

REFERENCE TITLE: establishment of state-owned bank

State of Arizona  
House of Representatives  
Fifty-sixth Legislature  
Second Regular Session  
2024

# HB 2710

Introduced by  
Representative Sun

## AN ACT

AMENDING TITLE 6, ARIZONA REVISED STATUTES, BY ADDING CHAPTER 18; AMENDING TITLE 41, CHAPTER 27, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-3034.01; RELATING TO BANKS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Title 6, Arizona Revised Statutes, is amended by adding  
3 chapter 18, to read:

4 CHAPTER 18

5 BANK OF ARIZONA

6 ARTICLE 1. GENERAL PROVISIONS

7 6-1801. Establishment of bank of Arizona

8 A. THIS STATE SHALL ENGAGE IN THE BUSINESS OF BANKING AND SHALL  
9 MAINTAIN A SYSTEM OF BANKING OWNED, CONTROLLED AND OPERATED BY THIS STATE  
10 UNDER THE NAME OF THE BANK OF ARIZONA.

11 B. THE BANK OF ARIZONA MUST COMPLY WITH CHAPTER 2 OF THIS TITLE.

12 6-1802. Bank of Arizona commission duties; examination

13 A. THE BANK OF ARIZONA COMMISSION SHALL OPERATE, MANAGE AND CONTROL  
14 THE BANK OF ARIZONA, LOCATE AND MAINTAIN ITS PLACES OF BUSINESS, OF WHICH  
15 THE PRINCIPAL PLACE MUST BE IN THIS STATE, AND MAKE AND ENFORCE ORDERS,  
16 RULES AND BYLAWS FOR THE TRANSACTION OF ITS BUSINESS. THE BUSINESS AND  
17 FINANCIAL TRANSACTIONS OF THE BANK, IN ADDITION TO OTHER MATTERS SPECIFIED  
18 IN THIS CHAPTER, MAY INCLUDE ANYTHING THAT ANY BANK OR BANK HOLDING  
19 COMPANY MAY LAWFULLY DO, EXCEPT THAT THE BANK OF ARIZONA MAY NOT GIVE OR  
20 LEND THE STATE'S CREDIT EXCEPT AS ALLOWED BY ARTICLE IX, SECTION 7,  
21 CONSTITUTION OF ARIZONA. THIS SECTION DOES NOT LIMIT OR QUALIFY EITHER  
22 THE POWERS OF THE BANK OF ARIZONA COMMISSION OR THE FUNCTIONS OF THE BANK  
23 OF ARIZONA. THE POWERS OF THE BANK OF ARIZONA COMMISSION AND THE  
24 FUNCTIONS OF THE BANK OF ARIZONA MUST BE IMPLEMENTED THROUGH ACTIONS TAKEN  
25 AND POLICIES ADOPTED BY THE BANK OF ARIZONA COMMISSION.

26 B. THE FIRST YEAR THE BANK OF ARIZONA IS CREATED, AND ANNUALLY  
27 THEREAFTER, THE BANK OF ARIZONA COMMISSION SHALL EXAMINE THE BANK OF  
28 ARIZONA TO ENSURE COMPLIANCE WITH THE LAWS OF THIS STATE.

29 C. THE BANK OF ARIZONA COMMISSION SHALL EVALUATE WHETHER THE BANK  
30 OF ARIZONA IS IN COMPLIANCE WITH ITS BUSINESS PLAN. THE BANK OF ARIZONA  
31 COMMISSION'S EXAMINATION SHALL BE MADE AVAILABLE TO THE PUBLIC ON A  
32 PUBLICLY ACCESSIBLE WEBSITE SIX MONTHS AFTER THE EXAMINATION IS COMPLETED.

33 6-1803. Advisory board of directors; terms; requirements;  
34 appointment of chief executive officer; business  
35 plan; public meetings; public records

36 A. THE ADVISORY BOARD OF DIRECTORS TO THE BANK OF ARIZONA IS  
37 ESTABLISHED CONSISTING OF NINE MEMBERS. THE STATE TREASURER OR THE STATE  
38 TREASURER'S DESIGNEE SHALL BE ONE MEMBER, AND THE REMAINING EIGHT MEMBERS  
39 SHALL BE APPOINTED BY THE STATE TREASURER AND HAVE THE FOLLOWING  
40 EXPERIENCE:

41 1. TWO MEMBERS WHO HAVE EXPERIENCE IN THE OPERATION OF COMMUNITY  
42 DEVELOPMENT FINANCIAL INSTITUTIONS THAT SERVE UNDERSERVED COMMUNITIES.

43 2. ONE MEMBER WHO HAS EXPERIENCE WITH STATE-CHARTERED DEPOSITORY  
44 INSTITUTIONS DOING BUSINESS PRIMARILY IN THIS STATE.

