS OPERATIONS IN IRAN, INCLUDING INFORMATION PROVIDED BY NONPROFIT  
17 ORGANIZATIONS, RESEARCH FIRMS, INTERNATIONAL ORGANIZATIONS AND GOVERNMENT  
18 ENTITIES.

19           B. BEFORE THE FIRST MEETING OF THE PUBLIC FUND'S GOVERNING BODY  
20 FOLLOWING THE ONE HUNDRED EIGHTY DAY PERIOD PRESCRIBED IN SUBSECTION A, THE  
21 PUBLIC FUND SHALL ASSEMBLE ALL IDENTIFIED SCRUTINIZED COMPANIES INTO A  
22 SCRUTINIZED COMPANIES WITH ACTIVITIES IN THE IRAN PETROLEUM ENERGY SECTOR  
23 LIST.

24           C. THE PUBLIC FUND SHALL UPDATE THE LIST ON AN ANNUAL BASIS BASED ON  
25 INFORMATION FROM THOSE ENTITIES LISTED IN SUBSECTION A.

26           35-393. Required actions

27           A. THE PUBLIC FUND SHALL ADHERE TO THE FOLLOWING PROCEDURES FOR  
28 COMPANIES ON THE SCRUTINIZED COMPANIES WITH ACTIVITIES IN THE IRAN PETROLEUM  
29 ENERGY SECTOR LIST ON AN ANNUAL BASIS:

30           1. THE PUBLIC FUND SHALL MAKE REASONABLE EFFORTS TO DETERMINE THE  
31 COMPANIES ON THE LIST IN WHICH THE PUBLIC FUND OWNS DIRECT HOLDINGS.

32           2. FOR EACH COMPANY IDENTIFIED PURSUANT TO PARAGRAPH 1 WITH ONLY  
33 INACTIVE BUSINESS OPERATIONS, THE PUBLIC FUND SHALL SEND A WRITTEN NOTICE  
34 INFORMING THE COMPANY OF THIS ARTICLE AND ENCOURAGING IT TO CONTINUE TO  
35 REFRAIN FROM INITIATING ACTIVE BUSINESS OPERATIONS IN IRAN UNTIL IT IS ABLE  
36 TO AVOID SCRUTINIZED BUSINESS OPERATIONS. THE PUBLIC FUND SHALL CONTINUE  
37 SUCH CORRESPONDENCE ON AN ANNUAL BASIS.

38           3. FOR EACH COMPANY NEWLY IDENTIFIED PURSUANT TO PARAGRAPH 1 WITH  
39 ACTIVE BUSINESS OPERATIONS, THE PUBLIC FUND SHALL SEND A WRITTEN NOTICE  
40 INFORMING THE COMPANY OF ITS SCRUTINIZED COMPANY STATUS AND THAT IT MAY  
41 BECOME SUBJECT TO DIVESTMENT BY THE PUBLIC FUND. THE NOTICE SHALL OFFER THE  
42 COMPANY THE OPPORTUNITY TO CLARIFY ITS IRAN-RELATED ACTIVITIES AND SHALL  
43 ENCOURAGE THE COMPANY, WITHIN ONE HUNDRED EIGHTY DAYS, TO EITHER CEASE ITS  
44 SCRUTINIZED BUSINESS OPERATIONS OR CONVERT SUCH OPERATIONS TO INACTIVE

1 BUSINESS OPERATIONS IN ORDER TO AVOID QUALIFYING FOR DIVESTMENT BY THE PUBLIC  
2 FUND.

3 4. IF, WITHIN ONE HUNDRED EIGHTY DAYS FOLLOWING THE PUBLIC FUND'S  
4 FIRST ENGAGEMENT WITH A COMPANY PURSUANT TO PARAGRAPH 3, THAT COMPANY CEASES  
5 SCRUTINIZED BUSINESS OPERATIONS, THE COMPANY SHALL BE REMOVED FROM THE LIST  
6 AND THIS SECTION SHALL CEASE TO APPLY TO IT UNLESS IT RESUMES SCRUTINIZED  
7 BUSINESS OPERATIONS. IF, WITHIN ONE HUNDRED EIGHTY DAYS AFTER THE PUBLIC  
8 FUND'S FIRST ENGAGEMENT, THE COMPANY CONVERTS ITS SCRUTINIZED ACTIVE BUSINESS  
9 OPERATIONS TO INACTIVE BUSINESS OPERATIONS, THE COMPANY SHALL BE SUBJECT TO  
10 PARAGRAPH 2.

