

Senate Engrossed House Bill

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; electronic or information
5 technology; certification letter; civil penalty;
6 exceptions; definitions

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

19 B. IF THE DEPARTMENT DETERMINES THAT A COMPANY HAS KNOWINGLY
20 SUBMITTED A CERTIFICATION LETTER THAT IS FALSE, ALL OF THE FOLLOWING MUST
21 OCCUR:

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

23 2. THE STATE AGENCY OR THE DEPARTMENT SHALL TERMINATE THE CONTRACT
24 WITH THE COMPANY.

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

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

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

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

37 D. FOR THE PURPOSES OF THIS SECTION:

38 1. "COMPANY":

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

41 (i) A SOLE PROPRIETORSHIP.

42 (ii) AN ORGANIZATION.

43 (iii) A CORPORATION.

44 (iv) AN ASSOCIATION.

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