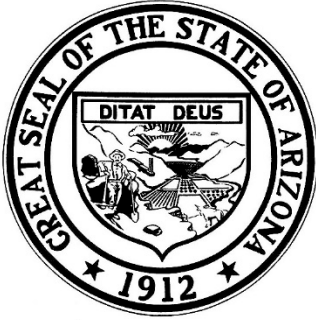


HOUSE FLOOR AMENDMENT EXPLANATION



Bill Number: **HB 2696**

Kupper Floor Amendment

-
1. Prohibits a critical infrastructure service provider in this state from entering or renewing a contract with specified technology vendors, if the vendors are owned by or are selling a product produced by the government of a foreign adversary.
 2. Requires a critical infrastructure service provider, on or before March 31, 2026, and each year thereafter, to certify to the attorney general that the provider does not use any technology that includes cellular internet-of-things modules or any wi-fi router or modem system, lidar technology, school bus infraction detection system, speed detection system, traffic infraction detector system or any other camera system, battery technology or smart meter technology produced by a company owned by or domiciled in a foreign adversary.
 3. Mandates that each governmental entity and critical infrastructure service provider in this state must remove any technology included by the attorney general on the prohibited technologies list within 90 days after the attorney general publishes the list.
 4. Allows a government entity or critical infrastructure provider to continue to purchase and use any prohibited technology if:
 - a) There are no other reasonable providers of the prohibited technology;
 - b) The purchase or use of the prohibited technology is preapproved by the Arizona Commerce Authority; and
 - c) Not purchasing or using the prohibited technology would pose a greater threat to this state than the threat associated with the prohibited technology.
 5. Removes the prohibition on governmental entities from entering or renewing a contract with specified vendors if the vendors are owned by or sell a product produced by the government of a foreign adversary.

Amendment explanation prepared by Luca Moldovan

Phone Number 63250

lm

4/3/2024

6. Removes the requirements for the attorney general to publish a list of all prohibited traffic camera vendors and light detection and ranging technology vendors and to post the list on the attorney general's website.
7. Removes the definitions of pertinent terms.
8. Makes conforming and technical changes.

KUPPER FLOOR AMENDMENT
HOUSE OF REPRESENTATIVES AMENDMENTS TO H. B. 2696
(Reference to TRANSPORTATION & INFRASTRUCTURE Committee amendment)

Amendment instruction key:

[GREEN UPPERCASE UNDERLINING IN BRACKETS] indicates that the amendment is adding text to statute

or previously enacted session law.

[Green lowercase underlining in brackets] indicates that the amendment is adding text to new session law or is restoring previously stricken text to existing statute.

~~[GREEN UPPERCASE STRIKEOUT IN BRACKETS]~~ indicates that the amendment is removing new text from statute or previously enacted session law.

~~[Green lowercase strikeout in brackets]~~ indicates that the amendment is removing text from existing statute, previously enacted session law or new session law.

<<Double green carets enclosing an entire section>> indicates that the amendment is adding the section to the bill.

~~<<Green strikeout with double green carets enclosing an entire section>>~~ indicates that the amendment is removing the section to the bill.

{{[ORANGE UPPERCASE UNDERLINING IN DOUBLE CURLY BRACKETS]}} indicates that the amendment to an amendment is adding text to statute or previously enacted session law.

{{[Orange lowercase underlining in double curly brackets]}} indicates that the amendment to an amendment is adding text to new session law or is restoring previously stricken text to existing statute.

{{~~[ORANGE UPPERCASE STRIKEOUT IN DOUBLE CURLY BRACKETS]~~}} indicates that the amendment to an amendment is removing new text from statute or previously enacted session law.

{{~~[Orange lowercase strikeout in double curly brackets]~~}} indicates that the amendment to an amendment is removing text from existing statute, previously enacted session law or new session law.

≤≤Double orange underlined carets enclosing an entire section≥≥ indicate that the amendment to an amendment is adding the section to the bill.

~~≤≤Orange strikeout with double orange underlined carets enclosing an entire section≥≥~~ indicates that the amendment to an amendment is removing the section from the bill.

1 The bill as proposed to be amended is reprinted as follows:

2 Section 1. Title 18, chapter 1, article 1, Arizona Revised
3 Statutes, is amended by adding section 18-105, to read:

4 18-105. Software; critical infrastructure; critical
5 communications infrastructure; annual list;
6 definitions

7 A. ANY SOFTWARE THAT IS USED FOR CRITICAL INFRASTRUCTURE IN THIS
8 STATE MAY NOT BE PRODUCED BY A COMPANY THAT IS HEADQUARTERED IN A FOREIGN
9 ADVERSARY OR THAT IS UNDER THE CONTROL OF A FOREIGN ADVERSARY.

