

HOUSE FLOOR AMENDMENT EXPLANATION



Bill Number: **HB 2696**

Kolodin Floor Amendment

1. Prohibits any software used for critical infrastructure in this state from being produced by a company headquartered in the *People's Republic of China* (China) or that is under the control of China, rather than that is headquartered in or under the control of a foreign adversary.
2. Conforms critical infrastructure regulation to apply for corporations domiciled in China, rather than federally banned corporations.
3. Replaces the Arizona Commerce Authority with the *Arizona Corporation Commission*, as the agency conforming to critical infrastructure regulation.
4. Clarifies that a governmental entity or critical infrastructure service provider in this state may not enter or renew a contract with a vendor of *camera-based* school bus infraction detection systems if the vendor is owned by the government of China.
5. Conforms the *Arizona Corporation Commission*, rather than the Attorney's Office, to critical infrastructure regulation relating to governmental entity and critical infrastructure service provider requirements.
6. Deletes regulation relating to sale, transfer or investment of critical infrastructure by a foreign adversary or an entity domiciled outside of the United States.
7. Removes companies in this state from being allowed to enter into an agreement or contract involving critical infrastructure with China, as prescribed.
8. Mandates the *Arizona Corporation Commission*, rather than the Arizona Department of Administration, to preapprove any agreement or contract involving critical infrastructure with China and a governmental entity or a publicly regulated utility in this state.
9. Deletes prohibition and requirements for companies, with access to critical infrastructure in this state that maintain registration, to not use cloud service providers or data centers that are foreign entities.

Amendment explanation prepared by Luca Moldovan

Phone Number 63250

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4/3/2024

10. Modifies the definition of *critical infrastructure*.
11. Defines *cellular internet-of-things module* and *school bus infraction detection system*.
12. Removes the definitions of *federally banned corporation*, *foreign adversary*, and *company*.
13. Makes conforming and technical changes.

ADDITIONAL COW
KOLODIN FLOOR AMENDMENT
HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2696
(Reference to House engrossed bill)

Amendment instruction key:

[GREEN UNDERLINING IN BRACKETS] indicates text added to statute or previously enacted session law.
[Green underlining in brackets] indicates text added to new session law or text restoring existing law.
[GREEN STRIKEOUT IN BRACKETS] indicates new text removed from statute or previously enacted session law.
[Green strikeout in brackets] indicates text removed from existing statute, previously enacted session law or new session law.
<<Green carets>> indicate a section added to the bill.
<<Green strikeout in carets>> indicates a section removed 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]~~ [THE PEOPLE'S REPUBLIC OF CHINA] OR THAT IS UNDER THE CONTROL
10 OF ~~[A FOREIGN ADVERSARY]~~ [THE PEOPLE'S REPUBLIC OF CHINA].

11 B. ANY CRITICAL COMMUNICATIONS INFRASTRUCTURE WITHIN THIS STATE MAY
12 NOT INCLUDE ANY EQUIPMENT THAT IS MANUFACTURED BY A ~~[FEDERALLY BANNED]~~
13 CORPORATION [DOMICILED IN THE PEOPLE'S REPUBLIC OF CHINA].

14 C. ANY EQUIPMENT OF CRITICAL COMMUNICATIONS INFRASTRUCTURE IN THIS
15 STATE THAT IS CURRENTLY MANUFACTURED BY A ~~[FEDERALLY BANNED]~~ CORPORATION
16 [DOMICILED IN THE PEOPLE'S REPUBLIC OF CHINA] SHALL BE REPLACED WITH
17 EQUIPMENT THAT IS NOT MANUFACTURED BY A ~~[FEDERALLY BANNED]~~ CORPORATION
18 [DOMICILED IN THE PEOPLE'S REPUBLIC OF CHINA].

