

REFERENCE TITLE: governmental entities; proxy voting; prohibition

State of Arizona
House of Representatives
Fifty-sixth Legislature
Second Regular Session
2024

HB 2213

Introduced by
Representative Livingston

AN ACT

AMENDING TITLE 35, CHAPTER 2, ARTICLE 2, ARIZONA REVISED STATUTES, BY
ADDING SECTION 35-320; AMENDING TITLE 35, CHAPTER 2, ARIZONA REVISED
STATUTES, BY ADDING ARTICLE 4; RELATING TO PUBLIC FINANCES.

(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, article 2, Arizona Revised
3 Statutes, is amended by adding section 35-320, to read:

4 35-320. State investments; investment managers; list; posting

5 A. THE STATE TREASURER SHALL POST A CURRENT LIST OF ITS INVESTMENTS
6 BY NAME ON THE STATE TREASURER'S PUBLICLY ACCESSIBLE WEBSITE. THE STATE
7 TREASURER SHALL UPDATE ANY CHANGES TO THE LIST WITHIN A REASONABLE PERIOD
8 OF TIME.

9 B. THE STATE TREASURER SHALL POST THE CURRENT LIST OF ITS
10 INVESTMENT MANAGERS ON THE STATE TREASURER'S PUBLICLY ACCESSIBLE WEBSITE
11 AND SHALL UPDATE ANY CHANGES TO THE LIST WITHIN A REASONABLE PERIOD OF
12 TIME.

13 C. ALL STATE INVESTMENTS MADE BY THE STATE TREASURER SHALL BE MADE
14 IN THE SOLE INTEREST OF THE BENEFICIARY TAXPAYER. THE STATE TREASURER'S
15 EVALUATION OF AN INVESTMENT MUST BE BASED ON PECUNIARY FACTORS AS
16 PRESCRIBED IN ARTICLE 4 OF THIS CHAPTER.

17 Sec. 2. Title 35, chapter 2, Arizona Revised Statutes, is amended
18 by adding article 4, to read:

19 ARTICLE 4. GOVERNMENT INVESTMENTS PROTECTION

20 35-351. Definitions

21 IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

22 1. "PECUNIARY FACTOR" MEANS A FACTOR THAT HAS A MATERIAL EFFECT ON
23 THE FINANCIAL RISK OR THE FINANCIAL RETURN OF AN INVESTMENT BASED ON
24 APPROPRIATE INVESTMENT HORIZONS CONSISTENT WITH A PLAN'S INVESTMENT
25 OBJECTIVES AND FUNDING POLICY.

26 2. "PLAN" MEANS ANY PLAN, FUND OR PROGRAM THAT IS ESTABLISHED OR
27 MAINTAINED BY THIS STATE OR A POLITICAL SUBDIVISION OF THIS STATE,
28 INCLUDING A UNIVERSITY UNDER THE JURISDICTION OF THE ARIZONA BOARD OF
29 REGENTS AND A COMMUNITY COLLEGE DISTRICT AS DEFINED IN SECTION 15-1401, TO
30 DO ANY OF THE FOLLOWING:

31 (a) PROVIDE RETIREMENT INCOME OR OTHER RETIREMENT BENEFITS TO
32 EMPLOYEES OR FORMER EMPLOYEES.

33 (b) DEFER INCOME BY EMPLOYEES FOR A PERIOD OF TIME EXTENDING TO THE
34 TERMINATION OF COVERED EMPLOYMENT OR BEYOND.

35 (c) INVEST TAXPAYER MONIES FOR ANY PURPOSE.

36 35-352. Plans; voting of ownership interests

37 A. A GOVERNMENTAL ENTITY THAT ESTABLISHES OR MAINTAINS A PLAN MUST
38 MAKE ALL DIRECT INVESTMENT DECISIONS BASED SOLELY ON PECUNIARY FACTORS
39 WHEN EVALUATING AN INVESTMENT.

40 B. A GOVERNMENTAL ENTITY THAT ESTABLISHES OR MAINTAINS A PLAN MUST
41 VOTE ALL DIRECTLY HELD SHARES, OR HAVE THE GOVERNMENTAL ENTITY'S DIRECTLY
42 HELD SHARES VOTED, BASED SOLELY ON PECUNIARY FACTORS WHEN VOTING PROXIES.

1 C. IF A GOVERNMENTAL ENTITY THAT ESTABLISHES OR MAINTAINS A PLAN
2 HAS INDIRECT INVESTMENTS OR COMMINGLED INVESTMENTS, THE GOVERNMENTAL
3 ENTITY MUST NOTIFY THE GENERAL PARTNER OR INVESTMENT MANAGER THAT IN ALL
4 CASES WHERE THE GOVERNMENTAL ENTITY HAS THE OPTION, THE GENERAL PARTNER OR
5 INVESTMENT MANAGER MUST:
6 1. MAKE INVESTMENT DECISIONS BASED SOLELY ON PECUNIARY FACTORS WHEN
7 EVALUATING AN INVESTMENT.
8 2. PROPORTIONALLY VOTE DIRECTLY HELD SHARES, OR HAVE THE
9 GOVERNMENTAL ENTITY'S DIRECTLY HELD SHARES PROPORTIONALLY VOTED, BASED
10 SOLELY ON PECUNIARY FACTORS.