10 B. ANY CRITICAL COMMUNICATIONS INFRASTRUCTURE WITHIN THIS STATE MAY
11 NOT INCLUDE ANY EQUIPMENT THAT IS MANUFACTURED BY A FEDERALLY BANNED
12 CORPORATION.

13 C. ANY EQUIPMENT OF CRITICAL COMMUNICATIONS INFRASTRUCTURE IN THIS
14 STATE THAT IS CURRENTLY MANUFACTURED BY A FEDERALLY BANNED CORPORATION
15 SHALL BE REPLACED WITH EQUIPMENT THAT IS [NOT] MANUFACTURED [IN THE UNITED
16 STATES] [BY A FEDERALLY BANNED CORPORATION].

1 [D. ON OR BEFORE JANUARY 1 OF EACH YEAR, IF A CRITICAL
2 COMMUNICATIONS INFRASTRUCTURE PROVIDER IS A PARTICIPANT IN THE SECURE AND
3 TRUSTED COMMUNICATIONS NETWORKS REIMBURSEMENT PROGRAM PURSUANT TO 47
4 UNITED STATES CODE SECTION 1601 (P.L. 116-124 ~~{{. 134 STAT. 158}}~~), THE
5 CRITICAL COMMUNICATIONS INFRASTRUCTURE PROVIDER SHALL CERTIFY TO THE
6 ARIZONA COMMERCE AUTHORITY ANY INSTANCES OF PROHIBITED CRITICAL
7 COMMUNICATIONS EQUIPMENT USE PURSUANT TO SUBSECTION B OF THIS SECTION,
8 ALONG WITH THE GEOGRAPHIC COORDINATES OF THE AREAS SERVED BY THE
9 PROHIBITED EQUIPMENT. IF THE CRITICAL COMMUNICATIONS INFRASTRUCTURE
10 PROVIDER IS CERTIFIED BY THE ARIZONA COMMERCE AUTHORITY, THE CRITICAL
11 COMMUNICATIONS INFRASTRUCTURE PROVIDER SHALL SUBMIT A STATUS REPORT TO THE
12 ARIZONA COMMERCE AUTHORITY EVERY QUARTER DETAILING COMPLIANCE WITH THE
13 SECURE AND TRUSTED COMMUNICATIONS NETWORKS REIMBURSEMENT PROGRAM PURSUANT
14 TO THIS SUBSECTION. EACH QUARTER, THE ARIZONA COMMERCE AUTHORITY SHALL
15 PRODUCE A MAP OF THIS STATE DETAILING THE AREAS THAT ARE SERVICED BY
16 CRITICAL COMMUNICATIONS INFRASTRUCTURE THAT INCLUDES EQUIPMENT THAT IS
17 MANUFACTURED BY A FEDERALLY BANNED CORPORATION.]

18 ~~[D.]~~ [E.] ANY COMMUNICATIONS PROVIDER THAT REMOVES, DISCONTINUES
19 OR REPLACES ANY COMMUNICATIONS EQUIPMENT THAT IS PROHIBITED BY THIS
20 SECTION IS NOT REQUIRED TO OBTAIN AN ADDITIONAL PERMIT FROM ANY STATE
21 AGENCY OR POLITICAL SUBDIVISION OF THIS STATE FOR THE REMOVAL,
22 DISCONTINUANCE OR REPLACEMENT OF THE PROHIBITED EQUIPMENT.

23 ~~[E.]~~ [E.] A GOVERNMENTAL ENTITY ~~{{OR CRITICAL INFRASTRUCTURE~~
24 ~~SERVICE PROVIDER}}~~ IN THIS STATE MAY NOT ENTER INTO OR RENEW A CONTRACT
25 WITH A ~~{{VENDOR OF}}~~ WI-FI ~~{{ROUTER}}~~~~{{ROUTERS}}~~ [.] ~~[OR MODEM SYSTEM~~
26 ~~VENDOR]~~ [MODEM {{SYSTEM}} {{SYSTEMS}}, LIDAR {{SYSTEM}} {{TECHNOLOGY, SCHOOL
27 BUS INFRACTION DETECTION SYSTEMS, SPEED DETECTION SYSTEMS, TRAFFIC
28 INFRACTION DETECTOR SYSTEMS OR ANY OTHER CAMERA SYSTEMS}}, ~~{{CAMERA~~
29 SYSTEM,}} BATTERY {{SYSTEM}} {{TECHNOLOGY}} OR SMART METER
30 {{VENDOR}} {{TECHNOLOGY}} OR A VENDOR OF ANY OTHER TECHNOLOGY] IF ANY OF
31 THE FOLLOWING APPLIES:

