STATE OF ARIZONA

JANICE K. BREWER
GOVERNOR

EXECUTIVE OFFICE

April 6, 2010

The Honorable Kirk Adams
Speaker of the House
Arizona House of Representatives
1700 West Washington Street
Phoenix, Arizona 85007

Re: House Bill 2075 - State Board of Investment; Continuation

Dear Speaker Adams:

Today I vetoed House Bill 2075. This bill was introduced to continue the State Board of Investment for ten years, however other substantive provisions unrelated to the extension of the Board were added to the bill. The Board is scheduled to sunset on July 1, 2010.

The Arizona Constitution requires the establishment of a State Board of Investment. Currently the Board consists of five members: the State Treasurer, the Director of the Department of Administration, the Superintendent of the Department of Financial Institutions, and two other members appointed by the Treasurer. House Bill 2075 grants the State Treasurer an additional appointment to the Board without granting the Executive an equal appointment. This arrangement would alter the Board's balance and grant the State Treasurer, who also serves as the Board's chairman, even greater power over the Board's decision making. I am also concerned that this measure leaves the Board with an even number of members while lacking any provision to resolve a tie vote, which could result in a stalemate on any number of important matters before the Board.

I recognize that adding an additional member to the Board of Investment would provide the State Treasurer with the additional financial expertise he is seeking to help him with matters relating to the Permanent Land Trust Funds, the investment of state monies and the development of state investment policies. However, I am very concerned about the unintended consequences that could result from altering the makeup of this important Board and I don't believe such a move would be prudent in these financially uncertain times.

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Fortunately, there is still time in the session for the Legislature to send me a bill that simply continues the State Board of Investment until July 1, 2020. During the interim, I would be pleased to work with the bill's sponsor, Rep. Nancy McLain, to develop legislation for next session that provides the appropriate financial expertise that the State Treasurer needs while also maintaining a reasonable balance between the Executive and the State Treasurer's Office.

Sincerely,

Janice K. Brewer
Governor

cc: The Honorable Robert Burns
The Honorable Nancy McLain

House Engrossed

State of Arizona
House of Representatives
Forty-ninth Legislature
Second Regular Session
2010

HOUSE BILL 2075

AN ACT

AMENDING SECTIONS 35-311, 35-313 AND 35-317, ARIZONA REVISED STATUTES; REPEALING SECTION 41-3010.13, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 27, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-3020.13; RELATING TO THE STATE BOARD OF INVESTMENT.

(TEXT OF BILL BEGINS ON NEXT PAGE)