19 D. ON OR BEFORE JANUARY 1 OF EACH YEAR, IF A CRITICAL
20 COMMUNICATIONS INFRASTRUCTURE PROVIDER IS A PARTICIPANT IN THE SECURE AND
21 TRUSTED COMMUNICATIONS NETWORKS REIMBURSEMENT PROGRAM PURSUANT TO 47
22 UNITED STATES CODE SECTION 1601 (P.L. 116-124, 134 STAT. 158), THE
23 CRITICAL COMMUNICATIONS INFRASTRUCTURE PROVIDER SHALL CERTIFY TO THE
24 ~~[ARIZONA COMMERCE AUTHORITY]~~ [CORPORATION COMMISSION] ANY INSTANCES OF
25 PROHIBITED CRITICAL COMMUNICATIONS EQUIPMENT USE PURSUANT TO SUBSECTION B
26 OF THIS SECTION, ALONG WITH THE GEOGRAPHIC COORDINATES OF THE AREAS SERVED
27 BY THE PROHIBITED EQUIPMENT. IF THE CRITICAL COMMUNICATIONS
28 INFRASTRUCTURE PROVIDER IS CERTIFIED BY THE ~~[ARIZONA COMMERCE AUTHORITY]~~
29 [CORPORATION COMMISSION], THE CRITICAL COMMUNICATIONS INFRASTRUCTURE
30 PROVIDER SHALL SUBMIT A STATUS REPORT TO THE ~~[ARIZONA COMMERCE AUTHORITY]~~
31 [CORPORATION COMMISSION] EVERY QUARTER DETAILING COMPLIANCE WITH THE

1 SECURE AND TRUSTED COMMUNICATIONS NETWORKS REIMBURSEMENT PROGRAM PURSUANT
2 TO THIS SUBSECTION. EACH QUARTER, THE ~~[ARIZONA COMMERCE AUTHORITY]~~
3 ~~[CORPORATION COMMISSION]~~ SHALL PRODUCE A MAP OF THIS STATE DETAILING THE
4 AREAS THAT ARE SERVICED BY CRITICAL COMMUNICATIONS INFRASTRUCTURE THAT
5 INCLUDES EQUIPMENT THAT IS MANUFACTURED BY A ~~[FEDERALLY BANNED]~~
6 CORPORATION ~~[DOMICILED IN THE PEOPLE'S REPUBLIC OF CHINA]~~.

7 E. ANY COMMUNICATIONS PROVIDER THAT REMOVES, DISCONTINUES OR
8 REPLACES ANY COMMUNICATIONS EQUIPMENT THAT IS PROHIBITED BY THIS SECTION
9 IS NOT REQUIRED TO OBTAIN AN ADDITIONAL PERMIT FROM ANY STATE AGENCY OR
10 POLITICAL SUBDIVISION OF THIS STATE FOR THE REMOVAL, DISCONTINUANCE OR
11 REPLACEMENT OF THE PROHIBITED EQUIPMENT.

12 F. A GOVERNMENTAL ENTITY OR CRITICAL INFRASTRUCTURE SERVICE
13 PROVIDER IN THIS STATE MAY NOT ENTER INTO OR RENEW A CONTRACT WITH A
14 VENDOR OF WI-FI ROUTERS, MODEM SYSTEMS, LIDAR TECHNOLOGY, ~~[CAMERA-BASED]~~
15 SCHOOL BUS INFRACTION DETECTION SYSTEMS, SPEED DETECTION SYSTEMS, TRAFFIC
16 INFRACTION DETECTOR SYSTEMS OR ANY OTHER CAMERA SYSTEMS, BATTERY
17 TECHNOLOGY OR SMART METER TECHNOLOGY OR A VENDOR OF ANY OTHER TECHNOLOGY
18 IF ANY OF THE FOLLOWING APPLIES:

19 1. THE VENDOR IS OWNED BY THE GOVERNMENT OF ~~[A FOREIGN ADVERSARY]~~
20 ~~[THE PEOPLE'S REPUBLIC OF CHINA]~~.

