



ARIZONA STATE SENATE
Fifty-Sixth Legislature, Second Regular Session

FACT SHEET FOR H.C.R. 2040

public monies; prohibited expenditures

Purpose

Subject to voter approval, statutorily prescribes prohibited uses of public monies. Grants standing to any Arizona qualified elector to bring suit against any public entity for the prohibited use of public monies.

Background

Current statute prohibits a public entity from entering into a contract with a value of \$100,000 or more with a company to acquire or dispose of services, supplies, information technology or construction unless the contract includes a written certification that the company is not currently engaged in, and agrees for the duration of the contract to not engage in, a boycott of goods and services from Israel. A public entity may not adopt a procurement, investment or other policy that has the effect of inducing or requiring a person or company to boycott Israel (A.R.S. §§ [35-393](#) and [35-393.01](#)). A public entity also may not enter into or renew a contract with a company to acquire or dispose of services, supplies, information technology, goods or construction unless the contract includes a written certification that the company does not currently, and agrees for the duration of the contract that it will not, use forced labor, or any goods or services produced by the forced labor, of ethnic Uyghurs in the People's Republic of China ([A.R.S. § 35-394](#)).

The state General Fund (state GF) consists of all monies received into the state treasury except for money designated by law for other statutory funds. Expenses paid from the state GF must be authorized in an appropriation by the Legislature ([A.R.S. § 35-141](#)). The State Treasurer is responsible for the safekeeping of all securities for which the State Treasurer is the lawful custodian. The State Treasurer invests state monies and operates the Local Government Investment Pool for the benefit of participating units of local government ([A.R.S. § 35-314](#)). The Arizona Department of Administration prescribes the use of all budget units in an accounting system designed to ensure compliance with all legal and constitutional requirements, including those receiving, spending and accounting for public monies ([A.R.S. § 35-131](#)).

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

1. Prohibits a public entity from spending public monies to promote, advocate or plan for, or become a member of an association or organization that promotes, advocates or plans for:
 - a) reducing the consumption or production of meat or dairy products or replacing animal-based protein with insect or synthetic protein;
 - b) reducing or replacing motor vehicle travel with walking, biking or public transit;
 - c) reducing or limiting travel by airplane;

- d) limiting the number of articles of clothing an individual may purchase or own;
 - e) hiring practices based on skin color, sexuality, identity or national origin rather than meritocracy, character and professional qualifications;
 - f) reducing greenhouse gas emissions or tracking and collecting of any data for determining consumption-based emissions;
 - g) limiting the increase of the average global temperature or producing or adopting a climate action plan;
 - h) replacing private ownership with shared or rented goods and services to promote a circular economy;
 - i) furthering Marxist ideologies, including stakeholder capitalism; or
 - j) implementing mass surveillance systems to monitor motor vehicle travel.
2. Grants standing to any Arizona qualified elector to bring suit against any public entity for a violation.
 3. Allows the person filing an action to request either a jury or bench trial.
 4. Requires the court, if the trier of facts finds by a preponderance of the evidence that a public entity committed a violation, to:
 - a) permanently enjoin the actions found in violation; and
 - b) award reasonable attorney fees and costs to the party who brought the action.
 5. Defines *public entity* as:
 - a) the state, a political subdivision of the state or an agency, board, commission or department of the state or political subdivision of the state; and
 - b) includes the universities under the jurisdiction of the Arizona Board of Regents and community college districts.
 6. Requires the Secretary of State to submit the proposal to the voters at the next general election.
 7. Becomes effective if approved by the voters and on proclamation of the Governor.

House Action

MOE	2/14/24	DPA	5-4-0-0
3 rd Read	2/28/24		31-28-0-0-1

Prepared by Senate Research

March 11, 2024

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