

REFERENCE TITLE: establishment of state-owned bank

State of Arizona
House of Representatives
Fifty-sixth Legislature
First Regular Session
2023

HB 2610

Introduced by
Representatives Sun: Austin, Hernandez L, Hernandez M, Ortiz, Seaman,
Travers

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 41-3033.01; RELATING TO BANKS.

(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; examination

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

26 B. AFTER THE FIRST YEAR THE BANK OF ARIZONA IS CREATED, AND
27 ANNUALLY THEREAFTER, THE BANK OF ARIZONA COMMISSION SHALL EXAMINE THE BANK
28 OF ARIZONA TO ENSURE COMPLIANCE WITH THE LAWS OF THIS STATE.

29 C. THE BANK OF ARIZONA COMMISSION SHALL EVALUATE WHETHER THE BANK
30 OF ARIZONA IS IN COMPLIANCE WITH ITS BUSINESS PLAN. THE BANK OF ARIZONA
31 COMMISSION'S EXAMINATION SHALL BE MADE AVAILABLE TO THE PUBLIC ON A
32 PUBLICLY ACCESSIBLE WEBSITE SIX MONTHS AFTER THE EXAMINATION IS COMPLETED.

33 6-1803. Advisory board of directors; terms; requirements;
34 appointment of chief executive officer; business
35 plan; public meetings; public records

36 A. THE ADVISORY BOARD OF DIRECTORS TO THE BANK OF ARIZONA IS
37 ESTABLISHED CONSISTING OF NINE MEMBERS. THE STATE TREASURER OR THE STATE
38 TREASURER'S DESIGNEE SHALL BE ONE MEMBER, AND THE REMAINING EIGHT MEMBERS
39 SHALL BE APPOINTED BY THE STATE TREASURER AND HAVE THE FOLLOWING
40 EXPERIENCE:

41 1. TWO MEMBERS WHO HAVE EXPERIENCE IN THE OPERATION OF COMMUNITY
42 DEVELOPMENT FINANCIAL INSTITUTIONS THAT SERVES UNDERSERVED COMMUNITIES.

43 2. ONE MEMBER WHO HAS EXPERIENCE WITH STATE-CHARTERED DEPOSITORY
44 INSTITUTIONS DOING BUSINESS PRIMARILY IN THIS STATE.

