

House Engrossed

state contracts; foreign adversary; prohibition

State of Arizona  
House of Representatives  
Fifty-seventh Legislature  
Second Regular Session  
2026

# HOUSE BILL 2170

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 THAT IS DOMICILED IN THE PEOPLE'S REPUBLIC OF CHINA  
7 AND THAT IS CONTROLLED BY OR IS MAJORITY OWNED BY THE GOVERNMENT, MILITARY  
8 OR RULING POLITICAL PARTY OF THE PEOPLE'S REPUBLIC OF CHINA MAY NOT BID  
9 ON, SUBMIT A PROPOSAL FOR OR ENTER INTO A CONTRACT WITH A STATE AGENCY FOR  
10 ELECTRONIC OR INFORMATION TECHNOLOGY. EACH COMPANY THAT SUBMITS A BID OR  
11 PROPOSAL FOR A STATE CONTRACT FOR ELECTRONIC OR INFORMATION TECHNOLOGY  
12 SHALL SUBMIT A CERTIFICATION LETTER TO THE DEPARTMENT CERTIFYING THAT THE  
13 COMPANY IS NOT A COMPANY THAT IS DOMICILED IN THE PEOPLE'S REPUBLIC OF  
14 CHINA AND THAT THE COMPANY IS NOT RESELLING PRODUCTS FROM A COMPANY THAT  
15 IS DOMICILED IN THE PEOPLE'S REPUBLIC OF CHINA.

16 B. IF THE DEPARTMENT DETERMINES THAT A COMPANY HAS KNOWINGLY  
17 SUBMITTED A CERTIFICATION LETTER THAT IS FALSE, ALL OF THE FOLLOWING MUST  
18 OCCUR:

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

20 2. THE STATE AGENCY OR THE DEPARTMENT SHALL TERMINATE THE CONTRACT  
21 WITH THE COMPANY.

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

24 C. NOTWITHSTANDING SUBSECTION A OF THIS SECTION, A STATE AGENCY MAY  
25 ENTER INTO A CONTRACT FOR ELECTRONIC OR INFORMATION TECHNOLOGY  
26 MANUFACTURED BY A COMPANY THAT IS DOMICILED IN THE PEOPLE'S REPUBLIC OF  
27 CHINA IF BOTH OF THE FOLLOWING APPLY:

28 1. THERE ARE NO OTHER REASONABLE OPTIONS FOR THE PROCUREMENT OF THE  
29 SPECIFIC ELECTRONIC OR INFORMATION TECHNOLOGY.

30 2. NOT PROCURING THE SPECIFIC ELECTRONIC OR INFORMATION TECHNOLOGY  
31 WOULD POSE A GREATER THREAT TO THIS STATE THAN THE THREAT ASSOCIATED WITH  
32 THE MANUFACTURE OF THE ELECTRONIC OR INFORMATION TECHNOLOGY BY A COMPANY  
33 DOMICILED IN THE PEOPLE'S REPUBLIC OF CHINA.

34 D. FOR THE PURPOSES OF THIS SECTION:

35 1. "COMPANY":

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

38 (i) A SOLE PROPRIETORSHIP.

39 (ii) AN ORGANIZATION.

40 (iii) A CORPORATION.

41 (iv) AN ASSOCIATION.

42 (v) A PARTNERSHIP.

43 (vi) A JOINT VENTURE.

44 (vii) A LIMITED PARTNERSHIP.

- 1 (viii) A LIMITED LIABILITY PARTNERSHIP.  
2 (ix) A LIMITED LIABILITY COMPANY.  
3 (x) ANY OTHER ENTITY OR BUSINESS ASSOCIATION.  
4 (b) INCLUDES EITHER OF THE FOLLOWING:  
5 (i) A WHOLLY OWNED SUBSIDIARY.  
6 (ii) A MAJORITY OWNED SUBSIDIARY.  
7 2. "CONTROLLED":  
8 (a) HAS THE SAME MEANING PRESCRIBED IN THE INVESTMENT COMPANY ACT  
9 OF 1940 (15 UNITED STATES CODE SECTION 80<sup>a</sup>-2).  
10 (b) IN THE CASE OF A COMPANY THAT IS DOMICILED IN THE PEOPLE'S  
11 REPUBLIC OF CHINA, MEANS INVOLVEMENT IN AN ENTITY'S GOVERNANCE STRUCTURE,  
12 MONITORING OR INTERNAL HUMAN RESOURCES DECISIONS CONSISTENT WITH THE  
13 OBJECTIVES PRESCRIBED IN THE "OPINION ON STRENGTHENING THE UNITED FRONT  
14 WORK OF THE PRIVATE ECONOMY IN THE NEW ERA" ISSUED BY THE GENERAL OFFICE  
15 OF THE CHINESE COMMUNIST PARTY CENTRAL COMMITTEE OR A SUCCESSOR OR SIMILAR  
16 DOCUMENT.  
17 3. "DOMICILE" MEANS ANY OF THE FOLLOWING:  
18 (a) THE COUNTRY WHERE A COMPANY IS REGISTERED, INCORPORATED,  
19 HEADQUARTERED, ISSUED OR LISTED.  
20 (b) THE COUNTRY WHERE THE COMPANY'S AFFAIRS ARE PRIMARILY  
21 COMPLETED.  
22 (c) THE COUNTRY WHERE THE MAJORITY OF OWNERSHIP SHARE IS HELD.  
23 4. "ELECTRONIC OR INFORMATION TECHNOLOGY" HAS THE SAME MEANING  
24 PRESCRIBED IN SECTION 18-131.  
25 Sec. 2. Short title  
26 This act may be cited as the "Protection Procurement Act".