

REFERENCE TITLE: covered contracts; governmental unit; payroll

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

HB 2462

Introduced by
Representatives Sandoval: Aguilar, Austin, Connolly, Garcia, Liguori,
Luna-Nájera, Márquez, Stahl Hamilton, Villegas; Senators Kuby, Ortiz

AN ACT

AMENDING TITLE 41, CHAPTER 23, ARTICLE 3, ARIZONA REVISED STATUTES, BY
ADDING SECTION 41-2560; RELATING TO PROCUREMENT.

(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 41-2560, to read:

4 41-2560. State governmental unit; covered contract; payroll
5 records; successor contractor; applicability;
6 definitions

7 A. IN A CONTRACT ENTERED INTO BY A STATE GOVERNMENTAL UNIT THAT
8 MEETS THE CRITERIA OF A COVERED CONTRACT, THE STATE GOVERNMENTAL UNIT
9 SHALL REQUIRE THE CONTRACTOR AND ANY SUBCONTRACTORS TO SUBMIT CERTIFIED
10 PAYROLL RECORDS FOR EMPLOYEES PERFORMING WORK UNDER THE CONTRACT, IN THE
11 MANNER AND AT THE FREQUENCY PRESCRIBED IN THE CONTRACT.

12 B. CERTIFIED PAYROLL RECORDS SUBMITTED PURSUANT TO SUBSECTION A OF
13 THIS SECTION SHALL DO ALL OF THE FOLLOWING:

14 1. ACCURATELY REFLECT THE HOURS WORKED, JOB CLASSIFICATIONS AND
15 WAGES PAID TO EACH EMPLOYEE PERFORMING WORK UNDER THE CONTRACT.

16 2. INCLUDE A SIGNED STATEMENT OF COMPLIANCE ATTESTING THAT THE
17 PAYROLL RECORDS ARE TRUE AND CORRECT.

18 C. FOR A COVERED CONTRACT AWARDED TO A SUCCESSOR CONTRACTOR TO
19 PERFORM SUBSTANTIALLY SIMILAR SERVICES AS THE INITIAL CONTRACTOR, THE
20 STATE GOVERNMENTAL UNIT SHALL REQUIRE CONTRACT PROVISIONS THAT ENSURE
21 WORKER RETENTION DURING THE TRANSITION PERIOD.

22 D. THE SUCCESSOR CONTRACTOR SHALL OFFER EMPLOYMENT TO QUALIFIED
23 EMPLOYEES WHO PERFORMED WORK UNDER THE INITIAL CONTRACTOR AND WHOSE
24 POSITIONS ARE NECESSARY FOR PERFORMANCE OF THE COVERED CONTRACT.

25 E. DURING THE TRANSITION PERIOD DESCRIBED PURSUANT TO SUBSECTION C
26 OF THIS SECTION, RETAINED EMPLOYEES MAY NOT BE TERMINATED OR HAVE THEIR
27 HOURS REDUCED EXCEPT FOR CAUSE, DOCUMENTED PERFORMANCE-RELATED REASONS OR
28 DOCUMENTED LACK OF WORK.

29 F. THE SUCCESSOR CONTRACTOR SHALL MAINTAIN RECORDS SUFFICIENT TO
30 DEMONSTRATE COMPLIANCE WITH THIS SECTION.

31 G. THIS SECTION DOES NOT REQUIRE THE PAYMENT OF A PREVAILING WAGE
32 OR ANY MINIMUM WAGE OTHER THAN WAGES OTHERWISE REQUIRED BY LAW.

33 H. THIS SECTION DOES NOT APPLY TO ANY OF THE FOLLOWING:

34 1. CONTRACTS FOR COMMODITIES OR COMMERCIALLY AVAILABLE
35 OFF-THE-SHELF PRODUCTS.

36 2. CONTRACTS PRICED SOLELY ON A FIXED DELIVERABLE BASIS WITHOUT
37 LABOR HOUR REPORTING.

38 3. CONTRACTS BELOW A DOLLAR THRESHOLD ESTABLISHED BY RULE BY THE
39 DIRECTOR.

40 I. A STATE GOVERNMENTAL UNIT MAY RELY ON PAYROLL RECORDS OR WORKER
41 RETENTION DOCUMENTS THAT ARE SUBMITTED TO COMPLY WITH ANY APPLICABLE
42 FEDERAL LAWS AND TO SATISFY THE REQUIREMENTS OF THIS SECTION.

43 J. FOR THE PURPOSES OF THIS SECTION:

44 1. "COVERED CONTRACT" MEANS A CONTRACT ENTERED INTO BY A STATE
45 GOVERNMENTAL UNIT IN WHICH ALL OF THE FOLLOWING APPLY:

1 (a) THE CONTRACTOR OR SUBCONTRACTOR IS COMPENSATED IN WHOLE OR IN
2 PART BASED ON LABOR HOURS WORKED.

3 (b) THE CONTRACT IS FUNDED OR ASSISTED, IN WHOLE OR IN PART, BY
4 FEDERAL MONIES THAT REQUIRE PAYROLL CERTIFICATION.

5 2. "SUCCESSOR CONTRACTOR" MEANS A CONTRACTOR THAT IS AWARDED A
6 COVERED CONTRACT TO PERFORM SUBSTANTIALLY SIMILAR SERVICES THAT WERE
7 PREVIOUSLY PERFORMED BY ANOTHER CONTRACTOR UNDER AN EXPIRED OR TERMINATED
8 COVERED CONTRACT.