

REFERENCE TITLE: worker retention; requirements; state contracts

State of Arizona
House of Representatives
Fifty-seventh Legislature
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2026

HB 4089

Introduced by

Representatives Sandoval: Abeytia, Aguilar, Austin, Blattman, Cavero,
Connolly, Contreras L, Contreras P, Crews, Garcia, Liguori, Luna-Nájera,
Márquez, Mathis, Peshlakai, Simacek, Stahl Hamilton, Tsosie, Villegas,
Volk

AN ACT

AMENDING TITLE 23, CHAPTER 2, ARTICLE 1, ARIZONA REVISED STATUTES, BY
ADDING SECTION 23-207; RELATING TO EMPLOYMENT.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Title 23, chapter 2, article 1, Arizona Revised
3 Statutes, is amended by adding section 23-207, to read:

4 23-207. Service contracts; employment offers; rulemaking;
5 definitions

6 A. THE FOLLOWING APPLY TO A SERVICE CONTRACT THAT IS ENTERED INTO
7 BY THIS STATE:

8 1. WITHIN TEN DAYS AFTER RECEIVING A LIST OF EMPLOYEES FROM THIS
9 STATE OR A PREDECESSOR CONTRACTOR, THE CONTRACTOR SHALL MAKE WRITTEN
10 OFFERS OF EMPLOYMENT FOR A NINETY-DAY TRANSITION EMPLOYMENT PERIOD TO ALL
11 EMPLOYEES OF THE PREDECESSOR CONTRACTOR OR SUBCONTRACTOR AND DELIVER THE
12 OFFERS BY CERTIFIED MAIL. THE OFFERS OF EMPLOYMENT MUST:

13 (a) REQUEST THAT THE EMPLOYEE RETURN THE OFFER TO THE CONTRACTOR
14 WITH THE EMPLOYEE'S SIGNATURE INDICATING ACCEPTANCE OR REJECTION OF THE
15 OFFER.

16 (b) STATE THAT IF AN EMPLOYEE FAILS TO RETURN A WRITTEN ACCEPTANCE
17 OF THE OFFER WITHIN TEN DAYS AFTER THE DATE THAT THE OFFER IS MAILED, THE
18 EMPLOYEE IS PRESUMED TO HAVE DECLINED THE OFFER.

19 2. IF WORK-RELATED REQUIREMENTS FOR A PARTICULAR JOB CLASSIFICATION
20 UNDER THE SERVICE CONTRACT DIFFER FROM THE PREDECESSOR CONTRACT, THE
21 CONTRACTOR OR SUBCONTRACTOR SHALL GIVE NOTICE TO THIS STATE AND PROVIDE AN
22 EXPLANATION OF THE CONTRACTOR'S OR SUBCONTRACTOR'S DETERMINATION.

23 3. THE CONTRACTOR SHALL PROVIDE TO THIS STATE COPIES OF THE
24 EMPLOYMENT OFFERS AND PROOF OF MAILING.

25 4. IF AT ANY TIME THE CONTRACTOR DETERMINES THAT FEWER EMPLOYEES
26 ARE REQUIRED TO PERFORM THE NEW SERVICE CONTRACT THAN WERE REQUIRED BY THE
27 PREDECESSOR CONTRACTOR AND SUBCONTRACTORS, THE CONTRACTOR SHALL RETAIN
28 EMPLOYEES BY SENIORITY WITHIN JOB CLASSIFICATION. THE CONTRACTOR SHALL
29 GIVE NOTICE TO THIS STATE AND PROVIDE AN EXPLANATION FOR THE CONTRACTOR'S
30 DECISION WITHIN TEN DAYS AFTER THE CONTRACTOR RECEIVES THE LIST OF THE
31 PREDECESSOR CONTRACTOR'S EMPLOYEES.

