

House Engrossed Senate Bill

**State of Arizona
Senate
Fifty-fourth Legislature
First Regular Session
2019**

CHAPTER 94
SENATE BILL 1167

AN ACT

**AMENDING SECTIONS 35-393, 35-393.01 AND 35-393.03, ARIZONA REVISED STATUTES;
RELATING TO ISRAEL BOYCOTT DIVESTMENTS.**

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Section 35-393, Arizona Revised Statutes, is amended to read:

35-393. Definitions

In this article, unless the context otherwise requires:

1. "Boycott" means engaging in a refusal to deal, terminating business activities or performing other actions that are intended to limit commercial relations with ~~Israel or with persons or~~ entities doing business in Israel or in territories controlled by Israel, if those actions are taken either:

(a) ~~In compliance with or adherence to calls for a boycott of Israel other than those boycotts to which 50 United States Code section 4607(c) applies.~~ **BASED IN PART ON THE FACT THAT THE ENTITY DOES BUSINESS IN ISRAEL OR IN TERRITORIES CONTROLLED BY ISRAEL.**

(b) In a manner that discriminates on the basis of nationality, national origin or religion and that is not based on a valid business reason.

2. "Company" means ~~a sole proprietorship;~~ **AN** organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, limited liability company or other entity or business association, ~~and includes~~ **INCLUDING** a wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate, **THAT ENGAGES IN FOR-PROFIT ACTIVITY AND THAT HAS TEN OR MORE FULL-TIME EMPLOYEES.**

3. "Direct holdings" means all publicly traded securities of a company that are held directly by the state treasurer or a retirement system in an actively managed account or fund in which the retirement system owns all shares or interests.

4. "Indirect holdings" means all securities of a company that are held in an account or fund, including a mutual fund, that is managed by one or more persons who are not employed by the state treasurer or a retirement system, if the state treasurer or retirement system owns shares or interests either:

(a) Together with other investors that are not subject to this section.

(b) That are held in an index fund.

5. "Public entity" means this state, a political subdivision of this state or an agency, board, commission or department of this state or a political subdivision of this state.

6. "Public fund" means the state treasurer or a retirement system.

7. "Restricted companies" means companies that boycott Israel.

8. "Retirement system" means a retirement plan or system that is established by or pursuant to title 38.

Sec. 2. Section 35-393.01, Arizona Revised Statutes, is amended to read:

35-393.01. Contracting; procurement; investment; prohibitions

A. A public entity may not enter 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 OR SERVICES FROM** Israel.

B. 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.

Sec. 3. Section 35-393.03, Arizona Revised Statutes, is amended to read:

35-393.03. Applicability; severability

A. THIS ARTICLE DOES NOT APPLY TO A BOYCOTT PROHIBITED BY 50 UNITED STATES CODE SECTION 4842 OR A REGULATION ISSUED PURSUANT TO THAT SECTION.

B. If any provision of this article or its application to any person or circumstance is held invalid, the invalidity does not affect any other provision or application of this article that can be given effect without the invalid provision or application, and to this end the provisions of this article are severable.

APPROVED BY THE GOVERNOR APRIL 16, 2019.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 16, 2019.