32 1. THE VENDOR IS OWNED BY THE GOVERNMENT OF A FOREIGN ADVERSARY.
33 2. THE GOVERNMENT OF A FOREIGN ADVERSARY HAS A CONTROLLING INTEREST
34 IN THE VENDOR.

35 3. THE VENDOR IS SELLING A PRODUCT THAT IS PRODUCED BY THE
36 GOVERNMENT OF A FOREIGN ADVERSARY, A COMPANY DOMICILED IN A FOREIGN
37 ADVERSARY OR A COMPANY OWNED OR CONTROLLED BY A COMPANY DOMICILED IN A
38 FOREIGN ADVERSARY.

39 [4. THE VENDOR'S PRODUCT INCLUDES CELLULAR INTERNET-OF-THINGS
40 MODULES FROM A FOREIGN ADVERSARY.]

41 5. THE VENDOR'S PRODUCT INCLUDES A PRODUCT PRODUCED BY A CHINESE
42 MILITARY COMPANY OPERATING IN THE UNITED STATES AS IDENTIFIED BY SECTION
43 1260H OF THE WILLIAM M. THORNBERRY NATIONAL DEFENSE AUTHORIZATION ACT FOR
44 FISCAL YEAR 2021 (P.L. 116-283: 134 STAT. 3388)]

45 ~~[F.]~~ [G.] ~~{{ON OR BEFORE MARCH 31, 2026 AND EACH YEAR~~
46 ~~THEREAFTER,}}~~ EACH ~~{{GOVERNMENTAL ENTITY AND}}~~ CRITICAL INFRASTRUCTURE
47 SERVICE PROVIDER IN THIS STATE SHALL CERTIFY TO THE ATTORNEY GENERAL THAT

1 THE PROVIDER DOES NOT USE ANY ~~{{WI-FI ROUTER OR MODEM}}~~ {{TECHNOLOGY THAT
2 INCLUDES CELLULAR INTERNET-OF-THINGS MODULES OR ANY WI-FI ROUTER OR MODEM
3 SYSTEM, LIDAR TECHNOLOGY, SCHOOL BUS INFRACTION DETECTION SYSTEM, SPEED
4 DETECTION SYSTEM, TRAFFIC INFRACTION DETECTOR SYSTEM OR ANY OTHER CAMERA
5 SYSTEM, BATTERY TECHNOLOGY OR SMART METER TECHNOLOGY}} THAT IS PRODUCED BY
6 ANY OF THE FOLLOWING:

7 1. A COMPANY THAT IS OWNED BY THE GOVERNMENT OF A FOREIGN
8 ADVERSARY.

9 2. A COMPANY IN WHICH A FOREIGN ADVERSARY HAS A CONTROLLING
10 INTEREST.

11 3. THE GOVERNMENT OF A FOREIGN ADVERSARY, A COMPANY DOMICILED IN A
12 FOREIGN ADVERSARY OR A COMPANY OWNED OR CONTROLLED BY A COMPANY DOMICILED
13 IN A FOREIGN ADVERSARY.

14 ~~[G.]~~ [H.] ON OR BEFORE DECEMBER 31, 2025~~{{--}}~~ AND EACH YEAR
15 THEREAFTER, THE ATTORNEY GENERAL SHALL PUBLISH A LIST OF ALL ~~{{WI-FI~~
16 ~~ROUTERS AND MODEMS}}~~ {{TECHNOLOGIES}} THAT ARE PROHIBITED PURSUANT TO THIS
17 SECTION AND SHALL POST THE LIST ON THE ATTORNEY GENERAL'S WEBSITE.

