

House Engrossed

state contracts; federal government; applicability

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

HOUSE BILL 2763

AN ACT

AMENDING SECTION 38-511, ARIZONA REVISED STATUTES; RELATING TO STATE
CONTRACTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 38-511, Arizona Revised Statutes, is amended to
3 read:

4 38-511. Cancellation of political subdivision and state
5 contracts

6 A. ~~The~~ THIS state, its political subdivisions or any department or
7 agency of either ~~may~~, within three years after its execution, MAY cancel
8 any contract, without penalty or further obligation, made by ~~the~~ THIS
9 state, its political subdivisions, or any of the departments or agencies
10 of either if any person significantly involved in initiating, negotiating,
11 securing, drafting or creating the contract on behalf of ~~the~~ THIS state,
12 its political subdivisions or any of the departments or agencies of either
13 ~~is~~, at any time while the contract or any extension of the contract is in
14 effect, IS an employee or agent of any other party to the contract in any
15 capacity or a consultant to any other party of the contract with respect
16 to the subject matter of the contract.

17 B. Leases of state trust land for terms longer than ten years
18 ~~cancelled~~ CANCELED under this section shall respect those rights given to
19 mortgagees of the lessee by section 37-289 and other lawful provisions of
20 the lease.

21 C. The cancellation under this section by ~~the~~ THIS state or its
22 political subdivisions shall be effective when written notice from the
23 governor or the chief executive officer or governing body of the political
24 subdivision is received by all other parties to the contract unless the
25 notice specifies a later time.

26 D. The cancellation under this section by any department or agency
27 of ~~the~~ THIS state or its political subdivisions shall be effective when
28 written notice from such party is received by all other parties to the
29 contract unless the notice specifies a later time.

30 E. In addition to the right to cancel a contract as provided in
31 subsection A of this section, ~~the~~ THIS state, its political subdivisions
32 or any department or agency of either may recoup any fee or commission
33 paid or due to any person significantly involved in initiating,
34 negotiating, securing, drafting or creating the contract on behalf of ~~the~~
35 THIS state, its political subdivisions or any department or agency of
36 either from any other party to the contract arising as the result of the
37 contract.

38 F. Notice of this section shall be included in every contract to
39 which ~~the~~ THIS state, its political subdivisions, or any of the
40 departments or agencies of either is a party.

41 G. For purposes of this section: ~~—~~

42 1. ANY OTHER PARTY DOES NOT INCLUDE THE FEDERAL GOVERNMENT OR ANY
43 FEDERAL AGENCY.

44 2. ~~—~~Political subdivisions ~~do~~ DOES not include entities formed or
45 operating under title 48, chapter 11, 12, 13, 17, 18, 19 or 22.