House Engrossed

FILED

JANICE K. BREWER
SECRETARY OF STATE

State of Arizona
House of Representatives
Forty-eighth Legislature
Second Regular Session
2008

CHAPTER 235

HOUSE BILL 2151

AN ACT

AMENDING TITLE 35, CHAPTER 2, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 7; MAKING AN APPROPRIATION; RELATING TO INVESTMENT BY PUBLIC FUNDS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Title 35, chapter 2, Arizona Revised Statutes, is amended by adding article 7, to read:

ARTICLE 7. IRAN INVESTMENTS

35-391. Definitions

IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

1. "ACTIVE BUSINESS OPERATIONS" MEANS ALL BUSINESS OPERATIONS THAT ARE NOT INACTIVE BUSINESS OPERATIONS.

2. "BUSINESS OPERATIONS" MEANS INVESTING, WITH ACTUAL KNOWLEDGE ON OR AFTER AUGUST 5, 1996, IN IRAN'S PETROLEUM SECTOR WHICH DIRECTLY AND SIGNIFICANTLY CONTRIBUTES TO THE ENHANCEMENT OF IRAN'S ABILITY TO DEVELOP THE PETROLEUM RESOURCES OF IRAN. THE RETAIL SALE OF GASOLINE AND RELATED CONSUMER PRODUCTS IS NOT CONSIDERED TO DIRECTLY OR SIGNIFICANTLY CONTRIBUTE TO THE ENHANCEMENT OF IRAN'S ABILITY TO DEVELOP PETROLEUM RESOURCES.

3. "COMPANY" MEANS ANY SOLE PROPRIETORSHIP, ORGANIZATION, ASSOCIATION, CORPORATION, PARTNERSHIP, JOINT VENTURE, LIMITED PARTNERSHIP, LIMITED LIABILITY PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY OR BUSINESS ASSOCIATION, INCLUDING ALL WHOLLY-OWNED SUBSIDIARIES, MAJORITY-OWNED SUBSIDIARIES OR PARENT COMPANIES OR AFFILIATES OF SUCH ENTITIES OR BUSINESS ASSOCIATIONS, THAT EXISTS FOR THE PURPOSE OF MAKING A PROFIT.

4. "DIRECT HOLDINGS" MEANS ALL PUBLICLY TRADED EQUITY SECURITIES OF A COMPANY THAT ARE HELD DIRECTLY BY THE PUBLIC FUND OR IN AN ACCOUNT OR FUND IN WHICH THE PUBLIC FUND OWNS ALL SHARES OR INTERESTS.

5. "GOVERNMENT OF IRAN" MEANS THE GOVERNMENT OF IRAN AND ITS INSTRUMENTALITIES AND COMPANIES OWNED OR CONTROLLED BY THE GOVERNMENT OF IRAN.

6. "INACTIVE BUSINESS OPERATIONS" MEANS THE CONTINUED HOLDING OR RENEWAL OF RIGHTS TO PROPERTY PREVIOUSLY OPERATED FOR THE PURPOSE OF GENERATING REVENUES BUT NOT PRESENTLY DEPLOYED FOR SUCH A PURPOSE.

7. "INDIRECT HOLDINGS" MEANS ALL INVESTMENTS HELD IN AN ACCOUNT OR FUND, INCLUDING A MUTUAL FUND, A REAL ESTATE FUND, A PRIVATE EQUITY FUND OR A COMMINGLED FUND, MANAGED BY ONE OR MORE PERSONS WHO ARE NOT EMPLOYED BY THE PUBLIC FUND, IN WHICH THE PUBLIC FUND OWNS SHARES OR INTERESTS TOGETHER WITH OTHER INVESTORS WHO ARE NOT SUBJECT TO THIS ARTICLE.

8. "IRAN" MEANS THE ISLAMIC REPUBLIC OF IRAN.

9. "LIST" MEANS THE SCRUTINIZED COMPANIES WITH ACTIVITIES IN THE IRAN PETROLEUM ENERGY SECTOR LIST THAT IS PRESCRIBED BY THIS ARTICLE.

10. "PETROLEUM RESOURCES" MEANS PETROLEUM OR NATURAL GAS.