18 ~~{{I. EXCEPT AS PROVIDED IN SUBSECTION J OF THIS SECTION, EACH~~
19 ~~GOVERNMENTAL ENTITY AND CRITICAL INFRASTRUCTURE SERVICE PROVIDER IN THIS~~
20 ~~STATE SHALL REMOVE ANY TECHNOLOGY THAT IS INCLUDED BY THE ATTORNEY GENERAL~~
21 ~~ON THE PROHIBITED TECHNOLOGIES LIST PURSUANT TO SUBSECTION H OF THIS~~
22 ~~SECTION WITHIN NINETY DAYS AFTER THE ATTORNEY GENERAL PUBLISHES THE LIST.~~

23 J. A GOVERNMENT ENTITY OR CRITICAL INFRASTRUCTURE PROVIDER MAY
24 CONTINUE TO PURCHASE AND USE ANY PROHIBITED TECHNOLOGY PURSUANT TO THIS
25 SECTION IF ALL OF THE FOLLOWING APPLY:

26 1. THERE ARE NO OTHER REASONABLE PROVIDERS OF THE PROHIBITED
27 TECHNOLOGY.

28 2. THE PURCHASE OR USE OF THE PROHIBITED TECHNOLOGY IS PREAPPROVED
29 BY THE ARIZONA COMMERCE AUTHORITY.

30 3. NOT PURCHASING OR USING THE PROHIBITED TECHNOLOGY WOULD POSE A
31 GREATER THREAT TO THIS STATE THAN THE THREAT ASSOCIATED WITH THE
32 PROHIBITED TECHNOLOGY.}}

33 ~~[H.]~~ ~~{{I.}}~~ {{K.}} FOR THE PURPOSES OF THIS SECTION:

34 1. "COMPANY" MEANS:

35 (a) A SOLE PROPRIETORSHIP, ORGANIZATION, ASSOCIATION, CORPORATION,
36 PARTNERSHIP, JOINT VENTURE, LIMITED PARTNERSHIP, LIMITED LIABILITY
37 PARTNERSHIP OR LIMITED LIABILITY COMPANY, INCLUDING A WHOLLY OWNED
38 SUBSIDIARY, MAJORITY-OWNED SUBSIDIARY, PARENT COMPANY OR AFFILIATE OF
39 THOSE ENTITIES OR BUSINESS ASSOCIATIONS, THAT EXISTS TO MAKE A PROFIT.

40 (b) A NONPROFIT ORGANIZATION.

41 2. "CRITICAL COMMUNICATIONS INFRASTRUCTURE" MEANS ALL PHYSICAL
42 BROADBAND INFRASTRUCTURE AND EQUIPMENT THAT SUPPORTS THE TRANSMISSION OF
43 INFORMATION AND THAT ALLOWS THE USER TO ENGAGE IN COMMUNICATIONS,
44 INCLUDING SERVICE PROVIDED DIRECTLY TO THE PUBLIC.

45 3. "CRITICAL INFRASTRUCTURE":

46 (a) MEANS SYSTEMS AND ASSETS, WHETHER PUBLICLY OR PRIVATELY OWNED
47 AND WHETHER PHYSICAL OR VIRTUAL, THAT ARE SO VITAL TO THIS STATE AND THE

1 UNITED STATES THAT THE INCAPACITY OR DESTRUCTION OF THOSE SYSTEMS AND
2 ASSETS WOULD HAVE A DEBILITATING IMPACT ON SECURITY, ECONOMIC SECURITY OR
3 PUBLIC HEALTH OR SAFETY.

4 (b) INCLUDES:

5 (i) GAS AND OIL PRODUCTION, STORAGE OR DELIVERY SYSTEMS.

6 (ii) WATER SUPPLY REFINEMENT, STORAGE OR DELIVERY SYSTEMS.

7 (iii) ELECTRICAL POWER DELIVERY SYSTEMS.

8 (iv) TELECOMMUNICATIONS NETWORKS.

9 (v) TRANSPORTATION SYSTEMS AND SERVICES.

10 (vi) PERSONAL DATA OR OTHERWISE CLASSIFIED INFORMATION STORAGE
11 SYSTEMS, INCLUDING CYBERSECURITY.

12 (vii) EMERGENCY SERVICES.

13 4. "DOMICILED" MEANS LOCATED IN A COUNTRY WHERE EITHER THE COMPANY
14 IS REGISTERED, THE COMPANY'S AFFAIRS ARE PRIMARILY COMPLETED OR THE
15 MAJORITY OF THE COMPANY'S OWNERSHIP SHARES ARE HELD.

16 5. "FEDERALLY BANNED CORPORATION" MEANS ANY COMPANY THAT IS BANNED
17 BY THE FEDERAL COMMUNICATIONS COMMISSION.

18 6. "FOREIGN ADVERSARY" MEANS A COUNTRY THAT IS DETERMINED TO BE A
19 FOREIGN ADVERSARY PURSUANT TO 15 CODE OF FEDERAL REGULATIONS SECTION
20 791.4.

