

Update Part 2: The Growing Trend of Anti-Boycott Laws and the Effect on Public Finance – Is Arkansas Next?



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In [previous blog posts](#) we have noted the emerging trend of anti-boycott and anti-discrimination laws in multiple states and discussed potential effects on the public finance market, particularly in Arkansas.

In our [first post](#) on the subject last year, we noted that “There are no pending anti-boycott type legislation proposals in Arkansas at this point. However, given the political landscape and the growing trend of such legislation around the country, it is not unreasonable to anticipate that similar proposals will be coming.”

That all changed with the convening of the regular session of the 94th Arkansas General Assembly on January 9 and the filing of Senate Bill 41.

[Senate Bill 41](#) was introduced by State Senator Ricky Hill of Cabot on the first day of the session. The bill is entitled “An Act to Regulate Environmental, Social Justice, or Governance Scores or Metrics; To Allow the Treasurer of State to Divest the State of Stocks, Securities, or Other Obligations Due to Discrimination Based on Environmental, Social Justice, or Governance-Related Factors; And for Other Purposes.”

The purpose of SB41 is to direct the State (through the State Treasurer) and other public entities within the State to divest from financial services providers that “discriminate without a reasonable business purpose against a business that provides services or products to the energy, fossil fuel, firearms, or ammunition industries, or otherwise discriminates without a reasonable business purpose against a business based on environmental, social justice, or other governance-related factors.”

SB41 has been referred to the Senate Insurance & Commerce Committee and is just beginning its legislative journey. It is too soon to tell what the final product will look like, but at this point, the language of SB41 is focused only on divesting from financial services companies that utilize ESG factors and is not as broad as the language in some states (like Texas) which prohibits contracting with all companies that engage with ESG policies. As such, the effects on the public finance market in Arkansas will likely be more muted than what has occurred in some other states.

The public finance team at Mitchell Williams will continue to monitor SB41 as it makes its way through the legislative process and will provide ongoing updates.

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