

Senate Engrossed House Bill

state contracts; foreign adversary; prohibition

State of Arizona
House of Representatives
Fifty-seventh Legislature
First Regular Session
2025

HOUSE BILL 2542

AN ACT

AMENDING TITLE 41, CHAPTER 23, ARTICLE 3, ARIZONA REVISED STATUTES, BY
ADDING SECTION 41-2553; RELATING TO THE PROCUREMENT CODE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Title 41, chapter 23, article 3, Arizona Revised
3 Statutes, is amended by adding section 41-2553, to read:

4 41-2553. State contracts; certification letter; civil
5 penalty; applicability; definitions

6 A. A COMPANY DOMICILED IN THE PEOPLE'S REPUBLIC OF CHINA MAY NOT
7 BID ON, SUBMIT A PROPOSAL FOR OR ENTER INTO A CONTRACT WITH A STATE AGENCY
8 FOR GOODS OR SERVICES. EACH COMPANY THAT SUBMITS A BID OR PROPOSAL FOR A
9 STATE CONTRACT FOR GOODS OR SERVICES SHALL SUBMIT A CERTIFICATION LETTER
10 TO THE DEPARTMENT CERTIFYING THAT THE COMPANY IS NOT A COMPANY DOMICILED
11 IN THE PEOPLE'S REPUBLIC OF CHINA.

12 B. IF THE DEPARTMENT DETERMINES THAT A COMPANY HAS SUBMITTED A
13 CERTIFICATION LETTER THAT IS FALSE, ALL OF THE FOLLOWING SHALL OCCUR:

14 1. THE COMPANY IS LIABLE FOR A CIVIL PENALTY OF \$100,000.

15 2. THE STATE AGENCY OR THE DEPARTMENT SHALL TERMINATE THE CONTRACT
16 WITH THE COMPANY.

17 3. THE COMPANY MAY NOT BID ON ANY STATE CONTRACTS FOR AT LEAST
18 SIXTY MONTHS.

19 C. NOTWITHSTANDING SUBSECTION A OF THIS SECTION, A STATE AGENCY MAY
20 ENTER INTO A CONTRACT FOR GOODS MANUFACTURED BY A COMPANY DOMICILED IN THE
21 PEOPLE'S REPUBLIC OF CHINA IF BOTH OF THE FOLLOWING APPLY:

22 1. THERE ARE NO OTHER REASONABLE OPTIONS FOR THE PROCUREMENT OF THE
23 SPECIFIC GOODS.

24 2. NOT PROCURING THE SPECIFIC GOODS WOULD POSE A GREATER THREAT TO
25 THIS STATE THAN THE THREAT ASSOCIATED WITH THE MANUFACTURE OF THE GOODS BY
26 A COMPANY DOMICILED IN THE PEOPLE'S REPUBLIC OF CHINA.

27 D. THIS SECTION DOES NOT APPLY TO THE DEPARTMENT OF PUBLIC SAFETY.

28 E. FOR THE PURPOSES OF THIS SECTION:

29 1. "COMPANY":

30 (a) MEANS ANY OF THE FOLLOWING THAT EXISTS FOR THE PURPOSE OF
31 MAKING A PROFIT:

32 (i) A SOLE PROPRIETORSHIP.

33 (ii) AN ORGANIZATION.

34 (iii) A CORPORATION.

35 (iv) AN ASSOCIATION.

36 (v) A PARTNERSHIP.

37 (vi) A JOINT VENTURE.

38 (vii) A LIMITED PARTNERSHIP.

39 (viii) A LIMITED LIABILITY PARTNERSHIP.

40 (ix) A LIMITED LIABILITY COMPANY.

41 (x) ANY OTHER ENTITY OR BUSINESS ASSOCIATION.

42 (b) INCLUDES ANY OF THE FOLLOWING:

43 (i) A WHOLLY OWNED SUBSIDIARY.

44 (ii) A MAJORITY OWNED SUBSIDIARY.

45 (iii) A PARENT COMPANY.

1 (iv) AN AFFILIATE OF ANY ENTITIES OR BUSINESS ASSOCIATIONS.

2 2. "DOMICILE" MEANS ANY OF THE FOLLOWING:

3 (a) THE COUNTRY WHERE A COMPANY IS REGISTERED, INCORPORATED,
4 HEADQUARTERED, ISSUED OR LISTED.

5 (b) THE COUNTRY WHERE THE COMPANY'S AFFAIRS ARE PRIMARILY
6 COMPLETED.

7 (c) THE COUNTRY WHERE THE MAJORITY OF OWNERSHIP SHARE IS HELD.

8 Sec. 2. Short title

9 This act shall be known as the "Protection Procurement Act".