11. "PUBLIC FUND" MEANS THE ARIZONA STATE RETIREMENT SYSTEM ESTABLISHED BY TITLE 38, CHAPTER 5, ARTICLE 2, THE ELECTED OFFICIALS' RETIREMENT PLAN ESTABLISHED BY TITLE 38, CHAPTER 5, ARTICLE 3, THE PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM ESTABLISHED BY TITLE 38, CHAPTER 5, ARTICLE 4, THE CORRECTIONS OFFICER RETIREMENT PLAN ESTABLISHED BY TITLE 38, CHAPTER 5, ARTICLE 6 OR THE STATE TREASURER INVESTMENTS AUTHORIZED BY SECTION 35-314.02.

12. "SCRUTINIZED" MEANS ANY ACTIVE BUSINESS OPERATIONS, IF THOSE BUSINESS OPERATIONS ARE SUBJECT TO SANCTIONS UNDER PUBLIC LAW 104-172, THE IRAN SANCTIONS ACT OF 1996, AND INVOLVE INVESTMENTS OF A MATERIAL PORTION OF THE COMPANY'S REVENUES OR ASSETS AND THE COMPANY HAS FAILED TO TAKE SUBSTANTIAL ACTION SPECIFIC TO IRAN. THE PUBLIC FUND HAS SOLE DISCRETION TO DETERMINE WHAT IS A MATERIAL PORTION OF REVENUES OR ASSETS.

13. "SUBSTANTIAL ACTION SPECIFIC TO IRAN" MEANS ADOPTING, PUBLICIZING AND IMPLEMENTING A FORMAL PLAN TO CEASE SCRUTINIZED BUSINESS OPERATIONS WITHIN ONE YEAR AND TO REFRAIN FROM ANY SUCH NEW BUSINESS OPERATIONS.

35-392. Identification of scrutinized companies

A. WITHIN ONE HUNDRED EIGHTY DAYS AFTER THE EFFECTIVE DATE OF THIS ARTICLE, THE PUBLIC FUND SHALL MAKE REASONABLE EFFORTS TO IDENTIFY ALL SCRUTINIZED COMPANIES IN WHICH THE PUBLIC FUND HAS DIRECT HOLDINGS. SUCH EFFORTS SHALL INCLUDE REVIEWING AND RELYING, AS APPROPRIATE IN THE PUBLIC FUND'S JUDGMENT, ON PUBLICLY AVAILABLE INFORMATION REGARDING COMPANIES WITH BUSINESS OPERATIONS IN IRAN, INCLUDING INFORMATION PROVIDED BY NONPROFIT ORGANIZATIONS, RESEARCH FIRMS, INTERNATIONAL ORGANIZATIONS AND GOVERNMENT ENTITIES.

B. BEFORE THE FIRST MEETING OF THE PUBLIC FUND'S GOVERNING BODY FOLLOWING THE ONE HUNDRED EIGHTY DAY PERIOD PRESCRIBED IN SUBSECTION A, THE PUBLIC FUND SHALL ASSEMBLE ALL IDENTIFIED SCRUTINIZED COMPANIES INTO A SCRUTINIZED COMPANIES WITH ACTIVITIES IN THE IRAN PETROLEUM ENERGY SECTOR LIST.

C. THE PUBLIC FUND SHALL UPDATE THE LIST ON AN ANNUAL BASIS BASED ON INFORMATION FROM THOSE ENTITIES LISTED IN SUBSECTION A.

35-393. Required actions

A. THE PUBLIC FUND SHALL ADHERE TO THE FOLLOWING PROCEDURES FOR COMPANIES ON THE SCRUTINIZED COMPANIES WITH ACTIVITIES IN THE IRAN PETROLEUM ENERGY SECTOR LIST ON AN ANNUAL BASIS:

1. THE PUBLIC FUND SHALL MAKE REASONABLE EFFORTS TO DETERMINE THE COMPANIES ON THE LIST IN WHICH THE PUBLIC FUND OWNS DIRECT HOLDINGS.