21 Sec. 2. Title 41, chapter 1, article 5, Arizona Revised Statutes,
22 is amended by adding ~~{{sections}}~~{{section}} 41-197 ~~{{and 41-197.01}}~~, to
23 read:

24 41-197. Critical infrastructure; sale, transfer or
25 investment; attorney general; injunction; judicial
26 denial of sale, transfer or investment; definitions

27 A. AN OWNER OF CRITICAL INFRASTRUCTURE IN THIS STATE SHALL NOTIFY
28 THE ATTORNEY GENERAL OF ANY PROPOSED SALE TO, TRANSFER OF OWNERSHIP TO OR
29 INVESTMENT IN CRITICAL INFRASTRUCTURE BY A FOREIGN ADVERSARY OR AN ENTITY
30 DOMICILED OUTSIDE OF THE UNITED STATES. THE ATTORNEY GENERAL SHALL
31 INVESTIGATE THE SALE, TRANSFER OF OWNERSHIP OR INVESTMENT IN THE CRITICAL
32 INFRASTRUCTURE WITHIN THIRTY DAYS AFTER RECEIVING THE NOTICE PROVIDED
33 PURSUANT TO THIS SUBSECTION. IF THE ATTORNEY GENERAL FINDS THAT THE
34 PROPOSED SALE, TRANSFER OR INVESTMENT THREATENS THE SECURITY OF CRITICAL
35 INFRASTRUCTURE IN THIS STATE, THE ECONOMIC SECURITY OF THIS STATE OR THE
36 PUBLIC HEALTH OR SAFETY, THE ATTORNEY GENERAL SHALL FILE A REQUEST FOR AN
37 INJUNCTION OPPOSING THE PROPOSED SALE, TRANSFER OR INVESTMENT.

38 B. IF A COURT OF COMPETENT JURISDICTION FINDS THAT THE SALE,
39 TRANSFER OF OWNERSHIP OR INVESTMENT IN THE CRITICAL INFRASTRUCTURE
40 PURSUANT TO SUBSECTION A OF THIS SECTION POSES A REASONABLE THREAT TO THIS
41 STATE, THE COURT SHALL DENY THE PROPOSED SALE, TRANSFER OR INVESTMENT.

42 C. FOR THE PURPOSES OF THIS SECTION:

43 1. "CRITICAL INFRASTRUCTURE":

44 (a) MEANS SYSTEMS AND ASSETS, WHETHER PUBLICLY OR PRIVATELY OWNED
45 AND WHETHER PHYSICAL OR VIRTUAL, THAT ARE SO VITAL TO THIS STATE AND THE
46 UNITED STATES THAT THE INCAPACITY OR DESTRUCTION OF THOSE SYSTEMS AND

1 ASSETS WOULD HAVE A DEBILITATING IMPACT ON SECURITY, ECONOMIC SECURITY OR
2 PUBLIC HEALTH OR SAFETY.

3 (b) INCLUDES:

4 (i) GAS AND OIL PRODUCTION, STORAGE OR DELIVERY SYSTEMS.

5 (ii) WATER SUPPLY REFINEMENT, STORAGE OR DELIVERY SYSTEMS.

6 (iii) ELECTRICAL POWER DELIVERY SYSTEMS.

7 (iv) TELECOMMUNICATIONS NETWORKS.

8 (v) TRANSPORTATION SYSTEMS AND SERVICES.

9 (vi) PERSONAL DATA OR OTHERWISE CLASSIFIED INFORMATION STORAGE
10 SYSTEMS, INCLUDING CYBERSECURITY.

11 (vii) EMERGENCY SERVICES.

12 2. "DOMICILED" MEANS LOCATED IN A COUNTRY WHERE EITHER THE ENTITY
13 IS REGISTERED, THE ENTITY'S AFFAIRS ARE PRIMARILY COMPLETED OR THE
14 MAJORITY OF THE ENTITY'S OWNERSHIP SHARES ARE HELD.

15 3. "FOREIGN ADVERSARY" MEANS A COUNTRY THAT IS DETERMINED TO BE A
16 FOREIGN ADVERSARY PURSUANT TO 15 CODE OF FEDERAL REGULATIONS SECTION
17 791.4.