- 1           3. ONE MEMBER WHO HAS EXPERIENCE WITH CREDIT UNIONS OR COOPERATIVE  
2 BANKS.
- 3           4. ONE MEMBER WHO HAS EXPERIENCE WITH SMALL BUSINESS ENTERPRISES  
4 LOCATED IN THIS STATE.
- 5           5. ONE MEMBER WHO HAS EXPERIENCE WITH PUBLIC FINANCE AND ECONOMIC  
6 DEVELOPMENT.
- 7           6. ONE MEMBER WHO HAS EXPERIENCE IN LOCAL GOVERNMENT AND  
8 ADMINISTRATION.
- 9           7. ONE MEMBER WHO HAS EXPERIENCE IN ENVIRONMENTALLY CONSCIOUS  
10 FINANCING.
- 11           B. THE ADVISORY BOARD MUST REFLECT THE GEOGRAPHICAL, RACIAL AND  
12 GENDER DIVERSITY OF THIS STATE. THE ADVISORY BOARD MUST REPRESENT THE  
13 GEOGRAPHIC AREAS, INCLUDING URBAN, RURAL AND SUBURBAN AREAS OF THIS STATE.
- 14           C. THE GOVERNOR SHALL REVIEW THE EIGHT APPOINTED MEMBERS TO ENSURE  
15 THAT THE ADVISORY BOARD HAS EXPERIENCE WITH THE SUBJECT AREAS PROVIDED IN  
16 SUBSECTION A OF THIS SECTION AND THAT THE ADVISORY BOARD COLLECTIVELY HAS  
17 BROAD KNOWLEDGE OF THE ECONOMIC NEEDS OF THIS STATE.
- 18           D. EACH BOARD MEMBER SHALL BE A RESIDENT OF THIS STATE FOR AT LEAST  
19 NINETY DAYS BEFORE THE APPOINTMENT, AND EXCEPT FOR THE STATE TREASURER AND  
20 THE STATE TREASURER'S DESIGNEE, AN ADVISORY BOARD MEMBER MAY NOT:
- 21           1. BE A CANDIDATE FOR FEDERAL, STATE OR LOCAL ELECTED OFFICE.  
22           2. HOLD AN APPOINTED OFFICE IN A FEDERAL, STATE OR LOCAL GOVERNMENT  
23 OR HAVE SERVED IN AN APPOINTED OFFICE WITHIN FOUR YEARS PRECEDING THE  
24 APPOINTMENT.
- 25           3. SERVE AS AN OFFICIAL IN A POLITICAL PARTY OR HAVE SERVED AS AN  
26 OFFICIAL WITHIN THE FOUR YEARS PRECEDING THE APPOINTMENT.
- 27           E. EXCEPT THE STATE TREASURER OR THE STATE TREASURER'S DESIGNEE, AN  
28 ADVISORY BOARD MEMBER SHALL SERVE A TERM OF FOUR YEARS AND MAY BE  
29 REAPPOINTED FOR ONLY ONE ADDITIONAL TERM. AN ADVISORY BOARD MEMBER MAY  
30 CONTINUE TO SERVE UNTIL A REPLACEMENT IS APPOINTED. THE ADVISORY BOARD  
31 MEMBERS SHALL TAKE AN OATH TO EXECUTE THEIR DUTIES FAITHFULLY AND  
32 IMPARTIALLY. EXCEPT THE STATE TREASURER OR THE STATE TREASURER'S  
33 DESIGNEE, THE ADVISORY BOARD SHALL BE COMPENSATED AT SUCH A RATE AS THE  
34 DEPARTMENT OF ADMINISTRATION DEEMS NECESSARY AND APPROPRIATE TO EFFECTUATE  
35 THE DUTIES OF THE ADVISORY BOARD.
- 36           F. THE ADVISORY BOARD SHALL ELECT A CHAIRPERSON BY A MAJORITY VOTE.  
37 AN ELECTION OF THE ADVISORY BOARD CHAIRPERSON SHALL TAKE PLACE IF:
- 38           1. THE CHAIRPERSON'S TERM ON THE ADVISORY BOARD ENDS WITHOUT  
39 REAPPOINTMENT.
- 40           2. TWO OR MORE ADVISORY BOARD MEMBERS CALL FOR AN ELECTION.
- 41           G. A MAJORITY VOTE IS REQUIRED FOR ACTIONS TAKEN BY THE ADVISORY  
42 BOARD AND SEVEN ADVISORY BOARD MEMBERS CONSTITUTE A QUORUM.
- 43           H. THE ADVISORY BOARD SHALL CONVENE A PUBLIC MEETING QUARTERLY OR  
44 AT THE REQUEST OF THE CHAIRPERSON OR FOUR ADVISORY BOARD MEMBERS. THE  
45 ADVISORY BOARD MAY ADOPT POLICIES AND PROCEDURES TO ASSIST IN THE

1 ADMINISTRATION OF ADVISORY BOARD BUSINESS. THE ADVISORY BOARD SHALL  
2 ANNUALLY ELECT A SECRETARY TO KEEP THE MINUTES OF THE PROCEEDINGS OF THE  
3 ADVISORY BOARD AND SERVE AS THE CUSTODIAN OF RECORDS.