2. FOR EACH COMPANY IDENTIFIED PURSUANT TO PARAGRAPH 1 WITH ONLY INACTIVE BUSINESS OPERATIONS, THE PUBLIC FUND SHALL SEND A WRITTEN NOTICE INFORMING THE COMPANY OF THIS ARTICLE AND ENCOURAGING IT TO CONTINUE TO REFRAIN FROM INITIATING ACTIVE BUSINESS OPERATIONS IN IRAN UNTIL IT IS ABLE TO AVOID SCRUTINIZED BUSINESS OPERATIONS. THE PUBLIC FUND SHALL CONTINUE SUCH CORRESPONDENCE ON AN ANNUAL BASIS.

3. FOR EACH COMPANY NEWLY IDENTIFIED PURSUANT TO PARAGRAPH 1 WITH ACTIVE BUSINESS OPERATIONS, THE PUBLIC FUND SHALL SEND A WRITTEN NOTICE INFORMING THE COMPANY OF ITS SCRUTINIZED COMPANY STATUS AND THAT IT MAY BECOME SUBJECT TO DIVESTMENT BY THE PUBLIC FUND. THE NOTICE SHALL OFFER THE COMPANY THE OPPORTUNITY TO CLARIFY ITS IRAN-RELATED ACTIVITIES AND SHALL ENCOURAGE THE COMPANY, WITHIN ONE HUNDRED EIGHTY DAYS, TO EITHER CEASE ITS SCRUTINIZED BUSINESS OPERATIONS OR CONVERT SUCH OPERATIONS TO INACTIVE

BUSINESS OPERATIONS IN ORDER TO AVOID QUALIFYING FOR DIVESTMENT BY THE PUBLIC FUND.

4. IF, WITHIN ONE HUNDRED EIGHTY DAYS FOLLOWING THE PUBLIC FUND'S FIRST ENGAGEMENT WITH A COMPANY PURSUANT TO PARAGRAPH 3, THAT COMPANY CEASES SCRUTINIZED BUSINESS OPERATIONS, THE COMPANY SHALL BE REMOVED FROM THE LIST AND THIS SECTION SHALL CEASE TO APPLY TO IT UNLESS IT RESUMES SCRUTINIZED BUSINESS OPERATIONS. IF, WITHIN ONE HUNDRED EIGHTY DAYS AFTER THE PUBLIC FUND'S FIRST ENGAGEMENT, THE COMPANY CONVERTS ITS SCRUTINIZED ACTIVE BUSINESS OPERATIONS TO INACTIVE BUSINESS OPERATIONS, THE COMPANY SHALL BE SUBJECT TO PARAGRAPH 2.

5. IF, AFTER ONE HUNDRED EIGHTY DAYS FOLLOWING THE PUBLIC FUND'S FIRST ENGAGEMENT WITH A COMPANY PURSUANT TO PARAGRAPH 3, THE COMPANY CONTINUES TO HAVE SCRUTINIZED ACTIVE BUSINESS OPERATIONS, AND ONLY WHILE SUCH COMPANY CONTINUES TO HAVE SCRUTINIZED ACTIVE BUSINESS OPERATIONS, THE PUBLIC FUND SHALL SELL, REDEEM, DIVEST OR WITHDRAW ALL PUBLICLY TRADED SECURITIES OF THE COMPANY ACCORDING TO THE FOLLOWING SCHEDULE:

(a) AT LEAST FIFTY PER CENT OF ASSETS SHALL BE REMOVED FROM THE PUBLIC FUND'S ASSETS UNDER MANAGEMENT WITHIN TWELVE MONTHS AFTER THE COMPANY'S MOST RECENT APPEARANCE ON THE LIST.

(b) ONE HUNDRED PER CENT OF ASSETS SHALL BE REMOVED FROM THE PUBLIC FUND'S ASSETS UNDER MANAGEMENT WITHIN EIGHTEEN MONTHS AFTER THE COMPANY'S MOST RECENT APPEARANCE ON THE LIST.

(c) IF A COMPANY THAT CEASED SCRUTINIZED ACTIVE BUSINESS OPERATIONS FOLLOWING ENGAGEMENT PURSUANT TO PARAGRAPH 3 RESUMES SUCH OPERATIONS, SUBDIVISION (a) SHALL IMMEDIATELY APPLY, AND THE PUBLIC FUND SHALL SEND A WRITTEN NOTICE TO THE COMPANY. THE COMPANY SHALL ALSO BE IMMEDIATELY REINTRODUCED ONTO THE LIST.