18 ~~<<[197-01.][41-197.01.] Governmental entities, prohibited~~
19 ~~vendors, traffic cameras, light detection and~~
20 ~~ranging technology, annual list, definitions~~

21 ~~A. A GOVERNMENTAL ENTITY IN THIS STATE MAY NOT ENTER INTO OR RENEW~~
22 ~~A CONTRACT WITH A VENDOR OF A SCHOOL BUS INFRACTION DETECTION SYSTEM, A~~
23 ~~SPEED DETECTION SYSTEM, A TRAFFIC INFRACTION DETECTOR OR ANY OTHER VENDOR~~
24 ~~OF CAMERA EQUIPMENT USED FOR ENFORCING TRAFFIC LAWS IN THIS STATE IF ANY~~
25 ~~OF THE FOLLOWING APPLIES.~~

26 ~~1. THE VENDOR IS OWNED BY THE GOVERNMENT OF A FOREIGN ADVERSARY.~~

27 ~~2. THE GOVERNMENT OF A FOREIGN ADVERSARY HAS A CONTROLLING INTEREST~~
28 ~~IN THE VENDOR.~~

29 ~~3. THE VENDOR IS SELLING A PRODUCT THAT IS PRODUCED BY THE~~
30 ~~GOVERNMENT OF A FOREIGN ADVERSARY, A COMPANY DOMICILED IN A FOREIGN~~
31 ~~ADVERSARY OR A COMPANY OWNED OR CONTROLLED BY A COMPANY DOMICILED IN A~~
32 ~~FOREIGN ADVERSARY.~~

33 ~~B. A GOVERNMENTAL ENTITY IN THIS STATE MAY NOT ENTER INTO OR RENEW~~
34 ~~A CONTRACT WITH A LIGHT DETECTION AND RANGING TECHNOLOGY VENDOR IF ANY OF~~
35 ~~THE FOLLOWING APPLIES.~~

36 ~~1. THE VENDOR IS OWNED BY THE GOVERNMENT OF A FOREIGN ADVERSARY.~~

37 ~~2. THE GOVERNMENT OF A FOREIGN ADVERSARY HAS A CONTROLLING INTEREST~~
38 ~~IN THE VENDOR.~~

39 ~~3. THE VENDOR IS SELLING A PRODUCT THAT IS PRODUCED BY THE~~
40 ~~GOVERNMENT OF A FOREIGN ADVERSARY, A COMPANY DOMICILED IN A FOREIGN~~
41 ~~ADVERSARY OR A COMPANY OWNED OR CONTROLLED BY A COMPANY DOMICILED IN A~~
42 ~~FOREIGN ADVERSARY.~~

43 ~~C. ON OR BEFORE DECEMBER 31, 2025 AND EACH YEAR THEREAFTER, THE~~
44 ~~ATTORNEY GENERAL SHALL PUBLISH A LIST OF ALL TRAFFIC CAMERA VENDORS AND~~
45 ~~LIGHT DETECTION AND RANGING TECHNOLOGY VENDORS THAT ARE PROHIBITED~~
46 ~~PURSUANT TO THIS SECTION AND SHALL POST THE LIST ON THE ATTORNEY GENERAL'S~~
47 ~~WEBSITE.~~

1 ~~D. FOR THE PURPOSES OF THIS SECTION.~~

2 ~~1. "COMPANY" MEANS:~~

3 ~~(a) A SOLE PROPRIETORSHIP, ORGANIZATION, ASSOCIATION, CORPORATION,~~
4 ~~PARTNERSHIP, JOINT VENTURE, LIMITED PARTNERSHIP, LIMITED LIABILITY~~
5 ~~PARTNERSHIP OR LIMITED LIABILITY COMPANY, INCLUDING A WHOLLY OWNED~~
6 ~~SUBSIDIARY, MAJORITY-OWNED SUBSIDIARY, PARENT COMPANY OR AFFILIATE OF~~
7 ~~THOSE ENTITIES OR BUSINESS ASSOCIATIONS, THAT EXISTS TO MAKE A PROFIT.~~

8 ~~(b) A NONPROFIT ORGANIZATION.~~

9 ~~2. "DOMICILED" MEANS LOCATED IN A COUNTRY WHERE THE COMPANY IS~~
10 ~~REGISTERED, THE COMPANY'S AFFAIRS ARE PRIMARILY COMPLETED OR THE MAJORITY~~
11 ~~OF THE COMPANY'S OWNERSHIP SHARES ARE HELD.~~

