

House Engrossed

certain affiliations; banks; prohibition

State of Arizona
House of Representatives
Fifty-fifth Legislature
Second Regular Session
2022

HOUSE BILL 2656

AN ACT

AMENDING TITLE 6, CHAPTER 2, ARTICLE 1, ARIZONA REVISED STATUTES, BY
ADDING SECTION 6-194; AMENDING TITLE 35, CHAPTER 2, ARTICLE 2, ARIZONA
REVISED STATUTES, BY ADDING SECTION 35-320; RELATING TO BANKS AND
FINANCIAL INSTITUTIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Title 6, chapter 2, article 1, Arizona Revised Statutes,
3 is amended by adding section 6-194, to read:

4 6-194. Certain affiliations; discrimination prohibited;
5 statewide concern

6 A. A FINANCIAL INSTITUTION DOING BUSINESS IN THIS STATE, EITHER
7 DIRECTLY OR THROUGH A CONTRACTOR, MAY NOT DISCRIMINATE AGAINST ANY PERSON
8 BASED ON EITHER:

9 1. A POLITICAL AFFILIATION.

10 2. OTHER SOCIAL CREDIT, ENVIRONMENTAL, SOCIAL, GOVERNANCE OR
11 SIMILAR VALUES-BASED OR IMPACT CRITERIA.

12 B. NOTWITHSTANDING ANY OTHER LAW, A FINANCIAL INSTITUTION MAY OFFER
13 INVESTMENTS, PRODUCTS OR SERVICES TO A POTENTIAL CUSTOMER OR INVESTOR THAT
14 INCLUDE SUBJECTIVE STANDARDS IF THE STANDARDS ARE FULLY DISCLOSED AND
15 EXPLAINED TO THE POTENTIAL CUSTOMER OR INVESTOR BEFORE ENTERING INTO A
16 CONTRACT FOR THE INVESTMENTS, PRODUCT OR SERVICES.

17 C. THIS SECTION DOES NOT INTERFERE WITH A FINANCIAL INSTITUTION'S
18 ABILITY TO DISCONTINUE OR REFUSE TO CONDUCT BUSINESS WITH A PERSON WHEN
19 THE ACTION IS NECESSARY FOR THE PHYSICAL SAFETY OF THE FINANCIAL
20 INSTITUTION'S EMPLOYEES.

21 D. THE LEGISLATURE DECLARES THAT THE PRACTICE OF DISCRIMINATION
22 AGAINST PERSONS OR ENTITIES IN THIS STATE BY USING THEIR SOCIAL CREDIT OR
23 ENVIRONMENTAL, SOCIAL JUSTICE AND GOVERNMENTAL SCORE IS A MATTER OF
24 STATEWIDE CONCERN, THAT DISCRIMINATION BASED ON SUCH SCORES NOT ONLY
25 THREATENS THE RIGHTS AND PROPER PRIVILEGES OF THIS STATE'S INHABITANTS BUT
26 MENACES THE INSTITUTIONS AND FOUNDATION OF A FREE DEMOCRATIC STATE AND
27 THREATENS THE PEACE, ORDER, HEALTH, SAFETY AND GENERAL WELFARE OF THIS
28 STATE AND ITS INHABITANTS.

29 Sec. 2. Title 35, chapter 2, article 2, Arizona Revised Statutes,
30 is amended by adding section 35-320, to read:

31 35-320. State investments; investment managers; list;
32 posting; voting shares

33 A. THE STATE TREASURER SHALL POST A CURRENT LIST OF STATE
34 INVESTMENTS BY NAME ON THE STATE TREASURER'S PUBLICLY ACCESSIBLE WEBSITE.
35 THE STATE TREASURER SHALL UPDATE ANY CHANGES TO THE LIST WITHIN A
36 REASONABLE TIME.

37 B. ANY INVESTMENT MANAGER SHALL ATTEST IN WRITING ON A FORM
38 PRESCRIBED BY THE STATE TREASURER THAT THE INVESTMENT MANAGER DOES NOT
39 HOLD ANY ENVIRONMENTAL, SOCIAL OR GOVERNANCE-RELATED INVESTMENTS. THE
40 STATE TREASURER SHALL POST A CURRENT LIST OF INVESTMENT MANAGERS OF STATE
41 INVESTMENTS AND SHALL CERTIFY THAT THE INVESTMENT MANAGERS DO NOT HOLD
42 INVESTMENTS IN ENVIRONMENTAL, SOCIAL OR GOVERNANCE-RELATED PRODUCTS. THE
43 STATE TREASURER SHALL POST THE CURRENT LIST OF INVESTMENT MANAGERS ON THE
44 STATE TREASURER'S PUBLICLY ACCESSIBLE WEBSITE AND SHALL UPDATE ANY CHANGES
45 TO THE LIST WITHIN A REASONABLE TIME.

1 C. ALL STATE INVESTMENTS SHALL BE MADE IN THE SOLE INTEREST OF THE
2 BENEFICIARY TAXPAYER. THE STATE TREASURER'S EVALUATION OF AN INVESTMENT
3 MUST BE BASED ON PECUNIARY FACTORS, AND THE STATE TREASURER MAY NOT TAKE
4 UNNECESSARY INVESTMENT RISKS OR PROMOTE NONPECUNIARY BENEFITS OR OTHER
5 NONPECUNIARY SOCIAL GOALS.
6 D. UNLESS EMPLOYED BY AND SPECIFICALLY AUTHORIZED BY THE STATE
7 TREASURER, A PERSON OR ENTITY MAY NOT VOTE THE SHARES, OR OTHER INDICIA OF
8 OWNERSHIP, OF ANY COMPANY, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER
9 ENTITY PURCHASED, DIRECTLY OR INDIRECTLY, WITH FUNDS FROM A PLAN OR GROUP
10 OF PLANS.