6. THE PUBLIC FUND SHALL NOT ACQUIRE SECURITIES OF COMPANIES ON THE SCRUTINIZED COMPANIES WITH ACTIVITIES IN THE IRAN PETROLEUM ENERGY SECTOR LIST THAT HAVE ACTIVE BUSINESS OPERATIONS, EXCEPT AS PROVIDED IN PARAGRAPHS 7 AND 8.

7. A COMPANY FOR WHOM THE UNITED STATES PRESIDENT EXERCISES HIS WAIVER AUTHORITY OR THE UNITED STATES GOVERNMENT AFFIRMATIVELY DECLARES TO BE EXCLUDED FROM ITS PRESENT OR ANY FUTURE FEDERAL SANCTIONS REGIME RELATING TO IRAN SHALL NOT BE SUBJECT TO DIVESTMENT OR INVESTMENT PROHIBITION PURSUANT TO PARAGRAPHS 5 AND 6.

8. NOTWITHSTANDING ANY OTHER LAW, PARAGRAPHS 5 AND 6 DO NOT APPLY TO INDIRECT HOLDINGS IN ACTIVELY OR PASSIVELY MANAGED INVESTMENT FUNDS OR DIRECT HOLDINGS IN PASSIVELY MANAGED INVESTMENT FUNDS. THE PUBLIC FUND SHALL ANNUALLY SUBMIT LETTERS TO THE MANAGERS OF SUCH INVESTMENT FUNDS CONTAINING COMPANIES WITH SCRUTINIZED ACTIVE BUSINESS OPERATIONS REQUESTING THAT THEY CONSIDER REMOVING SUCH COMPANIES FROM THE FUND OR CREATE A SIMILAR ACTIVELY OR PASSIVELY MANAGED FUND DEVOID OF SUCH COMPANIES. IF THE MANAGER CREATES A SIMILAR FUND, THE USE OF WHICH WOULD NOT REQUIRE INCREASED FEES ON THE PART OF THE PUBLIC FUND, THE PUBLIC FUND SHALL REPLACE ALL APPLICABLE INVESTMENTS

WITH INVESTMENTS IN THE SIMILAR FUND IN A REASONABLE TIME FRAME CONSISTENT WITH PRUDENT INVESTING STANDARDS.

B. FOR THE PURPOSES OF THIS SECTION, PRIVATE FUNDS SHALL BE DEEMED TO BE INDIRECT HOLDINGS IN ACTIVELY MANAGED INVESTMENT FUNDS.

35-394. Reporting

A. THE PUBLIC FUND SHALL SUBMIT A PUBLICLY AVAILABLE REPORT TO THE UNITED STATES ATTORNEY GENERAL, THE SENATE AND THE HOUSE OF REPRESENTATIVES COMMITTEES THAT ARE RESPONSIBLE FOR RETIREMENT ISSUES, THE GOVERNOR AND THE CENTRAL PROCUREMENT OFFICER OF THIS STATE THAT INCLUDES THE SCRUTINIZED COMPANIES WITH ACTIVITIES IN THE IRAN PETROLEUM ENERGY SECTOR LIST WITHIN THIRTY DAYS AFTER THE LIST IS FIRST CREATED.

B. ON OR BEFORE JANUARY 31 OF EACH YEAR, THE PUBLIC FUND SHALL SUBMIT A PUBLICLY AVAILABLE REPORT TO THE UNITED STATES ATTORNEY GENERAL, THE SENATE AND THE HOUSE OF REPRESENTATIVES COMMITTEES THAT ARE RESPONSIBLE FOR RETIREMENT ISSUES, THE GOVERNOR AND THE CENTRAL PROCUREMENT OFFICER OF THIS STATE THAT INCLUDES ALL OF THE FOLLOWING:

1. A SUMMARY OF CORRESPONDENCE WITH COMPANIES ENGAGED BY THE PUBLIC FUND PURSUANT TO SECTION 35-393, SUBSECTION A, PARAGRAPHS 2 AND 3.

