

# Arizona

LGBTQ+ Business Climate Score

out of a possible 100 points

58.03

NOTABLE RISK

Out Leadership's Business Climate Index for the 50 United States is an assessment of states' performance on LGBTQ+ inclusion. It measures the impact government policies and prevalent attitudes have on the LGBTQ+ people residing in each state, quantifying the economic imperatives for inclusion and the costs of discrimination. It equips business leaders and policy makers with a clear sense of the most impactful steps states can take to make themselves more hospitable to forward-thinking, innovative, inclusive businesses.

## Color Coding



For more context around these scores, and to learn more about the criteria we used to assess how state laws, actions and attitudes toward LGBTQ+ people create business and talent risks, please visit [outleadership.com/driving-equality/us-state-ceo-briefs/](https://outleadership.com/driving-equality/us-state-ceo-briefs/)

# Arizona



## Legal & Nondiscrimination Protection

The Legal and Nondiscrimination Protections section includes two subsections: The **Personal Legal Scale** assesses the state's laws directly impacting LGBTQ+ individuals. This includes processes for transgender people to change their gender markers on birth certificates and driver's licenses, as well as protections for individuals in housing, the workplace, public spaces, foster care, and more. **Two Nondiscrimination Protections Scales** assess the extent to which LGBTQ+ people are protected under state law. One evaluates nondiscrimination laws related to employment and the other evaluates any nondiscrimination laws related to housing, public accommodations, credit and lending.



## Youth & Family Support

The Youth and Family Support section contains three subsections. The **Family Support Scale** measures how supportive the state is of LGBTQ+ people who are in or wish to start families. Elements of this scale include: the percentage of LGBTQ+ families raising children, and whether state family leave laws cover same-gender couples and allow workers to care for the children they are raising. The **Children and Youth Scale** assesses the resources available to LGBTQ+ children and youth in the state, including whether the state has non-discrimination laws and policies for LGBTQ+ students. The **Targeted Laws** section evaluates states on whether they ban discussion of same-gender marriage in schools, and whether they ban conversion therapy for minors.





## Political & Religious Attitudes

The Political and Religious Attitudes section contains two subsections. Taken together, these scales assess the tone of the state's conversation around LGBTQ+ rights. The **Religious Protections Scale** assesses the extent and impacts of a state's constitutional or statutory religious exemption laws, and whether state law provides for targeted religious exemption from laws governing child welfare services, private wedding services, and the provision of medical care. The **State Leadership Scores** are Out Leadership's unique measures evaluating the state's most senior elected officials – the Governor and the two U.S. Senators – and assessing how they've represented their views of LGBTQ+ people in speeches and in their political platforms, and in terms of how they've acted with regard to laws impacting LGBTQ+ equality.



## Health Access & Safety

The Health Access and Safety section contains two subsections. The **Health Scale** assesses LGBTQ+ people's access to insurance and medical care in each state, giving particular emphasis to the most economically precarious and vulnerable members of the community. The **Safety Scale** is based on two significant laws protecting or criminalizing behaviors affecting LGBTQ+ people. It asks whether the state protects LGBTQ+ people in its hate crime laws. It also assesses whether the state criminalizes exposure to or transmission of HIV.



## Work Environment & Employment

The Work Environment and Employment section contains two subsections. The **Work Environment Scale** assesses transgender individuals' experiences at work, including incidences of verbal harassment, sexual assault, and other mistreatment. The **Employment Scale** is based on assessments of LGBTQ+ employment in the state. This scale includes the percentage of LGBTQ+ people making less than \$24,000 annually (approximately the current Federal poverty line), and the differences in unemployment rates and food insecurity between LGBTQ+ and non-LGBTQ+ identified individuals.