- 1 3. ONE MEMBER WHO HAS EXPERIENCE WITH CREDIT UNIONS OR COOPERATIVE
2 BANKS.
- 3 4. ONE MEMBER WHO HAS EXPERIENCE WITH SMALL BUSINESS ENTERPRISES
4 LOCATED IN THIS STATE.
- 5 5. ONE MEMBER WHO HAS EXPERIENCE WITH PUBLIC FINANCE AND ECONOMIC
6 DEVELOPMENT.
- 7 6. ONE MEMBER WHO HAS EXPERIENCE IN LOCAL GOVERNMENT AND
8 ADMINISTRATION.
- 9 7. ONE MEMBER WHO HAS EXPERIENCE IN ENVIRONMENTALLY CONSCIOUS
10 FINANCING.
- 11 B. THE ADVISORY BOARD MUST REFLECT THE GEOGRAPHICAL, RACIAL AND
12 GENDER DIVERSITY OF THIS STATE. THE ADVISORY BOARD MUST REPRESENT THE
13 GEOGRAPHIC AREAS, INCLUDING URBAN, RURAL AND SUBURBAN AREAS OF THIS STATE.
- 14 C. THE GOVERNOR SHALL REVIEW THE EIGHT APPOINTED MEMBERS TO ENSURE
15 THAT THE ADVISORY BOARD HAS EXPERIENCE WITH THE SUBJECT AREAS PROVIDED IN
16 SUBSECTION A OF THIS SECTION AND THAT THE ADVISORY BOARD COLLECTIVELY HAS
17 BROAD KNOWLEDGE OF THE ECONOMIC NEEDS OF THIS STATE.
- 18 D. EACH BOARD MEMBER SHALL BE A RESIDENT OF THIS STATE FOR AT LEAST
19 NINETY DAYS BEFORE THE APPOINTMENT, AND EXCEPT FOR THE STATE TREASURER AND
20 THE STATE TREASURER'S DESIGNEE, AN ADVISORY BOARD MEMBER MAY NOT:
- 21 1. BE A CANDIDATE FOR FEDERAL, STATE OR LOCAL ELECTED OFFICE.
22 2. HOLD AN APPOINTED OFFICE IN A FEDERAL, STATE OR LOCAL GOVERNMENT
23 OR HAVE SERVED IN AN APPOINTED OFFICE WITHIN FOUR YEARS PRECEDING THE
24 APPOINTMENT.
- 25 3. SERVE AS AN OFFICIAL IN A POLITICAL PARTY OR HAVE SERVED AS AN
26 OFFICIAL WITHIN THE FOUR YEARS PRECEDING THE APPOINTMENT.
- 27 E. EXCEPT THE STATE TREASURER OR THE STATE TREASURER'S DESIGNEE, AN
28 ADVISORY BOARD MEMBER SHALL SERVE A TERM OF FOUR YEARS AND MAY BE
29 REAPPOINTED FOR ONLY ONE ADDITIONAL TERM. AN ADVISORY BOARD MEMBER MAY
30 CONTINUE TO SERVE UNTIL A REPLACEMENT IS APPOINTED. THE ADVISORY BOARD
31 MEMBERS SHALL TAKE AN OATH TO EXECUTE THEIR DUTIES FAITHFULLY AND
32 IMPARTIALLY. EXCEPT THE STATE TREASURER OR THE STATE TREASURER'S
33 DESIGNEE, THE ADVISORY BOARD SHALL BE COMPENSATED AT SUCH A RATE AS THE
34 DEPARTMENT OF ADMINISTRATION DEEMS NECESSARY AND APPROPRIATE TO EFFECTUATE
35 THE DUTIES OF THE ADVISORY BOARD.
- 36 F. THE ADVISORY BOARD SHALL ELECT A CHAIRPERSON BY A MAJORITY VOTE.
37 AN ELECTION OF THE ADVISORY BOARD CHAIRPERSON SHALL TAKE PLACE IF:
- 38 1. THE CHAIRPERSON'S TERM ON THE ADVISORY BOARD ENDS WITHOUT
39 REAPPOINTMENT.
- 40 2. TWO OR MORE ADVISORY BOARD MEMBER'S CALL FOR AN ELECTION.
- 41 G. A MAJORITY VOTE IS REQUIRED FOR ACTIONS TAKEN BY THE ADVISORY
42 BOARD AND SEVEN ADVISORY BOARD MEMBERS CONSTITUTES A QUORUM.
- 43 H. THE ADVISORY BOARD SHALL CONVENE A PUBLIC MEETING QUARTERLY OR
44 AT THE REQUEST OF THE CHAIRPERSON OR FOUR ADVISORY BOARD MEMBERS. THE
45 ADVISORY BOARD MAY ADOPT POLICIES AND PROCEDURES TO ASSIST IN THE

1 ADMINISTRATION OF ADVISORY BOARD BUSINESS. THE ADVISORY BOARD SHALL
2 ANNUALLY ELECT A SECRETARY TO KEEP THE MINUTES OF THE PROCEEDINGS OF THE
3 ADVISORY BOARD AND SERVE AS THE CUSTODIAN OF RECORDS.

4 I. THE ADVISORY BOARD IS SUBJECT TO:

- 5 1. OPEN MEETING LAWS, TITLE 38, CHAPTER 3, ARTICLE 3.1.
- 6 2. CONFLICT OF INTEREST LAWS, TITLE 38, CHAPTER 3, ARTICLE 8.
- 7 3. PUBLIC RECORDS LAWS, TITLE 39, CHAPTER 1.

