

REFERENCE TITLE: proxy voting; governmental entities; prohibition

State of Arizona
House of Representatives
Fifty-sixth Legislature
First Regular Session
2023

HB 2156

Introduced by
Representative Livingston

AN ACT

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, Arizona Revised Statutes, is
3 amended by adding article 4, to read:

4 ARTICLE 4. GOVERNMENT INVESTMENTS

5 35-351. Plans; voting of ownership interests; definitions

6 A. ONLY A GOVERNMENTAL ENTITY THAT ESTABLISHES OR MAINTAINS A PLAN
7 MAY VOTE THE SHARES HELD BY THE PLAN. A GOVERNMENTAL ENTITY MAY NOT HIRE
8 A THIRD-PARTY VENDOR OR GRANT PROXY VOTING AUTHORITY TO ANY PERSON WHO IS
9 NOT A PART OF THE GOVERNMENTAL ENTITY.

10 B. A FIDUCIARY MAY NOT ADOPT A PRACTICE OF FOLLOWING THE
11 RECOMMENDATIONS OF A PROXY ADVISORY FIRM OR OTHER SERVICE.

12 C. FOR THE PURPOSES OF THIS SECTION:

13 1. "FIDUCIARY" MEANS A PERSON WHO DOES ANY OF THE FOLLOWING:

14 (a) EXERCISES ANY DISCRETIONARY AUTHORITY OR DISCRETIONARY CONTROL
15 WITH RESPECT TO A PLAN OR EXERCISES ANY AUTHORITY OR CONTROL MANAGING OR
16 DISPOSING OF THE PLAN'S ASSETS.

17 (b) RENDERS INVESTMENT ADVICE FOR A FEE OR OTHER COMPENSATION,
18 DIRECTLY OR INDIRECTLY, WITH RESPECT TO ANY MONIES OR OTHER PROPERTY OF A
19 PLAN OR HAS THE AUTHORITY OR RESPONSIBILITY TO RENDER INVESTMENT ADVICE.

20 (c) HAS ANY DISCRETIONARY AUTHORITY OR DISCRETIONARY RESPONSIBILITY
21 IN ADMINISTERING A PLAN.

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

27 (a) PROVIDE RETIREMENT INCOME OR OTHER RETIREMENT BENEFITS TO
28 EMPLOYEES OR FORMER EMPLOYEES.

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

31 (c) INVEST TAXPAYER MONIES FOR ANY PURPOSE.