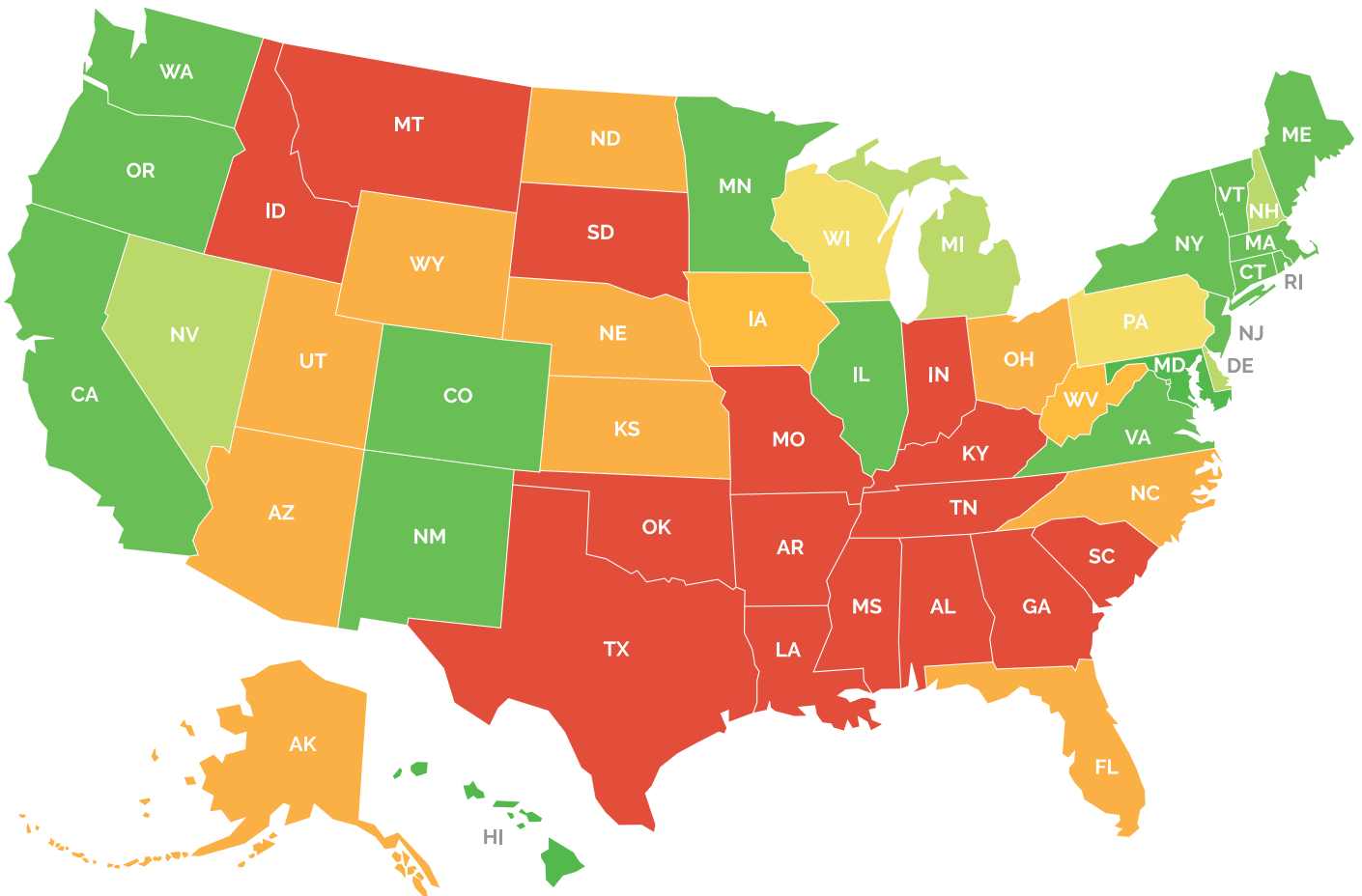


## A Note on Methodology

Download this report to learn how and why Out Leadership created the LGBTQ+ Business Climate Index for the 50 U.S. States, with important details about our methodology, including our data standards and practices. NOTE: \*HIV criminalization laws are discriminatory and ineffective. These laws fail to account for advances made in treating and controlling HIV, may deter people from getting tested and seeking treatment, and can exacerbate the stigma targeting people living with HIV and LGBTQ+ people.

# United States Heat Map

The legal and cultural situation for LGBTQ+ people varies widely across the country. This map, based on each state's total Business Climate Score, illustrates the states where LGBTQ+ people are empowered to participate more fully and openly in the economy, and the states that are lagging behind.





# Arizona Talking Points

4.5% of Arizonans identify as LGBTQ+. Conservatively, that's LGBTQ+ personal income of \$14 billion – it's a market my business can't afford to ignore.

Nondiscrimination policies allow LGBTQ+ people to participate more fully in the economy.

When LGBTQ+ employees don't feel welcome at work, they're less likely to stay, and employee turnover is a drag on the state economy and business competitiveness. It costs companies an average of \$8,106 to replace an employee in Arizona, and it can cost upwards of \$270,000 to replace senior executives. Arizona and the businesses operating there have strong incentives to create inclusive workplaces in the interest of keeping these costs down.

Millennial and Gen Z consumers prefer to do business with companies with LGBTQ+ friendly advertising and policies – 54% say they're more likely to choose an LGBTQ+ inclusive brand over a competitor – which is why it's important that Arizona create a business environment where being inclusive is supported.

## Regional Context

# The Southwest

Out Leadership and FCB partnered on original market research into the attitudes of American workers on LGBTQ+ inclusion, which fielded in 2019 and 2020. These briefs as a whole will be updated on an ongoing basis by Out Leadership because we recognize the ever-changing nature of policy on the local, state, and national level.

