

Senate Engrossed
public pensions; proxy voting

State of Arizona
Senate
Fifty-seventh Legislature
Second Regular Session
2026

SENATE BILL 1503

AN ACT

AMENDING TITLE 38, ARIZONA REVISED STATUTES, BY ADDING CHAPTER 6.1;
RELATING TO PENSION BENEFIT PLANS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Title 38, Arizona Revised Statutes, is amended by adding
3 chapter 6.1, to read:

4 CHAPTER 6.1

5 FIDUCIARY DUTIES AND PROXY VOTING

6 ARTICLE 1. GENERAL PROVISIONS

7 38-971. Definitions

8 IN THIS CHAPTER, UNLESS THE CONTEXT OTHERWISE REQUIRES:

9 1. "PLAN" MEANS A PLAN, FUND OR PROGRAM THAT IS ESTABLISHED,
10 MAINTAINED OR OFFERED BY A PUBLIC ENTITY, INCLUDING A PUBLIC RETIREMENT
11 SYSTEM, IF BY ITS TERMS OR AS A RESULT OF SURROUNDING CIRCUMSTANCES THE
12 PLAN, FUND OR PROGRAM DOES ANY OF THE FOLLOWING:

13 (a) PROVIDES RETIREMENT INCOME OR OTHER RETIREMENT BENEFITS TO
14 EMPLOYEES OR FORMER EMPLOYEES.

15 (b) RESULTS IN A DEFERRAL OF INCOME BY EMPLOYEES FOR A PERIOD
16 EXTENDING TO THE TERMINATION OF COVERED EMPLOYMENT OR BEYOND.

17 2. "PROXY ADVISORY FIRM" MEANS A PERSON WHO IS ENGAGED IN THE
18 BUSINESS OF PROVIDING PROXY VOTING ADVICE, RESEARCH, ANALYSIS, RATINGS OR
19 RECOMMENDATIONS TO A FIDUCIARY OR PROVIDING PROXY VOTING ADVICE, RESEARCH,
20 ANALYSIS, RATINGS OR RECOMMENDATIONS RELATING TO AN ISSUER OF SECURITIES.

21 3. "SOLE ECONOMIC INTEREST" MEANS THE MAXIMIZATION OF RISK-ADJUSTED
22 INVESTMENT RETURNS OF THE PARTICIPANTS AND BENEFICIARIES OF A PENSION
23 BENEFIT PLAN OVER A TIME PERIOD CONSISTENT WITH THE RISK MANAGEMENT
24 PROFILE OF THE PLAN.

25 38-975. Prohibition; proxy advisory firms; voting

26 A PLAN MAY NOT ENTER INTO AN AGREEMENT WITH A PROXY ADVISORY FIRM
27 WITH RESPECT TO THE PROVISION OF PROXY ADVISORY SERVICES UNLESS THE PROXY
28 ADVISORY FIRM ACKNOWLEDGES IN WRITING AND ACCEPTS UNDER CONTRACT ITS
29 OBLIGATIONS TO VOTE ALL SHARES IN THE SOLE ECONOMIC INTEREST OF THE PLAN'S
30 PARTICIPANTS AND BENEFICIARIES AS OUTLINED BY THE PLAN.