2. ALL INVESTMENTS SOLD, REDEEMED, DIVESTED OR WITHDRAWN PURSUANT TO SECTION 35-393, SUBSECTION A, PARAGRAPH 5.

3. ALL PROHIBITED INVESTMENTS PURSUANT TO SECTION 35-393, SUBSECTION A, PARAGRAPH 6.

4. ANY PROGRESS MADE PURSUANT TO SECTION 35-393, SUBSECTION A, PARAGRAPH 8.

5. ALL INVESTMENT COSTS ASSOCIATED WITH COMPLIANCE WITH SECTION 35-393.

35-395. Other legal obligations; immunity

A. WITH RESPECT TO ACTIONS TAKEN IN COMPLIANCE WITH THIS ARTICLE, INCLUDING ALL GOOD FAITH DETERMINATIONS REGARDING COMPANIES AS REQUIRED BY THIS ARTICLE, A PUBLIC FUND, ITS BOARD OF DIRECTORS AND INDIVIDUAL BOARD MEMBERS, AGENTS, ATTORNEYS, TRUSTEES, OFFICERS, EMPLOYEES, CUSTODIANS, FIDUCIARIES, RESEARCH FIRMS AND INVESTMENT MANAGERS UNDER CONTRACT WITH THE PUBLIC FUND ARE EXEMPT FROM ANY CONFLICTING STATUTORY OR COMMON LAW OBLIGATIONS, INCLUDING ANY SUCH OBLIGATIONS WITH RESPECT TO CHOICE OF ASSET MANAGERS, INVESTMENT FUNDS OR INVESTMENTS FOR THE PUBLIC FUND'S SECURITIES PORTFOLIOS.

B. WITH RESPECT TO ALL ACTIONS TAKEN IN GOOD FAITH COMPLIANCE WITH THIS ARTICLE, A PUBLIC FUND, ITS BOARD OF DIRECTORS AND INDIVIDUAL BOARD MEMBERS, AGENTS, ATTORNEYS, TRUSTEES, OFFICERS, EMPLOYEES, CUSTODIANS, FIDUCIARIES, RESEARCH FIRMS AND INVESTMENT MANAGERS UNDER CONTRACT WITH THE PUBLIC FUND ARE IMMUNE FROM ANY LIABILITY.

C. A PUBLIC FUND, ITS BOARD OF DIRECTORS AND INDIVIDUAL BOARD MEMBERS, AGENTS, ATTORNEYS, TRUSTEES, OFFICERS, EMPLOYEES, CUSTODIANS, FIDUCIARIES, RESEARCH FIRMS AND INVESTMENT MANAGERS UNDER CONTRACT WITH THE PUBLIC FUND ARE INDEMNIFIED FROM THE STATE GENERAL FUND AND HELD HARMLESS BY THIS STATE

FROM ALL CLAIMS, DEMANDS, SUITS, ACTIONS, DAMAGES, JUDGMENTS, COSTS, CHARGES AND EXPENSES, INCLUDING COSTS AND ATTORNEY FEES, AND AGAINST ALL LIABILITY, LOSSES AND DAMAGES OF ANY NATURE THAT THE PUBLIC FUND, BOARD OF DIRECTORS AND INDIVIDUAL BOARD MEMBERS, AGENTS, ATTORNEYS, TRUSTEES, OFFICERS, EMPLOYEES, CUSTODIANS, FIDUCIARIES, RESEARCH FIRMS AND INVESTMENT MANAGERS UNDER CONTRACT WITH THE PUBLIC FUND MAY AT ANY TIME SUSTAIN BY REASON OF ANY DECISION TO RESTRICT, REDUCE OR ELIMINATE INVESTMENTS MADE IN GOOD FAITH COMPLIANCE WITH THIS ARTICLE.