8 J. THE ADVISORY BOARD SHALL APPOINT A CHIEF EXECUTIVE OFFICER OF
9 THE BANK OF ARIZONA BY A TWO-THIRDS VOTE OF THE FULL ADVISORY BOARD, AND
10 THE CHIEF EXECUTIVE OFFICER MAY NOT BE A MEMBER OF THE ADVISORY BOARD. IF
11 A MAJORITY OF THE ADVISORY BOARD MEMBERS DECLARE A VOTE OF NO CONFIDENCE
12 IN THE CURRENT CHIEF EXECUTIVE OFFICER, THE CHIEF EXECUTIVE OFFICER SHALL
13 BE TERMINATED, AND THE BOARD SHALL INITIATE THE PROCESS OF HIRING A NEW
14 CHIEF EXECUTIVE OFFICER IMMEDIATELY. IN THE CASE OF AN ABSENCE OR VACANCY
15 OF THE CHIEF EXECUTIVE OFFICER OR IN THE CASE OF DISABILITY AS DETERMINED
16 BY THE ADVISORY BOARD, THE ADVISORY BOARD MAY DESIGNATE AN INTERIM CHIEF
17 EXECUTIVE OFFICER BY MAJORITY VOTE TO SERVE AS THE CHIEF EXECUTIVE OFFICER
18 UNTIL THE VACANCY IS FILLED OR UNTIL THE ABSENCE OR DISABILITY ENDS.
19 NOTWITHSTANDING ANY OTHER LAW, ALL MATTERS OF EMPLOYMENT REGARDING THE
20 CHIEF EXECUTIVE OFFICER OR INTERIM CHIEF EXECUTIVE OFFICER SHALL BE
21 CONFIDENTIAL, AND THE CHIEF EXECUTIVE OFFICER OR INTERIM CHIEF EXECUTIVE
22 OFFICER MAY NOT ATTEND EXECUTIVE SESSIONS.

23 K. THE CHIEF EXECUTIVE OFFICER OR INTERIM CHIEF EXECUTIVE OFFICER
24 SHALL:

- 25 1. SERVE AT THE PLEASURE OF THE ADVISORY BOARD.
- 26 2. RECEIVE COMPENSATION THAT IS COMMENSURATE WITH THE POSITION.
- 27 3. BE EMPLOYED FULL TIME.
- 28 4. HAVE THE EDUCATION, SKILLS AND KNOWLEDGE IN MANAGEMENT AND
29 BANKING.
- 30 5. BE RESPONSIBLE FOR ADMINISTERING AND ENFORCING THE
31 ADMINISTRATION THE BANK OF ARIZONA.

32 6. BE RESPONSIBLE FOR ALL ASPECTS OF THE BANKS MANAGEMENT,
33 INCLUDING ITS PHYSICAL FACILITIES, INVESTMENTS, LOAN PORTFOLIO,
34 ACCOUNTING, RISK MANAGEMENT AND REGULATORY COMPLIANCE AND DRAFT AND
35 EXECUTE A BUSINESS PLAN. THE BUSINESS PLAN SHALL DESCRIBE THE BANK OF
36 ARIZONA'S STRATEGY FOR ACHIEVING AND MAINTAINING SOUND AND RESPONSIBLE
37 OPERATION WHILE ENHANCING THE ECONOMIC WELL BEING OF THIS STATE AND ITS
38 CITIZENRY. THE BUSINESS PLAN SHALL BE UPDATED AT LEAST ONCE EVERY FOUR
39 YEARS OR MORE FREQUENTLY AS NECESSARY. THE CHIEF EXECUTIVE OFFICER SHALL
40 SEND A COPY OF THE INITIAL BUSINESS PLAN TO THE ENTIRE ADVISORY BOARD
41 SIMULTANEOUSLY AT LEAST THIRTY DAYS BEFORE THE NEXT ADVISORY BOARD
42 MEETING. THE BUSINESS PLAN IS A PUBLIC RECORD AND THE CHIEF EXECUTIVE
43 OFFICER SHALL MAKE THE BUSINESS PLAN ACCESSIBLE ON ITS PUBLICLY ACCESSIBLE
44 WEBSITE.

