



ARIZONA STATE SENATE
Fifty-Sixth Legislature, First Regular Session

AMENDED
FACT SHEET FOR S.B. 1138

banks; discrimination prohibition; social criteria

Purpose

Prohibits a financial institution, insurer or credit reporting agency from discriminating against any person based on a political affiliation, or other social credit, environmental, social, governance or similar values-based or impact criteria.

Background

A *financial institution* is a bank, trust company, savings and loan association, credit union, consumer lender, international banking facility or financial institution holding company under the jurisdiction of the Department of Insurance and Financial Institutions ([A.R.S. § 6-101](#)). An *insurer* includes a person engaged in the business of making contracts of insurance ([A.R.S. § 20-104](#)). A *credit reporting agency* is a person that regularly engages in the practice of assembling or evaluating consumer credit information on consumers for the purpose of furnishing consumer reports to third parties ([A.R.S. § 44-1691](#)).

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

1. Prohibits a financial institution, insurer or credit reporting agency doing business in Arizona, either directly or through a contractor, from discriminating against any person based on:
 - a) a political affiliation; or
 - b) other social credit, environmental, social, governance or similar values-based or impact criteria.
2. Allows a financial institution, notwithstanding any other law, to offer investments, products or services to a potential customer or investor that include subjective standards, if the standards are fully disclosed and explained before entering into a contract for the investments, products or services.
3. States that the Legislature declares that:
 - a) the practice of discrimination against persons or entities in Arizona by using their social credit or environmental, social justice and governmental score is a matter of statewide concern; and
 - b) discrimination based on such scores not only threatens the rights and privileges of Arizona's inhabitants but menaces the institutions and foundation of a free democratic state and threatens the peace, order, health, safety and general welfare of the state and its habitants.
4. Specifies that the prohibition, permissive authority and declaration do not interfere with a financial institution's ability to discontinue or refuse to conduct business with a person when the action is necessary for the physical safety of the financial institution's employees.

5. Becomes effective on the general effective date.

Amendments Adopted by Committee

- Includes an insurer or credit reporting agency doing business in Arizona in the prohibition relating to discrimination against a person based on a political affiliation, or other social credit, environmental, social, governance or similar values-based or impact criteria.

Senate Action

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Prepared by Senate Research

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