

REFERENCE TITLE: establishment of state-owned bank.

State of Arizona
House of Representatives
Fifty-second Legislature
First Regular Session
2015

HB 2270

Introduced by
Representative Mendez

AN ACT

AMENDING TITLE 6, ARIZONA REVISED STATUTES, BY ADDING CHAPTER 18; AMENDING TITLE 41, CHAPTER 27, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-3025.01; RELATING TO THE BANK OF ARIZONA.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Title 6, Arizona Revised Statutes, is amended by adding
3 chapter 18, to read:

4 CHAPTER 18

5 BANK OF ARIZONA

6 ARTICLE 1. GENERAL PROVISIONS

7 6-1801. Establishment of bank of Arizona

8 A. THIS STATE SHALL ENGAGE IN THE BUSINESS OF BANKING AND SHALL
9 MAINTAIN A SYSTEM OF BANKING OWNED, CONTROLLED AND OPERATED BY THIS STATE
10 UNDER THE NAME OF THE BANK OF ARIZONA.

11 B. THE BANK OF ARIZONA MUST COMPLY WITH CHAPTER 2 OF THIS TITLE.

12 6-1802. Bank of Arizona commission duties

13 THE BANK OF ARIZONA COMMISSION SHALL OPERATE, MANAGE AND CONTROL THE
14 BANK OF ARIZONA, LOCATE AND MAINTAIN ITS PLACES OF BUSINESS, OF WHICH THE
15 PRINCIPAL PLACE MUST BE IN THIS STATE, AND MAKE AND ENFORCE ORDERS, RULES AND
16 BYLAWS FOR THE TRANSACTION OF ITS BUSINESS. THE BUSINESS AND FINANCIAL
17 TRANSACTIONS OF THE BANK, IN ADDITION TO OTHER MATTERS SPECIFIED IN THIS
18 CHAPTER, MAY INCLUDE ANYTHING THAT ANY BANK OR BANK HOLDING COMPANY MAY
19 LAWFULLY DO, EXCEPT THAT THE BANK OF ARIZONA MAY NOT GIVE OR LEND THE STATE'S
20 CREDIT EXCEPT AS ALLOWED BY ARTICLE IX, SECTION 7, CONSTITUTION OF ARIZONA.
21 THIS SECTION DOES NOT LIMIT OR QUALIFY EITHER THE POWERS OF THE BANK OF
22 ARIZONA COMMISSION OR THE FUNCTIONS OF THE BANK OF ARIZONA. THE POWERS OF
23 THE BANK OF ARIZONA COMMISSION AND THE FUNCTIONS OF THE BANK OF ARIZONA MUST
24 BE IMPLEMENTED THROUGH ACTIONS TAKEN AND POLICIES ADOPTED BY THE BANK OF
25 ARIZONA COMMISSION.

26 6-1803. Bank of Arizona advisory board of directors; terms

27 A. THE ADVISORY BOARD OF DIRECTORS TO THE BANK OF ARIZONA IS
28 ESTABLISHED CONSISTING OF THE FOLLOWING SEVEN PERSONS:

29 1. ONE MEMBER OF THE SENATE WHO IS APPOINTED BY THE PRESIDENT OF THE
30 SENATE.

31 2. ONE MEMBER OF THE HOUSE OF REPRESENTATIVES WHO IS APPOINTED BY THE
32 SPEAKER OF THE HOUSE OF REPRESENTATIVES.

33 3. THREE PERSONS WHO ARE APPOINTED BY THE STATE TREASURER.

34 4. TWO PUBLIC MEMBERS WHO ARE APPOINTED BY THE GOVERNOR.

35 B. THE TERMS OF MEMBERS APPOINTED PURSUANT TO SUBSECTION A, PARAGRAPH
36 3 OR 4 OF THIS SECTION ARE FOUR YEARS.

37 C. APPOINTED MEMBERS SERVE AT THE PLEASURE OF THE PERSON WHO MADE THE
38 APPOINTMENT.

39 6-1804. Duties of the bank of Arizona advisory board of
40 directors

41 THE ADVISORY BOARD OF DIRECTORS TO THE BANK OF ARIZONA SHALL:

42 1. ESTABLISH THE BANK OF ARIZONA COMMISSION TO MANAGE AND OPERATE THE
43 BANK OF ARIZONA.

44 2. MEET REGULARLY WITH THE MANAGEMENT OF THE BANK OF ARIZONA TO REVIEW
45 THE BANK'S OPERATIONS TO DETERMINE WHETHER RECOMMENDATIONS SHOULD BE MADE BY

1 THE BOARD TO THE BANK OF ARIZONA COMMISSION RELATING TO IMPROVED MANAGEMENT
2 PERFORMANCE, BETTER CUSTOMER SERVICE AND OVERALL IMPROVEMENT IN INTERNAL
3 METHODS, PROCEDURES AND OPERATING POLICIES OF THE BANK.

4 3. MAKE RECOMMENDATIONS TO THE BANK OF ARIZONA COMMISSION RELATING TO
5 THE ESTABLISHMENT OF ADDITIONAL OBJECTIVES FOR THE OPERATION OF THE BANK OF
6 ARIZONA.

7 4. MAKE RECOMMENDATIONS TO THE BANK OF ARIZONA COMMISSION CONCERNING
8 THE APPOINTMENT OF OFFICERS OF THE BANK OF ARIZONA.