1 L. WITHIN THIRTY DAYS AFTER THE ADVISORY BOARD MEETING, THE
2 CHAIRPERSON OF THE ADVISORY BOARD SHALL COMBINE THE COMMENTS EXPRESSED
3 FROM OTHER ADVISORY BOARD MEMBERS AND PUBLIC COMMENTS INTO A CONCISE LIST
4 OF MODIFICATIONS AND DISTRIBUTE THE LIST TO THE ADVISORY BOARD MEMBERS.
5 THE ADVISORY BOARD SHALL PROMPTLY CONVEY THESE RECOMMENDATIONS, TOGETHER
6 WITH ANY COMMENTS OF ITS OWN, TO THE CHIEF EXECUTIVE OFFICER. THE CHIEF
7 EXECUTIVE OFFICER SHALL PREPARE A NEW DRAFT OF THE BUSINESS PLAN AND
8 INCORPORATE REASONABLE RECOMMENDATIONS FROM THE LIST INTO THE BUSINESS
9 PLAN WITHIN THIRTY DAYS OF RECEIVING THE LIST.

10 6-1804. Duties of the bank of Arizona advisory board of
11 directors

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

13 1. ESTABLISH THE BANK OF ARIZONA COMMISSION TO MANAGE AND OPERATE
14 THE BANK OF ARIZONA.

15 2. MEET REGULARLY WITH THE MANAGEMENT OF THE BANK OF ARIZONA TO
16 REVIEW THE BANK'S OPERATIONS TO DETERMINE WHETHER RECOMMENDATIONS SHOULD
17 BE MADE BY THE BOARD TO THE BANK OF ARIZONA COMMISSION RELATING TO
18 IMPROVED MANAGEMENT PERFORMANCE, BETTER CUSTOMER SERVICE AND OVERALL
19 IMPROVEMENT IN INTERNAL METHODS, PROCEDURES AND OPERATING POLICIES OF THE
20 BANK.

21 3. MAKE RECOMMENDATIONS TO THE BANK OF ARIZONA COMMISSION RELATING
22 TO ESTABLISHING ADDITIONAL OBJECTIVES FOR OPERATING THE BANK OF ARIZONA.

23 4. MAKE RECOMMENDATIONS TO THE BANK OF ARIZONA COMMISSION
24 CONCERNING APPOINTING OFFICERS OF THE BANK OF ARIZONA.

25 5. MEET REGULARLY WITH THE BANK OF ARIZONA COMMISSION TO PRESENT
26 ANY RECOMMENDATIONS CONCERNING THE BANK OF ARIZONA.

27 6-1805. Chief executive officer and employees; compensation

28 THE BANK OF ARIZONA COMMISSION SHALL EMPLOY OFFICERS, EMPLOYEES AND
29 AGENTS AS THE BANK OF ARIZONA COMMISSION DEEMS NECESSARY AND IN THE
30 INTERESTS OF THIS STATE AND SHALL PRESCRIBE THE DUTIES, DESIGNATE THE
31 TITLES AND FIX THE COMPENSATION OF ALL APPOINTED PERSONS.

32 6-1806. Removal and discharge of appointees

33 THE BANK OF ARIZONA COMMISSION MAY REMOVE AND DISCHARGE ANY PERSON
34 APPOINTED PURSUANT TO THIS CHAPTER EXCEPT A PERSON APPOINTED PURSUANT TO
35 SECTION 6-1803.

36 6-1807. Bank of Arizona; powers and duties

37 THE BANK OF ARIZONA SHALL:

38 1. ASSIST BUSINESSES AND MUNICIPALITIES IN RECOVERING FROM THE
39 ECONOMIC REPERCUSSIONS OF THE COVID-19 PANDEMIC.

40 2. EXPAND AFFORDABLE AND SUSTAINABLE FINANCING IN THIS STATE.

41 3. ENABLE THIS STATE TO SHARE IN THE BENEFITS EXTENDED BY THE
42 FEDERAL RESERVE TO LENDING INSTITUTIONS.

43 4. ENSURE THAT A SIGNIFICANT PORTION OF PUBLIC REVENUES FUNCTION AS
44 DEPOSITS TO FINANCE ECONOMIC ACTIVITY WITHIN THIS STATE, AS OPPOSED TO
45 FINANCING ACTIVITY OUT-OF-STATE.