12 ~~3. "FOREIGN ADVERSARY" MEANS A COUNTRY THAT IS DETERMINED TO BE A~~
13 ~~FOREIGN ADVERSARY PURSUANT TO 15 CODE OF FEDERAL REGULATIONS SECTION~~
14 ~~791.4.>>~~

15 Sec. 3. Title 44, Arizona Revised Statutes, is amended by adding
16 chapter 42, to read:

17 CHAPTER 42

18 CRITICAL INFRASTRUCTURE

19 ARTICLE 1. PROHIBITED AGREEMENTS

20 44-8051. Definitions

21 IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

22 1. "COMPANY" MEANS:

23 (a) A SOLE PROPRIETORSHIP, ORGANIZATION, ASSOCIATION, CORPORATION,
24 PARTNERSHIP, JOINT VENTURE, LIMITED PARTNERSHIP, LIMITED LIABILITY
25 PARTNERSHIP OR LIMITED LIABILITY COMPANY, INCLUDING A WHOLLY OWNED
26 SUBSIDIARY, MAJORITY-OWNED SUBSIDIARY, PARENT COMPANY OR AFFILIATE OF
27 THOSE ENTITIES OR BUSINESS ASSOCIATIONS, THAT EXISTS TO MAKE A PROFIT.

28 (b) A NONPROFIT ORGANIZATION.

29 2. "CRITICAL INFRASTRUCTURE":

30 (a) MEANS SYSTEMS AND ASSETS, WHETHER PUBLICLY OR PRIVATELY OWNED
31 AND WHETHER PHYSICAL OR VIRTUAL, THAT ARE SO VITAL TO THIS STATE AND THE
32 UNITED STATES THAT THE INCAPACITY OR DESTRUCTION OF THOSE SYSTEMS AND
33 ASSETS WOULD HAVE A DEBILITATING IMPACT ON SECURITY, ECONOMIC SECURITY OR
34 PUBLIC HEALTH OR SAFETY.

35 (b) INCLUDES:

36 (i) GAS AND OIL PRODUCTION, STORAGE OR DELIVERY SYSTEMS.

37 (ii) WATER SUPPLY REFINEMENT, STORAGE OR DELIVERY SYSTEMS.

38 (iii) ELECTRICAL POWER DELIVERY SYSTEMS.

39 (iv) TELECOMMUNICATIONS NETWORKS.

40 (v) TRANSPORTATION SYSTEMS AND SERVICES.

41 (vi) PERSONAL DATA OR OTHERWISE CLASSIFIED INFORMATION STORAGE
42 SYSTEMS, INCLUDING CYBERSECURITY.

43 (vii) EMERGENCY SERVICES.

44 3. "FOREIGN ADVERSARY" MEANS A COUNTRY THAT IS DETERMINED TO BE A
45 FOREIGN ADVERSARY PURSUANT TO 15 CODE OF FEDERAL REGULATIONS SECTION
46 791.4.

47 4. "FOREIGN PRINCIPAL" MEANS ANY OF THE FOLLOWING:

1 (a) THE GOVERNMENT OR ANY OFFICIAL OF A FOREIGN ADVERSARY OR A
2 FOREIGN POLITICAL PARTY.

3 (b) A PARTNERSHIP, ASSOCIATION, CORPORATION, ORGANIZATION OR OTHER
4 COMBINATION OF PERSONS ORGANIZED UNDER THE LAWS OF OR HAVING ITS PRINCIPAL
5 PLACE OF BUSINESS IN A FOREIGN ADVERSARY.

6 (c) ANY PERSON WHO IS DOMICILED IN A FOREIGN COUNTRY AND WHO IS NOT
7 A CITIZEN OR LAWFUL PERMANENT RESIDENT OF THE UNITED STATES.

8 44-8052. Critical infrastructure; prohibited agreements and
9 contracts; exceptions; access; certification
10 forms; fee

11 A. EXCEPT AS PROVIDED IN SUBSECTION B OF THIS SECTION, A COMPANY OR
12 A GOVERNMENTAL ENTITY IN THIS STATE MAY NOT ENTER INTO AN AGREEMENT OR
13 CONTRACT INVOLVING CRITICAL INFRASTRUCTURE IN THIS STATE WITH A FOREIGN
14 PRINCIPAL FROM A FOREIGN ADVERSARY IF UNDER THE AGREEMENT OR CONTRACT THE
15 FOREIGN PRINCIPAL, DIRECTLY OR REMOTELY, WOULD BE ABLE TO ACCESS OR
16 CONTROL CRITICAL INFRASTRUCTURE IN THIS STATE.