32 5. THE CONTRACTOR SHALL RETAIN EMPLOYEES FROM THE PREDECESSOR
33 CONTRACT FOR A NINETY-DAY TRANSITION EMPLOYMENT PERIOD, ABSENT CAUSE FOR
34 TERMINATION ON AN INDIVIDUAL BASIS. IF POOLING OF EMPLOYEES HAS OCCURRED,
35 THE CONTRACTOR SHALL DRAW FROM THE POOLS PURSUANT TO RULES ADOPTED BY THE
36 DEPARTMENT OF ADMINISTRATION OR OTHER STATE ENTITY. DURING THE NINETY-DAY
37 PERIOD, EMPLOYEES THAT ARE HIRED PURSUANT TO THIS PARAGRAPH SHALL BE
38 EMPLOYED UNDER THE TERMS AND CONDITIONS ESTABLISHED BY THE SUCCESSOR
39 CONTRACTOR OR SUBCONTRACTOR OR AS REQUIRED BY LAW.

40 6. DURING THE NINETY-DAY TRANSITION EMPLOYMENT PERIOD, THE
41 CONTRACTOR SHALL MAINTAIN A PREFERENTIAL HIRING LIST OF ELIGIBLE COVERED
42 EMPLOYEES NOT RETAINED BY THE CONTRACTOR OR SUBCONTRACTOR FROM WHICH THE
43 CONTRACTOR OR SUBCONTRACTOR SHALL HIRE ADDITIONAL EMPLOYEES, IF NEEDED.

44 7. WITHIN TEN DAYS AFTER LEARNING THAT A CONTRACTOR'S SERVICE
45 CONTRACT IS TO BE TERMINATED, THE CONTRACTOR SHALL PROVIDE TO THE

SUCCESSOR CONTRACTOR AND TO THIS STATE THE NAME, ADDRESS, DATE OF HIRE AND EMPLOYMENT OCCUPATION CLASSIFICATION OF EACH EMPLOYEE OF THE CONTRACTOR AND SUBCONTRACTOR WHO IS WORKING PURSUANT TO THE TERMINATED SERVICE CONTRACT. IF THE CONTRACTOR HAS NOT LEARNED THE IDENTITY OF THE SUCCESSOR CONTRACTOR, THE CONTRACTOR SHALL REQUEST THE IDENTITY FROM THIS STATE. FOR THE PURPOSES OF THIS SECTION, IF ONLY A SUBCONTRACT OF A SERVICE CONTRACT HAS BEEN TERMINATED, THE TERMINATED SUBCONTRACTOR IS DEEMED A PREDECESSOR CONTRACTOR.

8. THE CONTRACTOR AGREES TO INCLUDE THIS SECTION IN ALL SUBCONTRACTS WITH SUBCONTRACTORS, SUBLICENSEES OR SUBLESSEES THAT PERFORM LABOR OR SERVICES IN CONNECTION WITH THE CONTRACTOR'S SERVICE CONTRACT. THE CONTRACTOR AGREES TO REQUIRE ALL SUBCONTRACTORS, SUBLICENSEES OR SUBLESSEES TO INCLUDE THIS SECTION IN ALL CONTRACTS WITH ANY THIRD PARTY THAT IS CONTRACTED TO PERFORM LABOR OR SERVICES IN CONNECTION WITH THE SERVICE CONTRACT. THE CONTRACTOR SHALL TAKE ACTION RELATING TO THE SUBCONTRACT AS DIRECTED BY THIS STATE AS A MEANS OF ENFORCING THE CONTRACT, INCLUDING IMPOSING SANCTIONS FOR NONCOMPLIANCE.

9. THE CONTRACTOR MAY NOT RETALIATE, DISCRIMINATE OR OTHERWISE TAKE ANY ADVERSE EMPLOYMENT ACTION AGAINST ANY EMPLOYEE BECAUSE THE EMPLOYEE FILED A REPORT OR COMPLAINT WITH THIS STATE OR THE CONTRACTOR ALLEGING VIOLATIONS OF THIS SECTION OR OTHERWISE ACTED TO INVESTIGATE OR ALERT THIS STATE OF VIOLATIONS OF THIS SECTION.

B. THE DEPARTMENT OF ADMINISTRATION SHALL ADOPT RULES TO IMPLEMENT THIS SECTION.

C. FOR THE PURPOSES OF THIS SECTION:

1. "CONTRACTOR" MEANS ANY PERSON THAT IS A PARTY TO A SERVICE CONTRACT.