- 1 5. STRENGTHEN STATE-CHARTERED BANKS, INCLUDING THROUGH
2 PARTICIPATORY LOAN PROGRAMS.
- 3 6. SUPPORT STATE-BASED PUBLIC, QUASI-PUBLIC AGENCIES AND NONPROFIT
4 ORGANIZATIONS, INCLUDING COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS,
5 COMMUNITY DEVELOPMENT CORPORATIONS AND ECONOMIC DEVELOPMENT CORPORATIONS.
- 6 7. RESPOND TO THE UNMET AFFORDABLE FINANCING NEEDS OF
7 MUNICIPALITIES IN THIS STATE.
- 8 8. SUPPORT SMALL AND MEDIUM-SIZED ENTERPRISES IN THIS STATE,
9 ESPECIALLY IN UNDERSERVED COMMUNITIES OR IN LINES OF BUSINESS WHERE
10 TRADITIONAL SOURCES OF FINANCING ARE NOT AVAILABLE.
- 11 9. ASSIST WORKERS AND COMMUNITIES IN CREATING JOBS BY SUPPORTING
12 COOPERATIVE BUSINESS MODELS, INCLUDING WORKER-OWNED COOPERATIVE
13 ENTERPRISES.
- 14 10. INCREASE AVAILABLE AFFORDABLE HOUSING OPTIONS FOR ALL RESIDENTS
15 IN THIS STATE.
- 16 11. PROMOTE SUSTAINABLE AGRICULTURAL PRODUCTION, ADDRESS FOOD
17 INSECURITY, AND PROVIDE FINANCING FOR RURAL BUSINESS CONCERNS TAILORED TO
18 THE RESOURCE CHALLENGES RURAL BUSINESSES FACE.
- 19 12. ADDRESS THE HISTORIC AND CURRENT ECONOMIC INEQUITIES
20 EXPERIENCED BY THIS STATE'S COMMUNITIES OF COLOR, THEIR NEIGHBORHOODS AND
21 THEIR ENTERPRISES THROUGH AFFORDABLE FINANCING.
- 22 13. OFFER AFFORDABLE FINANCING TO NONPROFIT AND COMMUNITY-BASED
23 ORGANIZATIONS THAT WORK TO ADDRESS THE RESULTS OF RACIAL INJUSTICE.
- 24 14. ADDRESS THE HISTORIC AND CURRENT DISADVANTAGES EXPERIENCED BY
25 THIS STATE'S WOMEN-OWNED ENTERPRISES WITH AFFORDABLE FINANCING, AS WELL AS
26 COMMUNITY-BASED ORGANIZATIONS THAT WORK FOR WOMEN'S ECONOMIC AND SOCIAL
27 EQUITY.
- 28 15. SUPPORT THE URGENT EXPANSION AND DEVELOPMENT OF PUBLIC AND
29 PRIVATE MEASURES TO MITIGATE THE GRAVE DANGERS THAT CLIMATE CHANGE POSES
30 TO THE PUBLIC AND TO PROMOTE SUBSTANTIAL REDUCTIONS IN GREENHOUSE GAS
31 EMISSIONS.
- 32 16. PROVIDE FINANCING, EITHER DIRECTLY, THROUGH PARTICIPATION LOAN
33 OR INDIRECTLY THROUGH INTERMEDIARIES SUCH AS COMMUNITY DEVELOPMENT
34 FINANCIAL INSTITUTIONS, THAT IS LONG-TERM AND FLEXIBLE IN ITS TERMS AND
35 USE, INCLUDING DEBT, AND UNDER CERTAIN CONDITIONS, EQUITY AND ALL WITH THE
36 PURPOSE OF FILLING A CAPITAL GAP AND SUPPORTING THE BANK OF ARIZONA'S
37 INITIATIVES.
- 38 17. BE SUPERVISED FOR SAFETY AND SOUNDNESS BY THE DEPARTMENT.
- 39 18. EXERCISE ITS POWERS TO SUPPORT ELIGIBLE RECIPIENTS BY PROVIDING
40 THOSE RECIPIENTS WITH AFFORDABLE FINANCING.
- 41 19. PETITION TO BECOME A MEMBER OF THE FEDERAL RESERVE SYSTEM, BUT
42 THE BANK OF ARIZONA IS NOT AUTHORIZED TO BECOME A MEMBER OF THE FEDERAL
43 DEPOSIT INSURANCE CORPORATION.