4 I. THE ADVISORY BOARD IS SUBJECT TO:

- 5 1. OPEN MEETING LAWS, TITLE 38, CHAPTER 3, ARTICLE 3.1.
- 6 2. CONFLICT OF INTEREST LAWS, TITLE 38, CHAPTER 3, ARTICLE 8.
- 7 3. PUBLIC RECORDS LAWS, TITLE 39, CHAPTER 1.

8 J. THE ADVISORY BOARD SHALL APPOINT A CHIEF EXECUTIVE OFFICER OF  
9 THE BANK OF ARIZONA BY A TWO-THIRDS' VOTE OF THE FULL ADVISORY BOARD, AND  
10 THE CHIEF EXECUTIVE OFFICER MAY NOT BE A MEMBER OF THE ADVISORY BOARD. IF  
11 A MAJORITY OF THE ADVISORY BOARD MEMBERS DECLARE A VOTE OF NO CONFIDENCE  
12 IN THE CURRENT CHIEF EXECUTIVE OFFICER, THE CHIEF EXECUTIVE OFFICER SHALL  
13 BE TERMINATED, AND THE BOARD SHALL INITIATE THE PROCESS OF HIRING A NEW  
14 CHIEF EXECUTIVE OFFICER IMMEDIATELY. IN THE CASE OF AN ABSENCE OR VACANCY  
15 OF THE CHIEF EXECUTIVE OFFICER OR IN THE CASE OF DISABILITY AS DETERMINED  
16 BY THE ADVISORY BOARD, THE ADVISORY BOARD MAY DESIGNATE AN INTERIM CHIEF  
17 EXECUTIVE OFFICER BY MAJORITY VOTE TO SERVE AS THE CHIEF EXECUTIVE OFFICER  
18 UNTIL THE VACANCY IS FILLED OR UNTIL THE ABSENCE OR DISABILITY ENDS.  
19 NOTWITHSTANDING ANY OTHER LAW, ALL MATTERS OF EMPLOYMENT REGARDING THE  
20 CHIEF EXECUTIVE OFFICER OR INTERIM CHIEF EXECUTIVE OFFICER SHALL BE  
21 CONFIDENTIAL, AND THE CHIEF EXECUTIVE OFFICER OR INTERIM CHIEF EXECUTIVE  
22 OFFICER MAY NOT ATTEND EXECUTIVE SESSIONS.

23 K. THE CHIEF EXECUTIVE OFFICER OR INTERIM CHIEF EXECUTIVE OFFICER  
24 SHALL:

- 25 1. SERVE AT THE PLEASURE OF THE ADVISORY BOARD.
- 26 2. RECEIVE COMPENSATION THAT IS COMMENSURATE WITH THE POSITION.
- 27 3. BE EMPLOYED FULL TIME.
- 28 4. HAVE EDUCATION, SKILLS AND KNOWLEDGE IN MANAGEMENT AND BANKING.
- 29 5. BE RESPONSIBLE FOR ADMINISTERING AND ENFORCING THE  
30 ADMINISTRATION THE BANK OF ARIZONA.

31 6. BE RESPONSIBLE FOR ALL ASPECTS OF THE BANK'S MANAGEMENT,  
32 INCLUDING ITS PHYSICAL FACILITIES, INVESTMENTS, LOAN PORTFOLIO,  
33 ACCOUNTING, RISK MANAGEMENT AND REGULATORY COMPLIANCE AND DRAFT AND  
34 EXECUTE A BUSINESS PLAN. THE BUSINESS PLAN SHALL DESCRIBE THE BANK OF  
35 ARIZONA'S STRATEGY FOR ACHIEVING AND MAINTAINING SOUND AND RESPONSIBLE  
36 OPERATION WHILE ENHANCING THE ECONOMIC WELL-BEING OF THIS STATE AND ITS  
37 CITIZENRY. THE BUSINESS PLAN SHALL BE UPDATED AT LEAST ONCE EVERY FOUR  
38 YEARS OR MORE FREQUENTLY AS NECESSARY. THE CHIEF EXECUTIVE OFFICER SHALL  
39 SEND A COPY OF THE INITIAL BUSINESS PLAN TO THE ENTIRE ADVISORY BOARD  
40 SIMULTANEOUSLY AT LEAST THIRTY DAYS BEFORE THE NEXT ADVISORY BOARD  
41 MEETING. THE BUSINESS PLAN IS A PUBLIC RECORD AND THE CHIEF EXECUTIVE  
42 OFFICER SHALL MAKE THE BUSINESS PLAN ACCESSIBLE ON ITS PUBLICLY ACCESSIBLE  
43 WEBSITE.

