

REFERENCE TITLE: legislature; stock trading ban

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

# HB 2732

Introduced by  
Representative Hernandez D

AN ACT

AMENDING TITLE 41, CHAPTER 7, ARTICLE 1, ARIZONA REVISED STATUTES, BY  
ADDING SECTION 41-1108; RELATING TO THE LEGISLATURE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Title 41, chapter 7, article 1, Arizona Revised  
3 Statutes, is amended by adding section 41-1108, to read:

4 41-1108. Stock ownership; divestiture; blind trust; civil  
5 penalty; violation; classification; definitions

6 A. WITHIN SIXTY DAYS AFTER TAKING OFFICE, A LEGISLATOR OR A  
7 LEGISLATOR'S SPOUSE OR DEPENDENT MAY NOT MAINTAIN AN OWNERSHIP INTEREST IN  
8 OR OTHER FINANCIAL BENEFIT FROM A COVERED INVESTMENT EXCEPT THROUGH A  
9 BLIND TRUST. IF THE LEGISLATOR OR LEGISLATOR'S SPOUSE OR DEPENDENT DOES  
10 NOT PLACE ALL COVERED INVESTMENTS INTO A BLIND TRUST, THE LEGISLATOR OR  
11 LEGISLATOR'S SPOUSE OR DEPENDENT SHALL FULLY DIVEST FROM OWNERSHIP OR ANY  
12 OTHER FINANCIALLY BENEFICIAL INTEREST IN THE COVERED INVESTMENT.

13 B. IF REQUIRED BY SUBSECTION A OF THIS SECTION, THE LEGISLATOR OR  
14 LEGISLATOR'S SPOUSE OR DEPENDENT SHALL EITHER DIVEST OR PLACE THE COVERED  
15 INVESTMENT IN A BLIND TRUST AND SUBMIT A REPORT OF THIS ACTION TO THE  
16 APPLICABLE LEGISLATIVE ETHICS COMMITTEE ESTABLISHED BY SECTION 38-519. ON  
17 APPROVAL OF THE LEGISLATIVE ETHICS COMMITTEE, THE LEGISLATOR OR  
18 LEGISLATOR'S SPOUSE OR DEPENDENT MAY EXTEND THE PERIOD FOR DIVESTITURE OR  
19 PLACEMENT IN A BLIND TRUST.

20 C. A PERSON WHO KNOWINGLY FAILS TO FILE A REPORT, KNOWINGLY FILES  
21 AN INCOMPLETE REPORT OR KNOWINGLY FILES A FALSE REPORT IS GUILTY OF A  
22 CLASS 2 MISDEMEANOR. A LEGISLATOR WHO VIOLATES THIS SECTION IS SUBJECT TO  
23 A CIVIL PENALTY OF \$50 FOR EACH DAY OF NONCOMPLIANCE BUT NOT MORE THAN  
24 \$500 THAT MAY BE IMPOSED AS PRESCRIBED IN SECTIONS 16-937 AND 16-938.

25 D. FOR THE PURPOSES OF THIS SECTION:

26 1. "BLIND TRUST" MEANS A TRUST FOR WHICH THE TRUSTEE OF THE TRUST  
27 AND ANY OTHER ENTITY DESIGNATED IN THE TRUST INSTRUMENT TO PERFORM  
28 FIDUCIARY DUTIES IS:

29 (a) A FINANCIAL INSTITUTION, AN ATTORNEY, A CERTIFIED PUBLIC  
30 ACCOUNTANT, A BROKER OR AN INVESTMENT ADVISOR WHO IS INDEPENDENT OF AND  
31 NOT ASSOCIATED WITH ANY INTERESTED PARTY SO THAT THE TRUSTEE OR OTHER  
32 PERSON CANNOT BE CONTROLLED OR INFLUENCED IN THE ADMINISTRATION OF THE  
33 TRUST BY ANY INTERESTED PARTY.

34 (b) NOT AND HAS NOT BEEN AN EMPLOYEE OF OR AFFILIATED WITH ANY  
35 INTERESTED PARTY AND IS NOT A PARTNER OF, OR INVOLVED IN ANY JOINT VENTURE  
36 OR OTHER INVESTMENT WITH, ANY INTERESTED PARTY.

37 (c) NOT A RELATIVE OF ANY INTERESTED PARTY.

38 2. "COVERED INVESTMENT":

39 (a) MEANS AN INVESTMENT IN A SECURITY, A COMMODITY OR A FUTURE OR  
40 ANY OTHER COMPARABLE FINANCIAL INTEREST THAT IS ACQUIRED THROUGH SYNTHETIC  
41 MEANS, SUCH AS THE USE OF A DERIVATIVE, OPTION OR WARRANT, AND INCLUDES A  
42 DIRECT OR INDIRECT BENEFICIAL OR ECONOMIC INTEREST IN THE FOLLOWING:

43 (i) AN INVESTMENT FUND.

44 (ii) A TRUST, OTHER THAN A BLIND TRUST.

45 (iii) AN EMPLOYEE BENEFIT PLAN OR DEFERRED COMPENSATION PLAN.

- 1 (b) DOES NOT INCLUDE:  
2 (i) A DIVERSIFIED MUTUAL FUND.  
3 (ii) A DIVERSIFIED EXCHANGE-TRADED FUND.  
4 (iii) A UNITED STATES TREASURY BILL, NOTE OR BOND.  
5 (iv) COMPENSATION FROM THE PRIMARY OCCUPATION OF A SPOUSE OR  
6 DEPENDENT.  
7 (v) ANY INVESTMENT FUND HELD IN A FEDERAL, STATE OR LOCAL  
8 GOVERNMENT RETIREMENT PLAN.  
9 3. "INTERESTED PARTY" MEANS A LEGISLATOR OR A LEGISLATOR'S SPOUSE  
10 OR DEPENDENT.