11 5. IF, AFTER ONE HUNDRED EIGHTY DAYS FOLLOWING THE PUBLIC FUND'S FIRST  
12 ENGAGEMENT WITH A COMPANY PURSUANT TO PARAGRAPH 3, THE COMPANY CONTINUES TO  
13 HAVE SCRUTINIZED ACTIVE BUSINESS OPERATIONS, AND ONLY WHILE SUCH COMPANY  
14 CONTINUES TO HAVE SCRUTINIZED ACTIVE BUSINESS OPERATIONS, THE PUBLIC FUND  
15 SHALL SELL, REDEEM, DIVEST OR WITHDRAW ALL PUBLICLY TRADED SECURITIES OF THE  
16 COMPANY ACCORDING TO THE FOLLOWING SCHEDULE:

17 (a) AT LEAST FIFTY PER CENT OF ASSETS SHALL BE REMOVED FROM THE PUBLIC  
18 FUND'S ASSETS UNDER MANAGEMENT WITHIN TWELVE MONTHS AFTER THE COMPANY'S MOST  
19 RECENT APPEARANCE ON THE LIST.

20 (b) ONE HUNDRED PER CENT OF ASSETS SHALL BE REMOVED FROM THE PUBLIC  
21 FUND'S ASSETS UNDER MANAGEMENT WITHIN EIGHTEEN MONTHS AFTER THE COMPANY'S  
22 MOST RECENT APPEARANCE ON THE LIST.

23 (c) IF A COMPANY THAT CEASED SCRUTINIZED ACTIVE BUSINESS OPERATIONS  
24 FOLLOWING ENGAGEMENT PURSUANT TO PARAGRAPH 3 RESUMES SUCH OPERATIONS,  
25 SUBDIVISION (a) SHALL IMMEDIATELY APPLY, AND THE PUBLIC FUND SHALL SEND A  
26 WRITTEN NOTICE TO THE COMPANY. THE COMPANY SHALL ALSO BE IMMEDIATELY  
27 REINTRODUCED ONTO THE LIST.

28 6. THE PUBLIC FUND SHALL NOT ACQUIRE SECURITIES OF COMPANIES ON THE  
29 SCRUTINIZED COMPANIES WITH ACTIVITIES IN THE IRAN PETROLEUM ENERGY SECTOR  
30 LIST THAT HAVE ACTIVE BUSINESS OPERATIONS, EXCEPT AS PROVIDED IN PARAGRAPHS 7  
31 AND 8.

32 7. A COMPANY FOR WHOM THE UNITED STATES PRESIDENT EXERCISES HIS WAIVER  
33 AUTHORITY OR THE UNITED STATES GOVERNMENT AFFIRMATIVELY DECLARES TO BE  
34 EXCLUDED FROM ITS PRESENT OR ANY FUTURE FEDERAL SANCTIONS REGIME RELATING TO  
35 IRAN SHALL NOT BE SUBJECT TO DIVESTMENT OR INVESTMENT PROHIBITION PURSUANT TO  
36 PARAGRAPHS 5 AND 6.