44 L. WITHIN THIRTY DAYS AFTER THE ADVISORY BOARD MEETING, THE  
45 CHAIRPERSON OF THE ADVISORY BOARD SHALL COMBINE THE COMMENTS EXPRESSED

1 FROM OTHER ADVISORY BOARD MEMBERS AND PUBLIC COMMENTS INTO A CONCISE LIST  
2 OF MODIFICATIONS AND DISTRIBUTE THE LIST TO THE ADVISORY BOARD MEMBERS.  
3 THE ADVISORY BOARD SHALL PROMPTLY CONVEY THESE RECOMMENDATIONS, TOGETHER  
4 WITH ANY COMMENTS OF ITS OWN, TO THE CHIEF EXECUTIVE OFFICER. THE CHIEF  
5 EXECUTIVE OFFICER SHALL PREPARE A NEW DRAFT OF THE BUSINESS PLAN AND  
6 INCORPORATE REASONABLE RECOMMENDATIONS FROM THE LIST INTO THE BUSINESS  
7 PLAN WITHIN THIRTY DAYS AFTER RECEIVING THE LIST.

8 6-1804. Duties of the bank of Arizona advisory board of  
9 directors

10 THE ADVISORY BOARD OF DIRECTORS TO THE BANK OF ARIZONA SHALL:

11 1. ESTABLISH THE BANK OF ARIZONA COMMISSION TO MANAGE AND OPERATE  
12 THE BANK OF ARIZONA.

13 2. MEET REGULARLY WITH THE MANAGEMENT OF THE BANK OF ARIZONA TO  
14 REVIEW THE BANK'S OPERATIONS TO DETERMINE WHETHER RECOMMENDATIONS SHOULD  
15 BE MADE BY THE BOARD TO THE BANK OF ARIZONA COMMISSION RELATING TO  
16 IMPROVED MANAGEMENT PERFORMANCE, BETTER CUSTOMER SERVICE AND OVERALL  
17 IMPROVEMENT IN INTERNAL METHODS, PROCEDURES AND OPERATING POLICIES OF THE  
18 BANK.

19 3. MAKE RECOMMENDATIONS TO THE BANK OF ARIZONA COMMISSION RELATING  
20 TO ESTABLISHING ADDITIONAL OBJECTIVES FOR OPERATING THE BANK OF ARIZONA.

21 4. MAKE RECOMMENDATIONS TO THE BANK OF ARIZONA COMMISSION  
22 CONCERNING APPOINTING OFFICERS OF THE BANK OF ARIZONA.

23 5. MEET REGULARLY WITH THE BANK OF ARIZONA COMMISSION TO PRESENT  
24 ANY RECOMMENDATIONS CONCERNING THE BANK OF ARIZONA.

25 6-1805. Chief executive officer and employees; compensation

26 THE BANK OF ARIZONA COMMISSION SHALL EMPLOY OFFICERS, EMPLOYEES AND  
27 AGENTS AS THE BANK OF ARIZONA COMMISSION DEEMS NECESSARY AND IN THE  
28 INTERESTS OF THIS STATE AND SHALL PRESCRIBE THE DUTIES, DESIGNATE THE  
29 TITLES AND FIX THE COMPENSATION OF ALL APPOINTED PERSONS.

30 6-1806. Removal and discharge of appointees

31 THE BANK OF ARIZONA COMMISSION MAY REMOVE AND DISCHARGE ANY PERSON  
32 APPOINTED PURSUANT TO THIS CHAPTER EXCEPT A PERSON APPOINTED PURSUANT TO  
33 SECTION 6-1803.

34 6-1807. Bank of Arizona; powers and duties

35 THE BANK OF ARIZONA SHALL:

36 1. ASSIST BUSINESSES AND MUNICIPALITIES IN RECOVERING FROM THE  
37 ECONOMIC REPERCUSSIONS OF THE COVID-19 PANDEMIC.

38 2. EXPAND AFFORDABLE AND SUSTAINABLE FINANCING IN THIS STATE.

39 3. ENABLE THIS STATE TO SHARE IN THE BENEFITS EXTENDED BY THE  
40 FEDERAL RESERVE TO LENDING INSTITUTIONS.