The Southwest region had the lowest percent of non-LGBTQ+ respondents being willing to self-identify as an ally (44%), but, surprisingly, had the highest percentage of respondents classifying as LGBTQ+ friendly (slightly over 90%). Over half of the of LGBTQ+ workers in the Southwest are out at work (54.4%, second behind the Southeast region) and LGBTQ+ workers in this region are also 14% less likely to feel they need to engage in covering behaviors around their sexual orientation at work to be successful. However, state leadership in this region is not seen as very inclusive, and workers were 36% more likely to say that their leadership speaks about LGBTQ+ in predominantly negative terms. This region was also 43% more likely to list "including visibly LGBTQ+ people in advertising and communications" as one of the top ways that business could demonstrate their support. However, the non-LGBTQ+ respondents in this region were the least likely to list public demonstrations of support as one of the top ways that businesses could express their commitment to the LGBTQ+ community. Particularly around marketing to LGBTQ+ customers and public advocacy (77% and 50% less likely respectively).

*Unless otherwise noted, all comparisons for more or less likely are compared to the National results. Regional results are based off of 1,500 respondents (LGBTQ+ and Non-LGBTQ+ responses have been weighted to be age-representative for each audience in each region). National results are based off of 600 respondents representative of each audience (LGBTQ+ vs Non-LGBTQ+).*

States in the Southwest region included: Arizona, New Mexico, Oklahoma, Texas

# Impact of LGBTQ+ Discrimination on Business Talent

1

NO RISK

2

LOW RISK

3

MODERATE RISK

4

NOTABLE RISK

5

HIGH RISK

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## Brand Risk

4

NOTABLE

Doing business in Arizona can create notable brand risk. With the exception of Sen. Kyrsten Sinema, the nation's first openly bisexual U.S. Senator, Arizona's statewide public officials generally uphold pro-religious, anti-LGBTQ+ status quos.

## Client Risk

3

MODERATE RISK

There is moderate risk of LGBTQ+ or strong ally clients pulling their business from companies operating in Arizona in light of the state's business climate and reputation.

## Talent Risk

4

NOTABLE

LGBTQ+ talent might consider Arizona's legal and social environment to be unfriendly and be less likely to consider living and working in the state. There is no statewide LGBTQ+ inclusive nondiscrimination law, and changing gender markers on official documentation is challenging, all of which would make LGBTQ+ talent hesitant about relocating to the state.

## Marketing Risk

3

MODERATE RISK

There is moderate risk in marketing to the LGBTQ+ community in Arizona, where there are no statewide LGBTQ+ inclusive non discrimination protections, no gender identity hate crimes protections, and no restrictions on the practice of conversion therapy. There is also a possibility of running afoul of the state's religious freedom laws.

## Future Risk

3

MODERATE RISK

With a low apparent appetite for discriminatory legislation in the past five years, the risk of future events that could garner negative publicity for the state and impact the daily lives of LGBTQ+ people is relatively low, but the 2020 legislative session included particular focus on bills targeting transgender people, so we assess the risk here as moderate.

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# Current Legal Status of LGBTQ+ People in Arizona

## Legal status of the Lesbian, Gay and Bisexual Community

Arizona's state employees do have protection based on sexual orientation and gender identity.

The definition of a "dependent" of a state employee eligible to receive state-provided insurance is limited to "spouses under the laws of" Arizona. Although the 2011 ruling *Brewer v. Diaz* enjoined Arizona from denying benefits to domestic partners of gay and lesbian state employees, the definition has not been changed.

The 2001 Arizona Equity Act repealed Arizona's sodomy laws and legalized homosexuality.

Malice because of the victim's sexual orientation, or the victim's perceived sexual orientation, is considered an "aggravating circumstance" for sentencing purposes in Arizona.

There are no express protections for youth in the foster care system from discrimination on the basis of sexual orientation or gender identity.

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## Legal Status of the Transgender Community

A 2003 executive order prohibits discrimination in state employment based on sexual orientation, but not gender identity.

A person who has undergone gender confirmation surgery or has a chromosomal count that establishes the sex of the person as different than that on the registered birth certificate can amend their birth certificate by providing the state registrar with a written request (if the person is a minor, a guardian must write it). The request must be accompanied by a written statement from a physician that verifies the operation or chromosomal count.

To change the gender marker on an Arizona driver's license, the person must first change it on their Social Security Record. The Arizona Department of Transportation website states that it takes two days for the Social Security Administration's computer system to update.