37 8. NOTWITHSTANDING ANY OTHER LAW, PARAGRAPHS 5 AND 6 DO NOT APPLY TO  
38 INDIRECT HOLDINGS IN ACTIVELY OR PASSIVELY MANAGED INVESTMENT FUNDS OR DIRECT  
39 HOLDINGS IN PASSIVELY MANAGED INVESTMENT FUNDS. THE PUBLIC FUND SHALL  
40 ANNUALLY SUBMIT LETTERS TO THE MANAGERS OF SUCH INVESTMENT FUNDS CONTAINING  
41 COMPANIES WITH SCRUTINIZED ACTIVE BUSINESS OPERATIONS REQUESTING THAT THEY  
42 CONSIDER REMOVING SUCH COMPANIES FROM THE FUND OR CREATE A SIMILAR ACTIVELY  
43 OR PASSIVELY MANAGED FUND DEVOID OF SUCH COMPANIES. IF THE MANAGER CREATES A  
44 SIMILAR FUND, THE USE OF WHICH WOULD NOT REQUIRE INCREASED FEES ON THE PART  
45 OF THE PUBLIC FUND, THE PUBLIC FUND SHALL REPLACE ALL APPLICABLE INVESTMENTS

1 WITH INVESTMENTS IN THE SIMILAR FUND IN A REASONABLE TIME FRAME CONSISTENT  
2 WITH PRUDENT INVESTING STANDARDS.

3 B. FOR THE PURPOSES OF THIS SECTION, PRIVATE FUNDS SHALL BE DEEMED TO  
4 BE INDIRECT HOLDINGS IN ACTIVELY MANAGED INVESTMENT FUNDS.

5 35-394. Reporting

6 A. THE PUBLIC FUND SHALL SUBMIT A PUBLICLY AVAILABLE REPORT TO THE  
7 UNITED STATES ATTORNEY GENERAL, THE SENATE AND THE HOUSE OF REPRESENTATIVES  
8 COMMITTEES THAT ARE RESPONSIBLE FOR RETIREMENT ISSUES, THE GOVERNOR AND THE  
9 CENTRAL PROCUREMENT OFFICER OF THIS STATE THAT INCLUDES THE SCRUTINIZED  
10 COMPANIES WITH ACTIVITIES IN THE IRAN PETROLEUM ENERGY SECTOR LIST WITHIN  
11 THIRTY DAYS AFTER THE LIST IS FIRST CREATED.

12 B. ON OR BEFORE JANUARY 31 OF EACH YEAR, THE PUBLIC FUND SHALL SUBMIT  
13 A PUBLICLY AVAILABLE REPORT TO THE UNITED STATES ATTORNEY GENERAL, THE SENATE  
14 AND THE HOUSE OF REPRESENTATIVES COMMITTEES THAT ARE RESPONSIBLE FOR  
15 RETIREMENT ISSUES, THE GOVERNOR AND THE CENTRAL PROCUREMENT OFFICER OF THIS  
16 STATE THAT INCLUDES ALL OF THE FOLLOWING:

17 1. A SUMMARY OF CORRESPONDENCE WITH COMPANIES ENGAGED BY THE PUBLIC  
18 FUND PURSUANT TO SECTION 35-393, SUBSECTION A, PARAGRAPHS 2 AND 3.

19 2. ALL INVESTMENTS SOLD, REDEEMED, DIVESTED OR WITHDRAWN PURSUANT TO  
20 SECTION 35-393, SUBSECTION A, PARAGRAPH 5.

21 3. ALL PROHIBITED INVESTMENTS PURSUANT TO SECTION 35-393, SUBSECTION  
22 A, PARAGRAPH 6.

23 4. ANY PROGRESS MADE PURSUANT TO SECTION 35-393, SUBSECTION A,  
24 PARAGRAPH 8.

25 5. ALL INVESTMENT COSTS ASSOCIATED WITH COMPLIANCE WITH SECTION  
26 35-393.

27 35-395. Other legal obligations: immunity

28 A. WITH RESPECT TO ACTIONS TAKEN IN COMPLIANCE WITH THIS ARTICLE,  
29 INCLUDING ALL GOOD FAITH DETERMINATIONS REGARDING COMPANIES AS REQUIRED BY  
30 THIS ARTICLE, A PUBLIC FUND, ITS BOARD OF DIRECTORS AND INDIVIDUAL BOARD  
31 MEMBERS, AGENTS, ATTORNEYS, TRUSTEES, OFFICERS, EMPLOYEES, CUSTODIANS,  
32 FIDUCIARIES, RESEARCH FIRMS AND INVESTMENT MANAGERS UNDER CONTRACT WITH THE  
33 PUBLIC FUND ARE EXEMPT FROM ANY CONFLICTING STATUTORY OR COMMON LAW  
34 OBLIGATIONS, INCLUDING ANY SUCH OBLIGATIONS WITH RESPECT TO CHOICE OF ASSET  
35 MANAGERS, INVESTMENT FUNDS OR INVESTMENTS FOR THE PUBLIC FUND'S SECURITIES  
36 PORTFOLIOS.