1 20. PURSUE ITS GOALS THROUGH AFFILIATES, TO BE ESTABLISHED UNDER
2 THE SAME RULES AND REGULATIONS THAT APPLY TO OTHER STATE-CHARTERED
3 DEPOSITORY INSTITUTIONS TO THE EXTENT CONVENIENT FOR ITS OPERATIONS.

4 6-1808. Bank of Arizona; eligible recipients

5 A. THE BANK OF ARIZONA SHALL USE ITS POWERS TO EXTEND AFFORDABLE
6 FINANCING TO THE FOLLOWING ELIGIBLE RECIPIENTS:

7 1. PUBLIC OR QUASI-PUBLIC ENTITIES, INCLUDING MUNICIPALITIES THAT
8 ARE LOCATED WITHIN THIS STATE, ENTERPRISES MANAGED IN WHOLE OR IN PART BY
9 MUNICIPALITIES AND PUBLIC OR QUASI-PUBLIC ENTITIES THAT ARE LOCATED IN AND
10 PRIMARILY SERVING THIS STATE.

11 2. NONPROFIT ORGANIZATIONS THAT ARE EXEMPT FROM FEDERAL TAXATION
12 UNDER 26 UNITED STATES CODE SECTION 501(c)(3) AND WHOSE PRIMARY GOAL IS TO
13 BENEFIT THIS STATE OR ITS RESIDENTS THROUGH COMMUNITY DEVELOPMENT.

14 3. LAND TRUSTS.

15 4. ENTITIES OPERATING AS, OR TRANSITIONING TO BE COOPERATIVES THAT
16 INCLUDES HOUSING, WORKER AND CONSUMER COOPERATIVES, EMPLOYEE STOCK
17 OWNERSHIP PLANS AND WORKER-OWNED COOPERATIVE ENTERPRISES.

18 5. ENTITIES CREATED BY FINANCIAL INSTITUTIONS THAT POOL FUNDS TO
19 LEND FOR AFFORDABLE HOUSING DEVELOPMENT.

20 6. DEVELOPERS OF HOUSING OR PRESERVATION PROJECTS ONLY WHEN THE
21 ENTITIES THAT FINANCED THE PROJECT INVITE THE BANK OF ARIZONA TO
22 PARTICIPATE WITH GAP FINANCING.

23 7. STATE-CHARTERED DEPOSITORY INSTITUTIONS THAT ARE USED TO SUPPORT
24 OTHER ELIGIBLE RECIPIENTS.

25 8. IN-STATE COMMUNITY DEVELOPMENT CORPORATIONS, COMMUNITY
26 DEVELOPMENT FINANCIAL INSTITUTIONS OR INVESTMENT VEHICLES SET BY THE
27 LATTER TO FACILITATE INVESTMENT.

28 9. SMALL BUSINESS ENTERPRISES THAT CONDUCT BUSINESS IN THIS STATE
29 AND ARE UNABLE TO PROCURE AFFORDABLE FINANCING FROM OTHER BANKS.

30 10. SMALL AND MEDIUM-SIZED FARMS AND RELATED-INDUSTRIES.

31 11. INVESTMENT VEHICLES THAT ARE CREATED FOR THE PRIMARY PURPOSE OF
32 SUPPORTING OTHER ELIGIBLE RECIPIENTS LISTED IN THIS SUBSECTION.

33 B. AFFORDABLE FINANCING INCLUDES THE FOLLOWING:

34 1. CREDIT AND LOANS, INCLUDING LONG-TERM LOANS AND UNSECURED LOANS.
35 THE BANK OF ARIZONA MAY EMPLOY UNDERWRITING METHODS THAT ARE FLEXIBLE IN
36 THEIR CRITERIA, TERMS AND USES AND SHALL PROVIDE LOANS AT AFFORDABLE
37 RATES.

38 2. LETTERS OF CREDIT, GUARANTEES, SUBORDINATE LOANS AND OTHER FORMS
39 OF DE-RISKING FOR THE PURPOSE OF CROWDING IN ADDITIONAL FINANCING BY
40 NON-BANK SOURCES.