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Gender confirmation surgeries are not covered by Arizona Medicaid, and the state has no laws banning transgender healthcare exclusions by insurers. In January 2019, a transgender university professor sued the state over an exclusion in its employee healthcare plan that prohibits insurance from covering transition-related expenses such as gender confirmation surgery. The court ruled for the plaintiff in early 2020. In 2021, courts ruled against two trans teens who were denied gender affirming care under their state Medicaid plan. The plaintiffs plan to appeal.

Malice because of the victim's gender identity does not constitute an "aggravated circumstance" for sentencing purposes in Arizona. Gender identity is not included in the information-collection purview of The Arizona Highway Patrol or the Arizona Peace Officers.

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## Government Statements and Actions

In April 2021, Gov. Doug Ducey vetoed a bill that would have prohibited schools from teaching LGBTQ-related curricula without parental consent. However, he also issued an executive order stating that all sex ed curriculum should be available for parents to see online, and parents must be included in any process to change it.

In April 2021, Scottsdale became the eighth city in the state to pass LGBTQ+ nondiscrimination protections.

In March 2020, the state legislature passed a bill that would prohibit transgender girls from participating in girl's sports. The state senate introduced a similar bill in February 2021. Arizona repealed its "Don't Say Gay" law that had prohibited teachers from discussing LGBTQ+ people or issues in the classroom in April 2019.

In the Fall of 2018, Republican candidate for secretary of state Steve Gaynor (who lost the race) said that an anti-discrimination law protecting LGBTQ+ people in the workplace was unnecessary because employers should just be compassionate.

Senator Kyrsten Sinema became the first openly bisexual person elected as a U.S. Senator in 2018.

In *McGlaughlin v. Jones* (2017), the Arizona Supreme Court unanimously agreed that the presumption of paternity given to men who are married to the mother of a child at any time within 10 months of the birth of the child applies equally to women in same-sex couples.



In May 2016, now-Senator Martha McSally, who has a 48 score from Human Rights Campaign (most Arizona Republicans score a zero), was one of only 29 Republican House members who voted for the Maloney amendment to prohibit LGBTQ+ discrimination by federal contractors.

In 2014 then Governor Jan Brewer vetoed SB 1062, a religious freedom law passed by the Arizona state legislature which would have expanded the definition of "person" to include "any individual, association, partnership, corporation ... estate, trust, foundation or other legal entity." SB 1062 also would have allowed any person to use the free exercise of religion as a claim or defense in a lawsuit regardless of whether the state was party to the proceeding. Brewer said that the bill did not "address a specific and present concern related to religious liberty in Arizona."

After easily passing the state house and senate, Arizona Governor Doug Ducey (Rep.) vetoed SB1456 which would have further restricted curriculum and access to sex education, specifically inclusive of LGBTQ+ topics in the state.

The new Governor, Katie Hobbs, has shifted the trend of anti LGBTQ+ bills and has added protections for the community in her short tenure thus far such as, on her first day as governor, signing an executive order enacting state employment protections to LGBTQ+ employees and contractors .

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# Socio-cultural Environment of LGBTQ+ People in Arizona

## Status of LGBTQ+ Organizing and Community

In February 2019, after the United Methodist Church reaffirmed a ban on LGBTQ+ clergy and marriages, Arizona's chapter of the UMC publicly came out against homophobic discrimination.

Phoenix Pride, the largest LGBTQ+ event in the state, has taken place annually since 1981. Today, about 37,000 people attend the two-day festival and parade.

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## Cultural Views of the LGBTQ+ Community

After the city of Mesa passed LGBTQ+ nondiscrimination protections in March 2021, a political group called "United for Mesa" collected enough signatures to bring the option to overturn it to a ballot.

Since 2008, the anti-LGBTQ+ group Alliance Defending Freedom (which the Southern Poverty Law Center classifies as a hate group, and which defended the plaintiff in the Masterpiece Cakeshop case) has profited when Arizonans buy "In God We Trust" license plates. After a Democratic lawmaker co-sponsored a bill to do away with the plates, the group accused him of religious discrimination.

Brush and Nib et al v Phoenix, decided by the state Supreme Court in September 2019, ruled that a Phoenix stationery store's refusal to make invitations for a same-sex wedding did not violate the city's anti-discrimination law. The court said that the decision was narrow and still upheld the law overall.



# Partners

Our partnerships make our work possible. The first State LGBTQ+ Business Climate Index released in 2019 was funded by a grant from the Gill Foundation. The Index is based on data graciously shared by the Movement Advancement Project and the Williams Institute. Ropes & Gray is our pro bono legal partner for the CEO Business Briefs globally, and their research informs this Index. FCB partnered with us to conduct original market research into American attitudes toward LGBTQ+ workplace inclusion, informing the Regional Context section of the State CEO Briefs. America Competes supported the development of the scoring for the Risk Assessments, particularly for the Future Risk score.