37 B. WITH RESPECT TO ALL ACTIONS TAKEN IN GOOD FAITH COMPLIANCE WITH  
38 THIS ARTICLE, A PUBLIC FUND, ITS BOARD OF DIRECTORS AND INDIVIDUAL BOARD  
39 MEMBERS, AGENTS, ATTORNEYS, TRUSTEES, OFFICERS, EMPLOYEES, CUSTODIANS,  
40 FIDUCIARIES, RESEARCH FIRMS AND INVESTMENT MANAGERS UNDER CONTRACT WITH THE  
41 PUBLIC FUND ARE IMMUNE FROM ANY LIABILITY.

42 C. A PUBLIC FUND, ITS BOARD OF DIRECTORS AND INDIVIDUAL BOARD MEMBERS,  
43 AGENTS, ATTORNEYS, TRUSTEES, OFFICERS, EMPLOYEES, CUSTODIANS, FIDUCIARIES,  
44 RESEARCH FIRMS AND INVESTMENT MANAGERS UNDER CONTRACT WITH THE PUBLIC FUND  
45 ARE INDEMNIFIED FROM THE STATE GENERAL FUND AND HELD HARMLESS BY THIS STATE

1 FROM ALL CLAIMS, DEMANDS, SUITS, ACTIONS, DAMAGES, JUDGMENTS, COSTS, CHARGES  
2 AND EXPENSES, INCLUDING COSTS AND ATTORNEY FEES, AND AGAINST ALL LIABILITY,  
3 LOSSES AND DAMAGES OF ANY NATURE THAT THE PUBLIC FUND, BOARD OF DIRECTORS AND  
4 INDIVIDUAL BOARD MEMBERS, AGENTS, ATTORNEYS, TRUSTEES, OFFICERS, EMPLOYEES,  
5 CUSTODIANS, FIDUCIARIES, RESEARCH FIRMS AND INVESTMENT MANAGERS UNDER  
6 CONTRACT WITH THE PUBLIC FUND MAY AT ANY TIME SUSTAIN BY REASON OF ANY  
7 DECISION TO RESTRICT, REDUCE OR ELIMINATE INVESTMENTS MADE IN GOOD FAITH  
8 COMPLIANCE WITH THIS ARTICLE.

9 35-396. Reinvestment in certain companies with scrutinized  
10 active business operations

11 NOTWITHSTANDING ANY OTHER LAW, THE PUBLIC FUND MAY CEASE DIVESTING FROM  
12 CERTAIN SCRUTINIZED COMPANIES PURSUANT TO SECTION 35-393 OR REINVEST IN  
13 CERTAIN SCRUTINIZED COMPANIES FROM WHICH IT DIVESTED PURSUANT TO SECTION  
14 35-393 IF A PREPONDERANCE OF THE EVIDENCE SHOWS THAT THE VALUE OF THE ASSETS  
15 OF THE AFFECTED ACCOUNT OF THE PUBLIC FUND BECOMES EQUAL TO OR LESS THAN  
16 NINETY-NINE AND ONE-HALF PER CENT OF THE HYPOTHETICAL VALUE OF THE ASSETS OF  
17 THE AFFECTED ACCOUNT OF THE PUBLIC FUND ASSUMING NO DIVESTMENT FOR ANY  
18 COMPANY HAD OCCURRED UNDER SECTION 35-393. FOR ANY CESSATION OF DIVESTMENT,  
19 REINVESTMENT OR SUBSEQUENT ONGOING INVESTMENT AUTHORIZED BY THIS SECTION, THE  
20 PUBLIC FUND SHALL PROVIDE A WRITTEN REPORT TO THE GOVERNOR, THE SENATE AND  
21 THE HOUSE OF REPRESENTATIVES COMMITTEES THAT ARE RESPONSIBLE FOR RETIREMENT  
22 ISSUES, IN ADVANCE OF INITIAL REINVESTMENT, UPDATED ANNUALLY THEREAFTER AS  
23 APPLICABLE, SETTING FORTH THE REASONS AND JUSTIFICATION, SUPPORTED BY A  
24 PREPONDERANCE OF THE EVIDENCE, FOR ITS DECISIONS TO CEASE DIVESTMENT,  
25 REINVEST OR REMAIN INVESTED IN COMPANIES WITH SCRUTINIZED ACTIVE BUSINESS  
26 OPERATIONS. THIS SECTION HAS NO APPLICATION TO REINVESTMENT IN COMPANIES ON  
27 THE GROUND THAT THEY HAVE CEASED TO HAVE SCRUTINIZED ACTIVE BUSINESS  
28 OPERATIONS.