2. "EMPLOYEE":

(a) MEANS ANY PERSON WHO IS EMPLOYED AS AN EMPLOYEE OF A SERVICE CONTRACTOR OR SUBCONTRACTOR WHO PERFORMS OR HAS PERFORMED RETAIL, FOOD AND BEVERAGE, HOTEL, UTILITY, AIRLINE CATERING, JANITORIAL OR HEALTH CARE SERVICES UNDER THE AUTHORITY OF A SERVICE CONTRACT FOR AT LEAST TWELVE MONTHS PRECEDING THE TERMINATION OF THE SERVICE CONTRACT.

(b) DOES NOT INCLUDE A PERSON WHO IS A MANAGERIAL, SUPERVISORY OR CONFIDENTIAL EMPLOYEE OR THE EMPLOYEE OF ANY AIRLINE.

3. "PERSON" MEANS ANY INDIVIDUAL, PROPRIETORSHIP, PARTNERSHIP, JOINT VENTURE, CORPORATION, LIMITED LIABILITY COMPANY, TRUST, ASSOCIATION OR OTHER ENTITY THAT MAY EMPLOY INDIVIDUALS OR ENTER INTO CONTRACTS.

4. "PREDECESSOR CONTRACT":

(a) MEANS A SERVICE CONTRACT IN WHICH THE SERVICE TO BE PERFORMED IS SUBSTANTIALLY SIMILAR TO THE SUCCESSOR CONTRACT.

(b) INCLUDES A SERVICE CONTRACT THAT IS A PUBLIC LEASE OR LICENSE AND THAT IS SUBSTANTIALLY SIMILAR TO A PUBLIC LEASE OR LICENSE THAT WAS RECENTLY TERMINATED BY ANY OF THE FOLLOWING:

(i) THE COMPLETION OF THE SERVICE CONTRACT.

1 (ii) THE EARLY TERMINATION OF THE SERVICE CONTRACT IN WHOLE OR IN
2 PART.

3 (iii) AN AMENDMENT THAT REDUCES SERVICES PROVIDED UNDER THE SERVICE
4 CONTRACT IN WHOLE OR IN PART.

5 5. "SERVICE CONTRACT" MEANS ANY CONTRACT, LEASE OR LICENSE ISSUED
6 OR SIGNED BY THIS STATE GRANTING THE RIGHT TO PROVIDE ANY RETAIL, FOOD AND
7 BEVERAGE, HOTEL, UTILITY, AIRLINE CATERING, JANITORIAL OR HEALTH CARE
8 SERVICES ON BEHALF OF THIS STATE, ON STATE PROPERTY OR IN CONNECTION TO
9 OPERATIONS ON STATE PROPERTY.

10 6. "STATE":

11 (a) MEANS THIS STATE OR ANY AGENCY, STATE GOVERNMENTAL UNIT OR
12 POLITICAL SUBDIVISION OF THIS STATE.

13 (b) INCLUDES PUBLIC EDUCATION INSTITUTIONS.

14 (c) DOES NOT INCLUDE PUBLIC HOSPITALS.

15 7. "SUBCONTRACTOR":

16 (a) MEANS AN ENTITY THAT HAS A DIRECT CONTRACT WITH A CONTRACTOR
17 FOR ALL OR ANY PORTION OF THE WORK THAT IS THE SUBJECT OF A SERVICE
18 CONTRACT.

19 (b) INCLUDES SUBLESSEES AND SUBLICENSEES.

20 8. "SUCCESSOR CONTRACT":

21 (a) MEANS A SERVICE CONTRACT WHERE THE SERVICE TO BE PERFORMED IS
22 SUBSTANTIALLY SIMILAR TO THE SERVICE CONTRACT RECENTLY TERMINATED.

23 (b) INCLUDES:

24 (i) THE COMPLETION OF A SERVICE CONTRACT.

25 (ii) THE EARLY TERMINATION OF A SERVICE CONTRACT IN WHOLE OR IN
26 PART.

27 (iii) AN AMENDMENT THAT REDUCES SERVICES PROVIDED UNDER A SERVICE
28 CONTRACT IN WHOLE OR IN PART.