17 B. A COMPANY OR A GOVERNMENTAL ENTITY IN THIS STATE MAY ENTER INTO
18 AN AGREEMENT OR CONTRACT INVOLVING CRITICAL INFRASTRUCTURE IN THIS STATE
19 WITH A FOREIGN PRINCIPAL FROM A FOREIGN ADVERSARY IF ANY OF THE FOLLOWING
20 APPLIES:

21 1. NO OTHER REASONABLE OPTION EXISTS FOR ADDRESSING A NEED THAT IS
22 RELEVANT TO CRITICAL INFRASTRUCTURE IN THIS STATE.

23 2. THE AGREEMENT OR CONTRACT IS PREAPPROVED BY THE DEPARTMENT OF
24 ADMINISTRATION.

25 3. NOT ENTERING INTO THE AGREEMENT WOULD POSE A GREATER THREAT TO
26 THIS STATE THAN THE THREAT ASSOCIATED WITH ENTERING INTO THE AGREEMENT OR
27 CONTRACT.

28 [C. IN ORDER TO ACCESS CRITICAL INFRASTRUCTURE IN THIS STATE, A
29 COMPANY SHALL FILE A CERTIFICATION FORM PRESCRIBED BY THE ARIZONA COMMERCE
30 AUTHORITY AND PAY A CERTIFICATION FEE.

31 D. TO MAINTAIN REGISTRATION AS A COMPANY WITH ACCESS TO CRITICAL
32 INFRASTRUCTURE IN THIS STATE, A COMPANY MAY NOT USE CLOUD SERVICE
33 PROVIDERS OR DATA CENTERS THAT ARE FOREIGN ENTITIES AND SHALL DO ALL OF
34 THE FOLLOWING:

35 1. IDENTIFY ALL EMPLOYEES OF THE COMPANY WHO HAVE ACCESS TO
36 CRITICAL INFRASTRUCTURE IN THIS STATE.

37 2. BEFORE HIRING AN EMPLOYEE OR BEFORE ALLOWING AN EMPLOYEE TO
38 CONTINUE TO HAVE ACCESS TO CRITICAL INFRASTRUCTURE IN THIS STATE, OBTAIN
39 FROM A PRIVATE ENTITY ANY CRIMINAL HISTORY RECORDS INFORMATION RELATING TO
40 THE EMPLOYEE AND ANY OTHER BACKGROUND INFORMATION NECESSARY TO PROTECT
41 CRITICAL INFRASTRUCTURE IN THIS STATE FROM INFILTRATION OR INTERFERENCE BY
42 A FOREIGN ADVERSARY.

43 3. PROHIBIT FOREIGN NATIONALS FROM A FOREIGN ADVERSARY FROM
44 ACCESSING ANY CRITICAL INFRASTRUCTURE.

45 4. DISCLOSE ANY OWNERSHIP OF, PARTNERSHIPS WITH OR CONTROL FROM ANY
46 ENTITY THAT IS NOT DOMICILED IN THE UNITED STATES.

1 5. STORE AND PROCESS ALL DATA GENERATED BY CRITICAL INFRASTRUCTURE
2 ON DOMESTIC SERVERS.
3 6. IMMEDIATELY REPORT ANY CYBERATTACK, SECURITY BREACH OR
4 SUSPICIOUS ACTIVITY TO THE ARIZONA COMMERCE AUTHORITY.
5 E. THE ARIZONA COMMERCE AUTHORITY SHALL ESTABLISH A SECURE AND
6 DEDICATED COMMUNICATIONS CHANNEL FOR CRITICAL INFRASTRUCTURE PROVIDERS AND
7 MILITARY INSTALLATIONS ACROSS THIS STATE TO CONNECT WITH THE ARIZONA
8 COMMERCE AUTHORITY AND OFFICE OF THE GOVERNOR IN THE EVENT OF AN EMERGENCY
9 THAT DAMAGES CRITICAL COMMUNICATIONS INFRASTRUCTURE. FOR THE PURPOSES OF
10 THIS PARAGRAPH, "CRITICAL COMMUNICATIONS INFRASTRUCTURE" HAS THE SAME
11 MEANING PRESCRIBED IN SECTION 18-105.]
12 Sec. 4. Short title
13 This act may be cited as the "Arizona Critical Infrastructure
14 Protection Act".

15 Enroll and engross to conform
16 Amend title to conform

NICK KUPPER

2696FloorKUPPER.docx
02/13/2025
04:16 PM
C: AH