29 35-397. Prohibition on government contracts

30 A. WITHIN THIRTY DAYS AFTER RECEIPT OF A REPORT REQUIRED BY SECTION  
31 35-394, THE CENTRAL PROCUREMENT OFFICER OF THIS STATE SHALL SEND A NOTICE TO  
32 THE SCRUTINIZED COMPANY INDICATING THAT THIS STATE AND ITS POLITICAL  
33 SUBDIVISIONS ARE PROHIBITED FROM PURCHASING ANY PRODUCT OR SERVICE FROM A  
34 SCRUTINIZED COMPANY UNTIL THE COMPANY IS NO LONGER ON THE SCRUTINIZED  
35 COMPANIES WITH ACTIVITIES IN THE IRAN PETROLEUM ENERGY SECTOR LIST. THIS  
36 PROHIBITION DOES NOT APPLY TO ANY EXISTING CONTRACT BUT DOES APPLY TO ANY NEW  
37 CONTRACT OR RENEWAL OF A CONTRACT.

38 B. THIS STATE AND POLITICAL SUBDIVISIONS OF THIS STATE SHALL ENSURE  
39 THAT EACH CONTRACT ENTERED INTO BY THE STATE OR POLITICAL SUBDIVISION OF THIS  
40 STATE FOR THE PROCUREMENT OF GOODS OR SERVICES INCLUDES A CLAUSE THAT  
41 REQUIRES THE CONTRACTOR TO CERTIFY TO THE CONTRACTING OFFICER THAT THE  
42 CONTRACTOR DOES NOT HAVE SCRUTINIZED BUSINESS OPERATIONS IN IRAN.

43 C. IF THIS STATE OR POLITICAL SUBDIVISION OF THIS STATE DETERMINES  
44 THAT THE CONTRACTOR HAS SUBMITTED A FALSE CERTIFICATION UNDER SUBSECTION B OF  
45 THIS SECTION, THE STATE OR POLITICAL SUBDIVISION MAY IMPOSE REMEDIES AS

1 PROVIDED BY LAW. ON THE DETERMINATION OF A FALSE CERTIFICATION UNDER  
2 SUBSECTION B OF THIS SECTION, THIS STATE OR POLITICAL SUBDIVISION OF THIS  
3 STATE MAY TERMINATE A COVERED CONTRACT.

4 D. THIS STATE OR POLITICAL SUBDIVISION OF THIS STATE SHALL NOTIFY THE  
5 CENTRAL PROCUREMENT OFFICER OF THIS STATE OF ANY CONTRACTOR THAT HAS  
6 SUBMITTED A FALSE CERTIFICATION UNDER SUBSECTION B OF THIS SECTION.

7 E. BASED ON INFORMATION REPORTED IN SECTION 35-394, THE CENTRAL  
8 PROCUREMENT OFFICER OF THIS STATE SHALL COMPILE AND MAKE AVAILABLE, ON AN  
9 ANNUAL BASIS, A LIST OF PARTIES WITH ACTIVITIES IN THE IRAN PETROLEUM ENERGY  
10 SECTOR EXCLUDED FROM ARIZONA PROCUREMENT.

