



ARIZONA HOUSE OF REPRESENTATIVES

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Senate: GOV DP 5-3-0-0 | 3rd Read 16-14-0-0

SB 1013: government investments; products; fiduciaries; plans

Sponsor: Senator Hoffman, LD 15

Committee on Government

Overview

Prescribes requirements relating to the handling of public funds.

History

The State Treasurer is charged with receiving and keeping in secure custody all monies that belong to the state. Additionally, the State Treasurer is required to keep an account of all monies that are received and disbursed and keep separate accounts of the appropriations of money and the different funds ([A.R.S. § 41-172](#)).

Provisions

1. Directs the State Treasurer to post, on its publicly accessible website, a current list of state investments by name and investment managers and update any changes to the lists within a reasonable period of time. (Sec. 1)
2. Declares that all state investments must be made in the sole interest of the beneficiary taxpayer. (Sec. 1)
3. Requires the State Treasurer's evaluation of an investment to be based on pecuniary factors as statutorily prescribed. (Sec. 1)
4. Prohibits the State Treasurer from taking unnecessary investment risks or promoting nonpecuniary benefits or social goals. (Sec. 1)
5. Stipulates that a fiduciary must discharge their duties with respect to a plan solely in the interest of the participants and beneficiaries of the plan for:
 - a) the exclusive purpose of providing pecuniary benefits;
 - b) defraying reasonable expenses of administering the plan; and
 - c) earning a return on the investment. (Sec. 2)
6. Limits a fiduciary from taking into account pecuniary factors in the evaluation of an investment or when discharging the fiduciary's duties with respect to a plan. (Sec. 2)
7. Prohibits a fiduciary from taking into account any nonpecuniary or other factors when evaluating an investment. (Sec. 2)
8. Asserts that only the governmental entity that establishes or maintains a plan is allowed to vote the shares held by the plan. (Sec. 2)
9. Prohibits a governmental entity from granting proxy voting authority to any person not part of the governmental entity unless the person follows the obligation to act based only on pecuniary factors. (Sec. 2)

10. Provides that the shares held by a plan must be voted only in the pecuniary interest of the plan. (Sec. 2)
11. Establishes that the shares of a plan may not be voted to further environmental, ideological, nonpecuniary, political, social or other benefits or goals. (Sec. 2)
12. States that a plan may not entrust any plan assets to a fiduciary that has a practice of:
 - a) engaging with a company based on nonpecuniary factors; or
 - b) voting shares based on nonpecuniary factors. (Sec. 2)
13. Prohibits a fiduciary from adopting a practice of following the recommendations of a proxy advisory firm or other service provider unless their guidelines are consistent with the obligation to act based only on pecuniary factors. (Sec. 2)
14. Defines:
 - a) *fiduciary*;
 - b) *nonpecuniary*;
 - c) *pecuniary factor*; and
 - d) *plan*. (Sec. 2)

Prop 105 (45 votes) Prop 108 (40 votes) Emergency (40 votes) Fiscal Note