35-396. Reinvestment in certain companies with scrutinized active business operations

NOTWITHSTANDING ANY OTHER LAW, THE PUBLIC FUND MAY CEASE DIVESTING FROM CERTAIN SCRUTINIZED COMPANIES PURSUANT TO SECTION 35-393 OR REINVEST IN CERTAIN SCRUTINIZED COMPANIES FROM WHICH IT DIVESTED PURSUANT TO SECTION 35-393 IF A PREPONDERANCE OF THE EVIDENCE SHOWS THAT THE VALUE OF THE ASSETS OF THE AFFECTED ACCOUNT OF THE PUBLIC FUND BECOMES EQUAL TO OR LESS THAN NINETY-NINE AND ONE-HALF PER CENT OF THE HYPOTHETICAL VALUE OF THE ASSETS OF THE AFFECTED ACCOUNT OF THE PUBLIC FUND ASSUMING NO DIVESTMENT FOR ANY COMPANY HAD OCCURRED UNDER SECTION 35-393. FOR ANY CESSATION OF DIVESTMENT, REINVESTMENT OR SUBSEQUENT ONGOING INVESTMENT AUTHORIZED BY THIS SECTION, THE PUBLIC FUND SHALL PROVIDE A WRITTEN REPORT TO THE GOVERNOR, THE SENATE AND THE HOUSE OF REPRESENTATIVES COMMITTEES THAT ARE RESPONSIBLE FOR RETIREMENT ISSUES, IN ADVANCE OF INITIAL REINVESTMENT, UPDATED ANNUALLY THEREAFTER AS APPLICABLE, SETTING FORTH THE REASONS AND JUSTIFICATION, SUPPORTED BY A PREPONDERANCE OF THE EVIDENCE, FOR ITS DECISIONS TO CEASE DIVESTMENT, REINVEST OR REMAIN INVESTED IN COMPANIES WITH SCRUTINIZED ACTIVE BUSINESS OPERATIONS. THIS SECTION HAS NO APPLICATION TO REINVESTMENT IN COMPANIES ON THE GROUND THAT THEY HAVE CEASED TO HAVE SCRUTINIZED ACTIVE BUSINESS OPERATIONS.

35-397. Prohibition on government contracts

A. WITHIN THIRTY DAYS AFTER RECEIPT OF A REPORT REQUIRED BY SECTION 35-394, THE CENTRAL PROCUREMENT OFFICER OF THIS STATE SHALL SEND A NOTICE TO THE SCRUTINIZED COMPANY INDICATING THAT THIS STATE AND ITS POLITICAL SUBDIVISIONS ARE PROHIBITED FROM PURCHASING ANY PRODUCT OR SERVICE FROM A SCRUTINIZED COMPANY UNTIL THE COMPANY IS NO LONGER ON THE SCRUTINIZED COMPANIES WITH ACTIVITIES IN THE IRAN PETROLEUM ENERGY SECTOR LIST. THIS PROHIBITION DOES NOT APPLY TO ANY EXISTING CONTRACT BUT DOES APPLY TO ANY NEW CONTRACT OR RENEWAL OF A CONTRACT.

B. THIS STATE AND POLITICAL SUBDIVISIONS OF THIS STATE SHALL ENSURE THAT EACH CONTRACT ENTERED INTO BY THE STATE OR POLITICAL SUBDIVISION OF THIS STATE FOR THE PROCUREMENT OF GOODS OR SERVICES INCLUDES A CLAUSE THAT REQUIRES THE CONTRACTOR TO CERTIFY TO THE CONTRACTING OFFICER THAT THE CONTRACTOR DOES NOT HAVE SCRUTINIZED BUSINESS OPERATIONS IN IRAN.

C. IF THIS STATE OR POLITICAL SUBDIVISION OF THIS STATE DETERMINES THAT THE CONTRACTOR HAS SUBMITTED A FALSE CERTIFICATION UNDER SUBSECTION B OF THIS SECTION, THE STATE OR POLITICAL SUBDIVISION MAY IMPOSE REMEDIES AS

PROVIDED BY LAW. ON THE DETERMINATION OF A FALSE CERTIFICATION UNDER SUBSECTION B OF THIS SECTION, THIS STATE OR POLITICAL SUBDIVISION OF THIS STATE MAY TERMINATE A COVERED CONTRACT.