11 F. BASED ON INFORMATION REPORTED IN SECTION 35-394, THE CENTRAL  
12 PROCUREMENT OFFICER OF THIS STATE MAY SUSPEND A CONTRACTOR FROM ELIGIBILITY  
13 FOR STATE OR POLITICAL SUBDIVISION CONTRACTS UPON THE NOTIFICATION FROM THE  
14 STATE OR POLITICAL SUBDIVISION OF A FALSE CERTIFICATION UNDER SUBSECTION B OF  
15 THIS SECTION. THE SUSPENSION PERIOD SHALL NOT EXCEED THREE YEARS.

16 G. THIS SECTION DOES NOT LIMIT THE USE OF OTHER REMEDIES AVAILABLE TO  
17 THIS STATE OR A POLITICAL SUBDIVISION OF THIS STATE OR ANY OTHER OFFICIAL OF  
18 THIS STATE THE BASIS OF A FALSE CERTIFICATION UNDER SUBSECTION B OF THIS  
19 SECTION.

20 H. THE GOVERNOR MAY WAIVE THE REQUIREMENTS OF SUBSECTION A OR B OF  
21 THIS SECTION ON A CASE-BY-CASE BASIS IF THE GOVERNOR DETERMINES AND CERTIFIES  
22 IN WRITING TO THE CENTRAL PROCUREMENT OFFICER OF THIS STATE THAT IT IS IN THE  
23 STATE'S BEST INTEREST TO DO SO.

24 I. WITHIN ONE YEAR AFTER THE EFFECTIVE DATE OF THIS SECTION, THE  
25 CENTRAL PROCUREMENT OFFICER OF THIS STATE SHALL PROVIDE A WRITTEN REPORT TO  
26 THE GOVERNOR, THE SENATE AND THE HOUSE OF REPRESENTATIVES COMMITTEES THAT ARE  
27 RESPONSIBLE FOR RETIREMENT ISSUES ON THE ACTIONS TAKEN UNDER THIS SECTION.

28 J. THIS SECTION APPLIES TO ALL AFFILIATED COMPANIES AND SUBSIDIARIES  
29 OF THE COMPANY.

30 Sec. 2. Appropriation; Arizona state retirement system;  
31 exemption

32 A. The sum of \$30,000 and one-half FTE position is appropriated from  
33 the Arizona state retirement system administration account in fiscal year  
34 2008-2009 to the Arizona state retirement system for the administrative  
35 implementation of this act.

36 B. The appropriation made in subsection A of this section is exempt  
37 from the provisions of section 35-190, Arizona Revised Statutes, relating to  
38 lapsing of appropriations.

39 Sec. 3. Delayed repeal; condition; notice

40 A. Title 35, chapter 2, article 7, Arizona Revised Statutes, as added  
41 by this act, is repealed as of the earliest date that any of the following  
42 occurs:

43 1. The United States Congress or President of the United States  
44 affirmatively and unambiguously states, by means including legislation,  
45 executive order or written certification from the President to Congress, that

1 the government of Iran has ceased to pursue the capabilities to develop  
2 nuclear weapons and support international terrorism.

3 2. The United States revokes all sanctions imposed against the  
4 government of Iran.

5 3. The United States Congress or President of the United States  
6 affirmatively and unambiguously states, by means including legislation,  
7 executive order or written certification from the President to Congress, that  
8 divestment of the type provided for in this act interferes with the conduct  
9 of United States foreign policy.

10 4. Public Law 104-172, the Iran Sanctions Act of 1996, and its  
11 amendments are repealed.

12 5. July 1, 2013.

13 B. The director of the Arizona state retirement system shall notify in  
14 writing the director of the Arizona legislative council of this date.

15 Sec. 4. Emergency

16 This act is an emergency measure that is necessary to preserve the  
17 public peace, health or safety and is operative immediately as provided by  
18 law.