41 4. ENSURE THAT A SIGNIFICANT PORTION OF PUBLIC REVENUES FUNCTION AS  
42 DEPOSITS TO FINANCE ECONOMIC ACTIVITY WITHIN THIS STATE, AS OPPOSED TO  
43 FINANCING OUT-OF-STATE ACTIVITY.

44 5. STRENGTHEN STATE-CHARTERED BANKS, INCLUDING THROUGH  
45 PARTICIPATORY LOAN PROGRAMS.

- 1           6. SUPPORT STATE-BASED PUBLIC AND QUASI-PUBLIC AGENCIES AND  
2 NONPROFIT ORGANIZATIONS, INCLUDING COMMUNITY DEVELOPMENT FINANCIAL  
3 INSTITUTIONS, COMMUNITY DEVELOPMENT CORPORATIONS AND ECONOMIC DEVELOPMENT  
4 CORPORATIONS.
- 5           7. RESPOND TO THE UNMET AFFORDABLE FINANCING NEEDS OF  
6 MUNICIPALITIES IN THIS STATE.
- 7           8. SUPPORT SMALL AND MEDIUM-SIZED ENTERPRISES IN THIS STATE,  
8 ESPECIALLY IN UNDERSERVED COMMUNITIES OR IN LINES OF BUSINESS WHERE  
9 TRADITIONAL SOURCES OF FINANCING ARE NOT AVAILABLE.
- 10          9. ASSIST WORKERS AND COMMUNITIES IN CREATING JOBS BY SUPPORTING  
11 COOPERATIVE BUSINESS MODELS, INCLUDING WORKER-OWNED COOPERATIVE  
12 ENTERPRISES.
- 13          10. INCREASE AVAILABLE AFFORDABLE HOUSING OPTIONS FOR ALL RESIDENTS  
14 IN THIS STATE.
- 15          11. PROMOTE SUSTAINABLE AGRICULTURAL PRODUCTION, ADDRESS FOOD  
16 INSECURITY, AND PROVIDE FINANCING FOR RURAL BUSINESS CONCERNS TAILORED TO  
17 THE RESOURCE CHALLENGES RURAL BUSINESSES FACE.
- 18          12. ADDRESS THE HISTORIC AND CURRENT ECONOMIC INEQUITIES  
19 EXPERIENCED BY THIS STATE'S COMMUNITIES OF COLOR, THEIR NEIGHBORHOODS AND  
20 THEIR ENTERPRISES THROUGH AFFORDABLE FINANCING.
- 21          13. OFFER AFFORDABLE FINANCING TO NONPROFIT AND COMMUNITY-BASED  
22 ORGANIZATIONS THAT WORK TO ADDRESS THE RESULTS OF RACIAL INJUSTICE.
- 23          14. ADDRESS THE HISTORIC AND CURRENT DISADVANTAGES EXPERIENCED BY  
24 THIS STATE'S WOMEN-OWNED ENTERPRISES WITH AFFORDABLE FINANCING, AS WELL AS  
25 COMMUNITY-BASED ORGANIZATIONS THAT WORK FOR WOMEN'S ECONOMIC AND SOCIAL  
26 EQUITY.
- 27          15. SUPPORT THE URGENT EXPANSION AND DEVELOPMENT OF PUBLIC AND  
28 PRIVATE MEASURES TO MITIGATE THE GRAVE DANGERS THAT CLIMATE CHANGE POSES  
29 TO THE PUBLIC AND TO PROMOTE SUBSTANTIAL REDUCTIONS IN GREENHOUSE GAS  
30 EMISSIONS.
- 31          16. PROVIDE FINANCING, EITHER DIRECTLY, THROUGH PARTICIPATION  
32 LOANS, OR INDIRECTLY, THROUGH INTERMEDIARIES SUCH AS COMMUNITY DEVELOPMENT  
33 FINANCIAL INSTITUTIONS, THAT IS LONG-TERM AND FLEXIBLE IN ITS TERMS AND  
34 USE, INCLUDING DEBT AND UNDER CERTAIN CONDITIONS, EQUITY AND ALL WITH THE  
35 PURPOSE OF FILLING A CAPITAL GAP AND SUPPORTING THE BANK OF ARIZONA'S  
36 INITIATIVES.
- 37          17. BE SUPERVISED FOR SAFETY AND SOUNDNESS BY THE DEPARTMENT.
- 38          18. EXERCISE ITS POWERS TO SUPPORT ELIGIBLE RECIPIENTS BY PROVIDING  
39 THOSE RECIPIENTS WITH AFFORDABLE FINANCING.
- 40          19. PETITION TO BECOME A MEMBER OF THE FEDERAL RESERVE SYSTEM, BUT  
41 THE BANK OF ARIZONA IS NOT AUTHORIZED TO BECOME A MEMBER OF THE FEDERAL  
42 DEPOSIT INSURANCE CORPORATION.
- 43          20. PURSUE ITS GOALS THROUGH AFFILIATES, TO BE ESTABLISHED UNDER  
44 THE SAME RULES AND REGULATIONS THAT APPLY TO OTHER STATE-CHARTERED  
45 DEPOSITORY INSTITUTIONS TO THE EXTENT CONVENIENT FOR ITS OPERATIONS.

