



ARIZONA STATE SENATE
Fifty-Sixth Legislature, First Regular Session

VETOED

AMENDED

FACT SHEET FOR S.B. 1611

public entities; contracts; prohibitions

Purpose

Prohibits a public entity from requiring a company to implement an environmental, social or governance standards policy as a condition of entering into or renewing a contract.

Background

Current statute prohibits the state, a political subdivision of the state or an agency, board, commission or department 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](#)).

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

Provisions

1. Prohibits a public entity from requiring a company to implement an environmental, social or governance standards policy as a condition of entering into or renewing a contract.
2. Prohibits a public entity from adopting a procurement, investment or other policy that has the effect of inducing or requiring a company to implement an environmental, social or governance standards policy.
3. Defines *environmental, social or governance standards policy* as a business policy that furthers:
 - a) an international, domestic or industry agreement relating to an environmental or social goal;
 - b) a corporate governance structure based on social characteristics; or
 - c) a social or environmental goal.
4. Defines *company* as an organization, association, corporation, partnership, joint venture, limited partnership, limited liability association, including a wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate that engages in for-profit activity and that has 10 or more full-time employees.

5. Defines *public entity* as the state, a political subdivision, agency board, commission, department or political subdivision of the state and includes the universities under the jurisdiction of the Arizona Board of Regents and community college districts as outlined.
6. Becomes effective on the general effective date.

Amendments Adopted by Committee of the Whole

1. Removes the prohibition on a public entity entering into or renewing a contract with a company unless the contract includes a written certification that the company does not currently and will not implement an environmental, social or governance standards policy.
2. Prohibits a public entity from requiring a company to implement an environmental, social or governance standards policy as a condition of entering into or renewing a contract.
3. Makes technical changes.

Governor's Veto Message

The Governor indicates in her [veto message](#) that she does not believe that tying the hands of procurement and investment professionals is in the best interests of the people of Arizona.

Senate Action

House Action

GOV	2/15/23	DP	4-3-1	GOV	3/29/23	DP	5-4-0-0
3 rd Read	3/14/23		16-12-2	3 rd Read	5/15/23		31-27-1-0-1

Vetoed by the Governor on 6/16/23

Prepared by Senate Research
June 20, 2023
AN/slp