

REFERENCE TITLE: global security risks; investments; prohibition

State of Arizona
Senate
Forty-eighth Legislature
Second Regular Session
2008

SB 1489

Introduced by
Senators Verschoor, Bee, Gray L, Leff; Representatives McComish, Pearce:
Senators Burns, Huppenthal, McCune Davis; Representative Boone

AN ACT

AMENDING TITLE 35, CHAPTER 2, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 7;
RELATING TO GLOBAL SECURITY RISK INVESTMENTS.

(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 amended
3 by adding article 7, to read:

4 ARTICLE 7. GLOBAL SECURITY RISK INVESTMENTS

5 35-391. Definitions

6 IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

7 1. "BUSINESS TIES" MEANS OWNING OR CONTROLLING PROPERTY OR ASSETS
8 LOCATED IN, HAVING EMPLOYEES OR FACILITIES LOCATED IN, PROVIDING GOODS OR
9 SERVICES TO, OBTAINING GOODS OR SERVICES FROM, HAVING DISTRIBUTION AGREEMENTS
10 WITH, ISSUING CREDIT OR LOANS TO, PURCHASING BONDS OR COMMERCIAL PAPER FROM
11 OR INVESTING IN OR HAVING EQUITY TIES TO IRAN, NORTH KOREA, SUDAN OR SYRIA OR
12 ANY COMPANY OR ITS AFFILIATES DOMICILED IN IRAN, NORTH KOREA, SUDAN OR SYRIA.

13 2. "COMPANY" MEANS AN ENTITY CAPABLE OF AFFECTING COMMERCE, INCLUDING
14 A GOVERNMENT, GOVERNMENT AGENCY, NATURAL PERSON, LEGAL PERSON, SOLE
15 PROPRIETORSHIP, PARTNERSHIP, FIRM, CORPORATION, SUBSIDIARY, AFFILIATE,
16 FRANCHISOR, FRANCHISEE, JOINT VENTURE, TRADE ASSOCIATION, FINANCIAL
17 INSTITUTION, UTILITY, PUBLIC FRANCHISE, PROVIDER OF FINANCIAL SERVICES, TRUST
18 OR ENTERPRISE.

19 3. "GLOBAL SECURITY RISK COMPANY" MEANS ANY FOREIGN COMPANY THAT HAS
20 ACTIVE OR CURRENT BUSINESS TIES IN OR WITH IRAN, NORTH KOREA, SUDAN OR SYRIA.

21 4. "INDEPENDENT THIRD-PARTY RESEARCH FIRM" MEANS A PRIVATE UNITED
22 STATES BUSINESS THAT SPECIALIZES IN IDENTIFYING AND ASSESSING GLOBAL SECURITY
23 RISK COMPANIES, THAT HAS BEEN IN BUSINESS FOR AT LEAST THE CURRENT AND
24 PREVIOUS CALENDAR YEAR AND THAT DOES NOT HAVE A POTENTIAL FOR CONFLICT OF
25 INTEREST WITH A PUBLIC INVESTOR FROM INVESTMENT AND FINANCE ACTIVITIES.

26 5. "IRAN" MEANS THE ISLAMIC REPUBLIC OF IRAN.

27 6. "NORTH KOREA" MEANS THE DEMOCRATIC PEOPLE'S REPUBLIC OF NORTH
28 KOREA.

29 7. "PUBLIC INVESTOR" MEANS THE ARIZONA STATE RETIREMENT SYSTEM
30 ESTABLISHED BY TITLE 38, CHAPTER 5, ARTICLE 2, THE ELECTED OFFICIALS'
31 RETIREMENT PLAN ESTABLISHED BY TITLE 38, CHAPTER 5, ARTICLE 3, THE PUBLIC
32 SAFETY PERSONNEL RETIREMENT SYSTEM ESTABLISHED BY TITLE 38, CHAPTER 5,
33 ARTICLE 4, THE CORRECTIONS OFFICER RETIREMENT PLAN ESTABLISHED BY TITLE 38,
34 CHAPTER 5, ARTICLE 6 AND THE STATE TREASURER INVESTMENTS AUTHORIZED BY
35 ARTICLE 2 OF THIS CHAPTER.

36 8. "SUDAN" MEANS THE ISLAMIC REPUBLIC OF SUDAN.

37 9. "SYRIA" MEANS THE SYRIAN ARAB REPUBLIC.

38 35-392. Public investor equity holdings; global security risk;
39 prohibition; exclusions

40 A. ALL INTERNATIONAL EQUITY HOLDINGS OF A PUBLIC INVESTOR SHALL
41 EXCLUDE GLOBAL SECURITY RISK COMPANIES.

42 B. COMPANIES THAT ARE CERTIFIED BY AN INDEPENDENT THIRD-PARTY RESEARCH
43 FIRM TO ENGAGE ONLY IN THE PROVISION OF GOODS AND SERVICES THAT RELIEVE HUMAN
44 SUFFERING OR PROMOTE HEALTH OR RELIGIOUS, SPIRITUAL, EDUCATIONAL,

1 HUMANITARIAN OR JOURNALISTIC ACTIVITIES IN IRAN, NORTH KOREA, SUDAN OR SYRIA
2 ARE EXEMPT FROM THE DIVESTMENT AND EXCLUSION PROVISIONS OF SUBSECTION A.

3 C. SUBSECTION A DOES NOT APPLY TO A COUNTRY IF THE PRESIDENT OF THE
4 UNITED STATES DECLARES BY ENACTED LEGISLATION, EXECUTIVE ORDER OR WRITTEN
5 CERTIFICATION TO CONGRESS THAT THE UNITED STATES DEPARTMENT OF STATE NO
6 LONGER RECOGNIZES THAT COUNTRY AS A SPONSOR OF TERRORISM.

7 35-393. Request for proposals; identifying global security risk
8 companies

9 A. WITHIN NINETY DAYS AFTER THE EFFECTIVE DATE OF THIS ARTICLE, EACH
10 PUBLIC INVESTOR SHALL ISSUE A REQUEST FOR PROPOSALS TO INDEPENDENT
11 THIRD-PARTY RESEARCH FIRMS TO DETERMINE INTERNATIONAL GLOBAL SECURITY RISK
12 COMPANIES AND TO NOTIFY THE PUBLIC INVESTOR FOR EXCLUSION OF SUCH
13 INVESTMENTS.

14 B. PUBLIC INVESTORS SHALL SELECT FIRMS PURSUANT TO SUBSECTION A THAT
15 ARE DETERMINED TO BE THE BEST SUITED TO IDENTIFY GLOBAL SECURITY RISK
16 COMPANIES.

17 35-394. Liability for breach of duty; limitation

18 A PUBLIC INVESTOR IS NOT LIABLE FOR BREACH OF FIDUCIARY DUTY BY REASON
19 OF ANY DECISION TO RESTRICT, REDUCE OR ELIMINATE INVESTMENTS IN COMPANIES
20 DOING BUSINESS IN IRAN, NORTH KOREA, SUDAN OR SYRIA PURSUANT TO THIS ARTICLE.