1           6-1808. Bank of Arizona; eligible recipients

2           A. THE BANK OF ARIZONA SHALL USE ITS POWERS TO EXTEND AFFORDABLE  
3 FINANCING TO THE FOLLOWING ELIGIBLE RECIPIENTS:

4           1. PUBLIC OR QUASI-PUBLIC ENTITIES, INCLUDING MUNICIPALITIES THAT  
5 ARE LOCATED WITHIN THIS STATE, ENTERPRISES MANAGED IN WHOLE OR IN PART BY  
6 MUNICIPALITIES AND PUBLIC OR QUASI-PUBLIC ENTITIES THAT ARE LOCATED IN AND  
7 PRIMARILY SERVING THIS STATE.

8           2. NONPROFIT ORGANIZATIONS THAT ARE EXEMPT FROM FEDERAL TAXATION  
9 UNDER 26 UNITED STATES CODE SECTION 501(C)(3) AND WHOSE PRIMARY GOAL IS TO  
10 BENEFIT THIS STATE OR ITS RESIDENTS THROUGH COMMUNITY DEVELOPMENT.

11           3. LAND TRUSTS.

12           4. ENTITIES OPERATING AS, OR TRANSITIONING TO BE, COOPERATIVES THAT  
13 INCLUDE HOUSING, WORKER AND CONSUMER COOPERATIVES, EMPLOYEE STOCK  
14 OWNERSHIP PLANS AND WORKER-OWNED COOPERATIVE ENTERPRISES.

15           5. ENTITIES CREATED BY FINANCIAL INSTITUTIONS THAT POOL MONIES TO  
16 LEND FOR AFFORDABLE HOUSING DEVELOPMENT.

17           6. DEVELOPERS OF HOUSING OR PRESERVATION PROJECTS ONLY WHEN THE  
18 ENTITIES THAT FINANCED THE PROJECT INVITE THE BANK OF ARIZONA TO  
19 PARTICIPATE WITH GAP FINANCING.

20           7. STATE-CHARTERED DEPOSITORY INSTITUTIONS THAT ARE USED TO SUPPORT  
21 OTHER ELIGIBLE RECIPIENTS.

22           8. IN-STATE COMMUNITY DEVELOPMENT CORPORATIONS, COMMUNITY  
23 DEVELOPMENT FINANCIAL INSTITUTIONS OR INVESTMENT VEHICLES SET BY SUCH  
24 FINANCIAL INSTITUTIONS TO FACILITATE INVESTMENT.

25           9. SMALL BUSINESS ENTERPRISES THAT CONDUCT BUSINESS IN THIS STATE  
26 AND ARE UNABLE TO PROCURE AFFORDABLE FINANCING FROM OTHER BANKS.

27           10. SMALL AND MEDIUM-SIZED FARMS AND RELATED INDUSTRIES.

28           11. INVESTMENT VEHICLES THAT ARE CREATED FOR THE PRIMARY PURPOSE OF  
29 SUPPORTING OTHER ELIGIBLE RECIPIENTS LISTED IN THIS SUBSECTION.

30           B. AFFORDABLE FINANCING INCLUDES THE FOLLOWING:

31           1. CREDIT AND LOANS, INCLUDING LONG-TERM LOANS AND UNSECURED LOANS.  
32 THE BANK OF ARIZONA MAY EMPLOY UNDERWRITING METHODS THAT ARE FLEXIBLE IN  
33 THEIR CRITERIA, TERMS AND USES AND SHALL PROVIDE LOANS AT AFFORDABLE  
34 RATES.

35           2. LETTERS OF CREDIT, GUARANTEES, SUBORDINATE LOANS AND OTHER FORMS  
36 OF DERISKING FOR THE PURPOSE OF CROWDING IN ADDITIONAL FINANCING BY  
37 NONBANK SOURCES.

38           3. TECHNICAL ASSISTANCE.

39           C. FOR THE ELIGIBLE RECIPIENTS PROVIDED IN SUBSECTION A OF THIS  
40 SECTION, AFFORDABLE FINANCING MAY INCLUDE:

41           1. EQUITY FINANCING, INCLUDING PREFERRED STOCK, COMMON STOCK,  
42 EQUITY EQUIVALENT CAPITAL AND OTHER HYBRID INSTRUMENTS.