41 3. TECHNICAL ASSISTANCE.

42 C. FOR THE ELIGIBLE RECIPIENTS PROVIDED IN SUBSECTION A OF THIS
43 SECTION, AFFORDABLE FINANCING MAY INCLUDE:

44 1. EQUITY FINANCING, INCLUDING PREFERRED STOCK, COMMON STOCK,
45 EQUITY EQUIVALENT CAPITAL AND OTHER HYBRID INSTRUMENTS.

1 2. GRANTS, DONATIONS AND CONTRIBUTIONS, INCLUDING GRANTS GIVEN OVER
2 A PERIOD OF YEARS TO PROVIDE PREDICTABILITY FOR ELIGIBLE RECIPIENTS.

3 6-1809. Bank of Arizona; priorities

4 WITHOUT DEVIATING FROM THE BANK OF ARIZONA'S BUSINESS PLAN, THE BANK
5 OF ARIZONA SHALL GIVE PRIORITY TO THE FOLLOWING:

6 1. ELIGIBLE RECIPIENTS SUBJECT TO THE HISTORIC AND CURRENT ECONOMIC
7 INEQUITIES BY COMMUNITIES IN UNDERSERVED NEIGHBORHOODS, INCLUDING
8 ENTERPRISES ESTABLISHED BY RESIDENTS AND ELIGIBLE RECIPIENTS WORKING TO
9 REMEDY THOSE INEQUITIES.

10 2. ELIGIBLE RECIPIENTS SUBJECT TO THE HISTORIC AND CURRENT ECONOMIC
11 INEQUITIES EXPERIENCED BY WOMEN THROUGHOUT THIS STATE.

12 3. RURAL BUSINESSES AND FARMING CONCERNS.

13 4. BUSINESSES WITH COMPENSATION STRUCTURES THAT PROVIDE A LIVABLE
14 WAGE, ESTABLISH AN EQUITABLE RATIO BETWEEN THE LEAST AND HIGHEST-PAID
15 MEMBERS OF THE BUSINESS OR OTHERWISE DEMONSTRATE A COMMITMENT TO EQUITABLE
16 PAY.

17 5. ENTITIES THAT ADDRESS THE IMPACTS OF CLIMATE CHANGE AND THE
18 REDUCTION OF GREENHOUSE GAS EMISSIONS.

19 6. MUNICIPALITIES THAT NEED FUNDS TO UPDATE AND BUILD SAFE AND
20 SUSTAINABLE INFRASTRUCTURE.

21 7. PUBLIC AND QUASI-PUBLIC AGENCIES, NONPROFIT ORGANIZATIONS, BANKS
22 AND COMMUNITY DEVELOPMENT ORGANIZATIONS AND FINANCIAL INSTITUTIONS. THE
23 BANK OF ARIZONA SHALL PARTNER RATHER THAN COMPETE WITH THESE ENTITIES TO
24 EXPAND AFFORDABLE FINANCING IN THIS STATE.

25 8. LENDING PROGRAMS THAT ORIGINATE AND SERVICE A LOAN.

26 9. RURAL AREAS IN ORDER TO PROMOTE EQUITABLE DISTRIBUTION OF BANK
27 RESOURCES.

28 10. MUNICIPALITIES THAT LACK RESOURCES. THE BANK OF ARIZONA SHALL
29 PROVIDE TECHNICAL SUPPORT TO MAKE THE APPLICATION PROCESS SIMPLE AND
30 AFFORDABLE.

31 6-1810. Bank of Arizona; conflict of interest; purpose

32 A. THE BANK OF ARIZONA MAY NOT:

33 1. TRANACT WITH OR EXTEND FINANCING TO A MEMBER OF THE BANK OF
34 ARIZONA COMMISSION, THE CHIEF EXECUTIVE OFFICER OR AN EMPLOYEE OF THE BANK
35 OF ARIZONA, INCLUDING AN IMMEDIATE FAMILY MEMBER OF THAT PERSON OR AN
36 ENTITY IN WHICH THAT PERSON HAS AN INTEREST. THIS PROHIBITION SHALL REMAIN
37 IN EFFECT FOR FOUR YEARS AFTER THE CONCLUSION OF THE TERM OF THE BANK OF
38 ARIZONA COMMISSION MEMBER, CHIEF EXECUTIVE OFFICER OR EMPLOYEE.