9 5. MEET REGULARLY WITH THE BANK OF ARIZONA COMMISSION TO PRESENT ANY
10 RECOMMENDATIONS CONCERNING THE BANK OF ARIZONA.

11 6-1805. Bank president and employees; compensation

12 THE BANK OF ARIZONA COMMISSION SHALL EMPLOY OFFICERS, EMPLOYEES AND
13 AGENTS AS THE BANK OF ARIZONA COMMISSION DEEMS NECESSARY AND IN THE INTERESTS
14 OF THIS STATE AND SHALL PRESCRIBE THE DUTIES, DESIGNATE THE TITLES AND FIX
15 THE COMPENSATION OF ALL APPOINTED PERSONS.

16 6-1806. Removal and discharge of appointees

17 THE BANK OF ARIZONA COMMISSION MAY REMOVE AND DISCHARGE ANY PERSON
18 APPOINTED PURSUANT TO THIS CHAPTER EXCEPT A PERSON APPOINTED PURSUANT TO
19 SECTION 6-1803.

20 6-1807. State monies deposited in bank of Arizona; income of
21 the bank

22 A. ALL STATE MONIES MUST BE DEPOSITED IN THE BANK OF ARIZONA BY THE
23 PERSONS HAVING CONTROL OF THE MONIES OR MUST BE DEPOSITED IN ACCORDANCE WITH
24 CONSTITUTIONAL AND STATUTORY PROVISIONS.

25 B. ALL INCOME EARNED BY THE BANK FOR ITS OWN ACCOUNT ON STATE MONIES
26 THAT ARE DEPOSITED IN OR INVESTED WITH THE BANK TO THE CREDIT OF THIS STATE
27 MUST BE CREDITED TO AND BECOME A PART OF THE REVENUES AND INCOME OF THE BANK.

28 6-1808. Guaranty of deposits; exemption from all taxation

29 ALL DEPOSITS IN THE BANK OF ARIZONA ARE GUARANTEED BY THIS STATE. THE
30 DEPOSITS ARE EXEMPT FROM ALL STATE, COUNTY AND MUNICIPAL TAXES.

31 6-1809. Clearinghouse

32 FOR BANKS THAT MAKE THE BANK OF ARIZONA A RESERVE DEPOSITARY, THE BANK
33 OF ARIZONA MAY PERFORM THE FUNCTIONS AND RENDER THE SERVICES OF A
34 CLEARINGHOUSE, INCLUDING ALL FACILITIES FOR PROVIDING DOMESTIC AND FOREIGN
35 EXCHANGE, AND MAY REDISCOUNT PAPER, ON TERMS THAT THE BANK OF ARIZONA
36 COMMISSION PRESCRIBES.

37 6-1810. Powers

38 THE BANK OF ARIZONA MAY MAKE, PURCHASE, GUARANTEE OR HOLD LOANS TO ALL
39 PERSONS IN THIS STATE AS PRESCRIBED BY THE BANK OF ARIZONA ADVISORY BOARD OF
40 DIRECTORS AND THE BANK OF ARIZONA.

41 6-1811. Limitations on loans

42 NOTWITHSTANDING ANY OTHER LAW, THE BANK OF ARIZONA MAY NOT MAKE ANY
43 LOAN OR OTHERWISE GIVE ITS CREDIT TO A MEMBER OF THE BANK OF ARIZONA
44 COMMISSION OR THE ADVISORY BOARD OF DIRECTORS TO THE BANK OF ARIZONA. BEFORE
45 TAKING OFFICE, A MEMBER OF THE BANK OF ARIZONA COMMISSION MUST FILE A

1 STATEMENT WITH THE BANK OF ARIZONA INDICATING ANY PERSONAL INTEREST THAT THE
2 MEMBER HAS IN ANY LOAN OR LOAN APPLICATION IN EXISTENCE OR PENDING AT ANY
3 TIME DURING THE MEMBER'S TERM ON THE COMMISSION.

4 Sec. 2. Title 41, chapter 27, article 2, Arizona Revised Statutes, is
5 amended by adding section 41-3025.01, to read:

6 41-3025.01. Bank of Arizona commission and the advisory board
7 of directors to the bank of Arizona; termination
8 July 1, 2025

9 A. THE BANK OF ARIZONA COMMISSION AND THE ADVISORY BOARD OF DIRECTORS
10 TO THE BANK OF ARIZONA TERMINATE ON JULY 1, 2025.

11 B. TITLE 6, CHAPTER 18 IS REPEALED ON JANUARY 1, 2026.

12 Sec. 3. Purpose

13 Pursuant to section 41-2955, subsection E, Arizona Revised Statutes,
14 the legislature establishes the bank of Arizona commission and the advisory
15 board of directors to the bank of Arizona to operate, manage and control a
16 state-owned bank in Arizona.

17 Sec. 4. Initial terms of members of the bank of Arizona
18 advisory board of directors

19 A. Notwithstanding section 6-1803, Arizona Revised Statutes, the
20 initial terms of members of the advisory board of directors to the bank of
21 Arizona appointed pursuant to section 6-1803, subsection A, paragraphs 3 and
22 4, Arizona Revised Statutes, are:

23 1. Two terms ending July 1, 2017.

24 2. Three terms ending July 1, 2019.

25 B. All subsequent appointments shall be made as prescribed by statute.