D. THIS STATE OR POLITICAL SUBDIVISION OF THIS STATE SHALL NOTIFY THE CENTRAL PROCUREMENT OFFICER OF THIS STATE OF ANY CONTRACTOR THAT HAS SUBMITTED A FALSE CERTIFICATION UNDER SUBSECTION B OF THIS SECTION.

E. BASED ON INFORMATION REPORTED IN SECTION 35-394, THE CENTRAL PROCUREMENT OFFICER OF THIS STATE SHALL COMPILE AND MAKE AVAILABLE, ON AN ANNUAL BASIS, A LIST OF PARTIES WITH ACTIVITIES IN THE IRAN PETROLEUM ENERGY SECTOR EXCLUDED FROM ARIZONA PROCUREMENT.

F. BASED ON INFORMATION REPORTED IN SECTION 35-394, THE CENTRAL PROCUREMENT OFFICER OF THIS STATE MAY SUSPEND A CONTRACTOR FROM ELIGIBILITY FOR STATE OR POLITICAL SUBDIVISION CONTRACTS UPON THE NOTIFICATION FROM THE STATE OR POLITICAL SUBDIVISION OF A FALSE CERTIFICATION UNDER SUBSECTION B OF THIS SECTION. THE SUSPENSION PERIOD SHALL NOT EXCEED THREE YEARS.

G. THIS SECTION DOES NOT LIMIT THE USE OF OTHER REMEDIES AVAILABLE TO THIS STATE OR A POLITICAL SUBDIVISION OF THIS STATE OR ANY OTHER OFFICIAL OF THIS STATE THE BASIS OF A FALSE CERTIFICATION UNDER SUBSECTION B OF THIS SECTION.

H. THE GOVERNOR MAY WAIVE THE REQUIREMENTS OF SUBSECTION A OR B OF THIS SECTION ON A CASE-BY-CASE BASIS IF THE GOVERNOR DETERMINES AND CERTIFIES IN WRITING TO THE CENTRAL PROCUREMENT OFFICER OF THIS STATE THAT IT IS IN THE STATE'S BEST INTEREST TO DO SO.

I. WITHIN ONE YEAR AFTER THE EFFECTIVE DATE OF THIS SECTION, THE CENTRAL PROCUREMENT OFFICER OF THIS STATE SHALL PROVIDE A WRITTEN REPORT TO THE GOVERNOR, THE SENATE AND THE HOUSE OF REPRESENTATIVES COMMITTEES THAT ARE RESPONSIBLE FOR RETIREMENT ISSUES ON THE ACTIONS TAKEN UNDER THIS SECTION.

J. THIS SECTION APPLIES TO ALL AFFILIATED COMPANIES AND SUBSIDIARIES OF THE COMPANY.

Sec. 2. <u>Appropriation; Arizona state retirement system; exemption</u>

A. The sum of $30,000 and one-half FTE position is appropriated from the Arizona state retirement system administration account in fiscal year 2008-2009 to the Arizona state retirement system for the administrative implementation of this act.

B. The appropriation made in subsection A of this section is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations.

Sec. 3. <u>Delayed repeal; condition; notice</u>

A. Title 35, chapter 2, article 7, Arizona Revised Statutes, as added by this act, is repealed as of the earliest date that any of the following occurs:

1. The United States Congress or President of the United States affirmatively and unambiguously states, by means including legislation, executive order or written certification from the President to Congress, that

1 the government of Iran has ceased to pursue the capabilities to develop
2 nuclear weapons and support international terrorism.
3 2. The United States revokes all sanctions imposed against the
4 government of Iran.
5 3. The United States Congress or President of the United States
6 affirmatively and unambiguously states, by means including legislation,
7 executive order or written certification from the President to Congress, that
8 divestment of the type provided for in this act interferes with the conduct
9 of United States foreign policy.
10 4. Public Law 104-172, the Iran Sanctions Act of 1996, and its
11 amendments are repealed.
12 5. July 1, 2013.
13 B. The director of the Arizona state retirement system shall notify in
14 writing the director of the Arizona legislative council of this date.
15 Sec. 4. Emergency
16 This act is an emergency measure that is necessary to preserve the
17 public peace, health or safety and is operative immediately as provided by
18 law.

APPROVED BY THE GOVERNOR MAY 23, 2008.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 23, 2008.