39 2. TRANACT WITH OR EXTEND FINANCING TO A MEMBER OF THE ADVISORY
40 BOARD OR IMMEDIATE FAMILY MEMBER. THIS SECTION DOES NOT PROHIBIT THE BANK
41 OF ARIZONA FROM TRANACTING WITH OR EXTENDING FINANCING TO AN ENTITY IN
42 WHICH AN ADVISORY BOARD MEMBER IS ASSOCIATED.

43 B. THIS CHAPTER SHALL BE INTERPRETED AND CONSTRUED LIBERALLY IN AID
44 OF ITS DECLARED PURPOSE.

1 6-1811. State monies deposited in bank of Arizona; income of
2 the bank

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

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

10 C. ALL REMAINING SURPLUS AFTER OPERATING COSTS AND EXPENSES SHALL
11 BE DEPOSITED IN THE STATE GENERAL FUND.

12 6-1812. Guaranty of deposits; exemption from all taxation

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

15 6-1813. Clearinghouse

16 FOR BANKS THAT MAKE THE BANK OF ARIZONA A RESERVE DEPOSITORY, THE
17 BANK OF ARIZONA MAY PERFORM THE FUNCTIONS AND RENDER THE SERVICES OF A
18 CLEARINGHOUSE, INCLUDING ALL FACILITIES FOR PROVIDING DOMESTIC AND FOREIGN
19 EXCHANGE, AND MAY REDISCOUNT PAPER, ON TERMS THAT THE BANK OF ARIZONA
20 COMMISSION PRESCRIBES.

21 6-1814. Powers

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

25 6-1815. Limitations on loans

26 NOTWITHSTANDING ANY OTHER LAW, THE BANK OF ARIZONA MAY NOT MAKE ANY
27 LOAN OR OTHERWISE GIVE ITS CREDIT TO A MEMBER OF THE BANK OF ARIZONA
28 COMMISSION OR THE ADVISORY BOARD OF DIRECTORS TO THE BANK OF ARIZONA.
29 BEFORE TAKING OFFICE, A MEMBER OF THE BANK OF ARIZONA COMMISSION MUST FILE
30 A STATEMENT WITH THE BANK OF ARIZONA INDICATING ANY PERSONAL INTEREST THAT
31 THE MEMBER HAS IN ANY LOAN OR LOAN APPLICATION IN EXISTENCE OR PENDING AT
32 ANY TIME DURING THE MEMBER'S TERM ON THE COMMISSION.

33 Sec. 2. Title 41, chapter 27, article 2, Arizona Revised Statutes,
34 is amended by adding section 41-3033.01, to read:

35 41-3033.01. Bank of Arizona commission and the advisory board
36 of directors to the bank of Arizona:
37 termination July 1, 2033

38 A. THE BANK OF ARIZONA COMMISSION AND THE ADVISORY BOARD OF
39 DIRECTORS TO THE BANK OF ARIZONA TERMINATE ON JULY 1, 2033.

40 B. TITLE 6, CHAPTER 18 IS REPEALED ON JANUARY 1, 2034.

41 Sec. 3. Purpose

42 Pursuant to section 41-2955, subsection E, Arizona Revised Statutes,
43 the legislature establishes the bank of Arizona commission and the
44 advisory board of directors to the bank of Arizona to operate, manage and
45 control a state-owned bank in Arizona.

- 1 Sec. 4. Initial terms of members of the bank of Arizona
2 advisory board of directors
- 3 A. Notwithstanding section 6-1803, Arizona Revised Statutes, the
4 initial terms of members of the advisory board of directors to the bank of
5 Arizona appointed pursuant to section 6-1803, subsection A, paragraphs 1
6 through 17, Arizona Revised Statutes, as added by this act, are:
7 1. Two terms ending July 1, 2025.
8 2. Three terms ending July 1, 2027.
9 3. Three terms ending July 1, 2029.
10 B. All subsequent appointments shall be made as prescribed by
11 statute.