43           2. GRANTS, DONATIONS AND CONTRIBUTIONS, INCLUDING GRANTS GIVEN OVER  
44 A PERIOD OF YEARS TO PROVIDE PREDICTABILITY FOR ELIGIBLE RECIPIENTS.

1           6-1809. Bank of Arizona; priorities

2           WITHOUT DEVIATING FROM THE BANK OF ARIZONA'S BUSINESS PLAN, THE BANK  
3 OF ARIZONA SHALL GIVE PRIORITY TO THE FOLLOWING:

4           1. ELIGIBLE RECIPIENTS SUBJECT TO THE HISTORIC AND CURRENT ECONOMIC  
5 INEQUITIES EXPERIENCED BY COMMUNITIES IN UNDERSERVED NEIGHBORHOODS,  
6 INCLUDING ENTERPRISES ESTABLISHED BY RESIDENTS AND ELIGIBLE RECIPIENTS  
7 WORKING TO REMEDY THOSE INEQUITIES.

8           2. ELIGIBLE RECIPIENTS SUBJECT TO THE HISTORIC AND CURRENT ECONOMIC  
9 INEQUITIES EXPERIENCED BY WOMEN THROUGHOUT THIS STATE.

10          3. RURAL BUSINESSES AND FARMING CONCERNS.

11          4. BUSINESSES WITH COMPENSATION STRUCTURES THAT PROVIDE A LIVABLE  
12 WAGE, ESTABLISH AN EQUITABLE RATIO BETWEEN THE LEAST-PAID AND HIGHEST-PAID  
13 MEMBERS OF THE BUSINESS OR OTHERWISE DEMONSTRATE A COMMITMENT TO EQUITABLE  
14 PAY.

15          5. ENTITIES THAT ADDRESS THE IMPACTS OF CLIMATE CHANGE AND THE  
16 REDUCTION OF GREENHOUSE GAS EMISSIONS.

17          6. MUNICIPALITIES THAT NEED MONIES TO UPDATE AND BUILD SAFE AND  
18 SUSTAINABLE INFRASTRUCTURE.

19          7. PUBLIC AND QUASI-PUBLIC AGENCIES, NONPROFIT ORGANIZATIONS, BANKS  
20 AND COMMUNITY DEVELOPMENT ORGANIZATIONS AND FINANCIAL INSTITUTIONS. THE  
21 BANK OF ARIZONA SHALL PARTNER RATHER THAN COMPETE WITH THESE ENTITIES TO  
22 EXPAND AFFORDABLE FINANCING IN THIS STATE.

23          8. LENDING PROGRAMS THAT ORIGINATE AND SERVICE A LOAN.

24          9. RURAL AREAS IN ORDER TO PROMOTE EQUITABLE DISTRIBUTION OF BANK  
25 RESOURCES.

26          10. MUNICIPALITIES THAT LACK RESOURCES. THE BANK OF ARIZONA SHALL  
27 PROVIDE TECHNICAL SUPPORT TO MAKE THE APPLICATION PROCESS SIMPLE AND  
28 AFFORDABLE.

29           6-1810. Bank of Arizona; conflict of interest; purpose

30           A. THE BANK OF ARIZONA MAY NOT:

31           1. TRANACT WITH OR EXTEND FINANCING TO A MEMBER OF THE BANK OF  
32 ARIZONA COMMISSION, THE CHIEF EXECUTIVE OFFICER OR AN EMPLOYEE OF THE BANK  
33 OF ARIZONA, INCLUDING AN IMMEDIATE FAMILY MEMBER OF THAT PERSON OR AN  
34 ENTITY IN WHICH THAT PERSON HAS AN INTEREST. THIS PROHIBITION SHALL  
35 REMAIN IN EFFECT FOR FOUR YEARS AFTER THE CONCLUSION OF THE TERM OF THE  
36 BANK OF ARIZONA COMMISSION MEMBER, CHIEF EXECUTIVE OFFICER OR EMPLOYEE.

37           2. TRANACT WITH OR EXTEND FINANCING TO A MEMBER OF THE ADVISORY  
38 BOARD OR IMMEDIATE FAMILY MEMBER. THIS SECTION DOES NOT PROHIBIT THE BANK  
39 OF ARIZONA FROM TRANACTING WITH OR EXTENDING FINANCING TO AN ENTITY IN  
40 WHICH AN ADVISORY BOARD MEMBER IS ASSOCIATED.

