

**Senate Engrossed**

**divestment; boycott; Israel; public entities**

**State of Arizona  
Senate  
Fifty-fifth Legislature  
Second Regular Session  
2022**

**CHAPTER 39**

**SENATE BILL 1250**

**AN ACT**

**AMENDING SECTIONS 35-393 AND 35-393.02, ARIZONA REVISED STATUTES; RELATING TO  
DIVESTMENT OF PUBLIC MONIES.**

**(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 entities doing business in Israel or in territories controlled by Israel, if those actions are taken either:

(a) 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 an organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, limited liability company or other entity or business association, 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":

(a) 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.

(b) **INCLUDES THE UNIVERSITIES UNDER THE JURISDICTION OF THE ARIZONA BOARD OF REGENTS AND COMMUNITY COLLEGE DISTRICTS AS DEFINED IN SECTION 15-1401.**

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 35-393.02, Arizona Revised Statutes, is amended to read:

**35-393.02. Investment; restricted companies list; notice; immunity; exception**

A. On or before April 1 of each year, each public fund shall prepare a list of restricted companies and shall provide a copy of the list on request.

B. In preparing the list of restricted companies, the public fund may consider at least the following:

1. Publicly available information, including information provided by nonprofit organizations, research firms and government entities.

2. Information prepared by an independent research firm retained by the public fund.

3. A statement by a company that it is participating in a boycott of Israel or that it has taken a boycott action at the request of, in compliance with or in furtherance of calls for a boycott of Israel.

C. The public fund shall notify each company that is included on the list of restricted companies that the company is subject to divestment by the state treasurer, **and** the retirement systems **AND EACH PUBLIC ENTITY.**

D. If a company that receives notice pursuant to subsection C of this section submits a written certification to the public fund that it has ceased its boycott of Israel and will not engage in a boycott of Israel for the period of time that the state treasurer or a retirement system invests in the company, the public fund shall remove the company from the restricted list.

E. Each public fund **AND EACH PUBLIC ENTITY** shall:

1. Sell, redeem, divest or withdraw all direct holdings of a restricted company from the assets under its management in an orderly and fiducially responsible manner within three months after **preparing** the **list LISTS** of restricted companies **ARE PREPARED** pursuant to subsection A of this

section. On or before August 1 of each year, the state treasurer, ~~and~~ each retirement system **AND EACH PUBLIC ENTITY** shall post on their websites a list of investments that are sold, redeemed, divested or withdrawn pursuant to this paragraph.

2. Not acquire securities of a restricted company as part of its direct holdings.

3. Request that managers of its indirect holdings consider selling, redeeming, divesting or withdrawing holdings of a restricted company from the assets under its management.

F. With respect to any action performed pursuant to this section, the state treasurer, each retirement system, **EACH PUBLIC ENTITY** and any person acting on behalf of the state treasurer, ~~or~~ the retirement system **OR THE PUBLIC ENTITY**:

1. Are exempt from any conflicting statutory or common law obligation or fiduciary duties with respect to choice of asset managers, investment funds or investments.

2. Are subject to title 12, chapter 7, article 2 regarding immunity for acts and omissions.

3. Are indemnified and held harmless by this state from claims, demands, suits, actions, damages, judgments, costs, charges and expenses, including attorney fees, and against all liability, losses and damages because of a decision to sell, redeem, divest or withdraw holdings of a restricted company made pursuant to this section.

G. This section does not apply to investments that are made by the state treasurer pursuant to section 35-314.01.



**APPROVED BY THE GOVERNOR MARCH 23, 2022.**

**FILED IN THE OFFICE OF THE SECRETARY OF STATE MARCH 23, 2022.**