41           B. THIS CHAPTER SHALL BE INTERPRETED AND CONSTRUED LIBERALLY IN AID  
42 OF ITS DECLARED PURPOSE.



1           6-1811. State monies deposited in bank of Arizona; income of  
2                                   the bank

3           A. ALL STATE MONIES MUST BE DEPOSITED IN THE BANK OF ARIZONA BY THE  
4 PERSONS HAVING CONTROL OF THE MONIES OR MUST BE DEPOSITED IN ACCORDANCE  
5 WITH CONSTITUTIONAL AND STATUTORY PROVISIONS.

6           B. ALL INCOME EARNED BY THE BANK FOR ITS OWN ACCOUNT ON STATE  
7 MONIES THAT ARE DEPOSITED IN OR INVESTED WITH THE BANK TO THE CREDIT OF  
8 THIS STATE MUST BE CREDITED TO AND BECOME A PART OF THE REVENUES AND  
9 INCOME OF THE BANK.

10          C. ALL REMAINING SURPLUS AFTER OPERATING COSTS AND EXPENSES SHALL  
11 BE DEPOSITED IN THE STATE GENERAL FUND.

12           6-1812. Guaranty of deposits; exemption from all taxation

13           ALL DEPOSITS IN THE BANK OF ARIZONA ARE GUARANTEED BY THIS STATE.  
14 THE DEPOSITS ARE EXEMPT FROM ALL STATE, COUNTY AND MUNICIPAL TAXES.

15           6-1813. Clearinghouse

16           FOR BANKS THAT MAKE THE BANK OF ARIZONA A RESERVE DEPOSITORY, THE  
17 BANK OF ARIZONA MAY PERFORM THE FUNCTIONS AND RENDER THE SERVICES OF A  
18 CLEARINGHOUSE, INCLUDING ALL FACILITIES FOR PROVIDING DOMESTIC AND FOREIGN  
19 EXCHANGE, AND MAY REDISCOUNT PAPER ON TERMS THAT THE BANK OF ARIZONA  
20 COMMISSION PRESCRIBES.

21           6-1814. Powers

22           THE BANK OF ARIZONA MAY MAKE, PURCHASE, GUARANTEE OR HOLD LOANS TO  
23 ALL PERSONS IN THIS STATE AS PRESCRIBED BY THE BANK OF ARIZONA ADVISORY  
24 BOARD OF DIRECTORS AND THE BANK OF ARIZONA.

25           6-1815. Limits on loans

26           NOTWITHSTANDING ANY OTHER LAW, THE BANK OF ARIZONA MAY NOT MAKE ANY  
27 LOAN OR OTHERWISE GIVE ITS CREDIT TO A MEMBER OF THE BANK OF ARIZONA  
28 COMMISSION OR THE ADVISORY BOARD OF DIRECTORS TO THE BANK OF ARIZONA.  
29 BEFORE TAKING OFFICE, A MEMBER OF THE BANK OF ARIZONA COMMISSION MUST FILE  
30 A STATEMENT WITH THE BANK OF ARIZONA INDICATING ANY PERSONAL INTEREST THAT  
31 THE MEMBER HAS IN ANY LOAN OR LOAN APPLICATION IN EXISTENCE OR PENDING AT  
32 ANY TIME DURING THE MEMBER'S TERM ON THE COMMISSION.

33           Sec. 2. Title 41, chapter 27, article 2, Arizona Revised Statutes,  
34 is amended by adding section 41-3034.01, to read:

35           41-3034.01. Bank of Arizona commission and the advisory board  
36                                   of directors to the bank of Arizona:  
37                                   termination July 1, 2034

38           A. THE BANK OF ARIZONA COMMISSION AND THE ADVISORY BOARD OF  
39 DIRECTORS TO THE BANK OF ARIZONA TERMINATE ON JULY 1, 2034.

40           B. TITLE 6, CHAPTER 18 IS REPEALED ON JANUARY 1, 2035.

41           Sec. 3. Purpose

42           Pursuant to section 41-2955, subsection E, Arizona Revised Statutes,  
43 the legislature establishes the bank of Arizona commission and the  
44 advisory board of directors to the bank of Arizona to operate, manage and  
45 control the state-owned bank in Arizona.

1           Sec. 4. Initial terms of members of the bank of Arizona  
2                                   advisory board of directors

3           A. Notwithstanding section 6-1803, Arizona Revised Statutes, as  
4 added by this act, the initial terms of members of the advisory board of  
5 directors to the bank of Arizona appointed pursuant to section 6-1803,  
6 subsection A, paragraphs 1 through 7, Arizona Revised Statutes, as added  
7 by this act, are:

- 8           1. Two terms ending July 1, 2026.
- 9           2. Three terms ending July 1, 2028.
- 10          3. Three terms ending July 1, 2030.

11          B. All subsequent appointments shall be made as prescribed by  
12 statute.