21 2. THE GOVERNMENT OF ~~[A FOREIGN ADVERSARY]~~ ~~[THE PEOPLE'S REPUBLIC~~
22 ~~OF CHINA]~~ HAS A CONTROLLING INTEREST IN THE VENDOR.

23 3. THE VENDOR IS SELLING A PRODUCT THAT IS PRODUCED BY THE
24 GOVERNMENT OF ~~[A FOREIGN ADVERSARY,]~~ ~~[THE PEOPLE'S REPUBLIC OF CHINA OR]~~ A
25 COMPANY DOMICILED IN ~~[A FOREIGN ADVERSARY OR A COMPANY OWNED OR CONTROLLED~~
26 ~~BY A COMPANY DOMICILED IN A FOREIGN ADVERSARY]~~ ~~[THE PEOPLE'S REPUBLIC OF~~
27 ~~CHINA]~~.

28 4. THE VENDOR'S PRODUCT INCLUDES CELLULAR INTERNET-OF-THINGS
29 MODULES FROM ~~[A FOREIGN ADVERSARY]~~ ~~[THE PEOPLE'S REPUBLIC OF CHINA]~~.

30 5. THE VENDOR'S PRODUCT INCLUDES A PRODUCT PRODUCED BY A CHINESE
31 MILITARY COMPANY OPERATING IN THE UNITED STATES AS IDENTIFIED BY SECTION
32 1260H OF THE WILLIAM M. THORNBERRY NATIONAL DEFENSE AUTHORIZATION ACT FOR
33 FISCAL YEAR 2021 (P.L. 116-283; 134 STAT. 3388).

34 G. ON OR BEFORE MARCH 31, 2026 AND EACH YEAR THEREAFTER, EACH
35 GOVERNMENTAL ENTITY AND CRITICAL INFRASTRUCTURE SERVICE PROVIDER IN THIS
36 STATE SHALL CERTIFY TO THE ~~[ATTORNEY GENERAL]~~ ~~[CORPORATION COMMISSION]~~
37 THAT THE PROVIDER DOES NOT USE ANY TECHNOLOGY THAT INCLUDES CELLULAR
38 INTERNET-OF-THINGS MODULES OR ANY WI-FI ROUTER OR MODEM SYSTEM, LIDAR
39 TECHNOLOGY, ~~[CAMERA-BASED]~~ SCHOOL BUS INFRACTION DETECTION SYSTEM, SPEED
40 DETECTION SYSTEM, TRAFFIC INFRACTION DETECTOR SYSTEM OR ANY OTHER CAMERA
41 SYSTEM, BATTERY TECHNOLOGY OR SMART METER TECHNOLOGY THAT IS PRODUCED BY
42 ANY OF THE FOLLOWING:

43 1. A COMPANY THAT IS OWNED BY THE GOVERNMENT OF ~~[A FOREIGN~~
44 ~~ADVERSARY]~~ ~~[THE PEOPLE'S REPUBLIC OF CHINA]~~.

45 2. A COMPANY IN WHICH ~~[A FOREIGN ADVERSARY]~~ ~~[THE PEOPLE'S REPUBLIC~~
46 ~~OF CHINA]~~ HAS A CONTROLLING INTEREST.

1 3. THE GOVERNMENT OF ~~[A FOREIGN ADVERSARY,]~~ [THE PEOPLE'S REPUBLIC
2 OF CHINA OR] A COMPANY DOMICILED IN ~~[A FOREIGN ADVERSARY OR A COMPANY~~
3 ~~OWNED OR CONTROLLED BY A COMPANY DOMICILED IN A FOREIGN ADVERSARY]~~ [THE
4 PEOPLE'S REPUBLIC OF CHINA].

5 H. ON OR BEFORE DECEMBER 31, 2025 AND EACH YEAR THEREAFTER, THE
6 ~~[ATTORNEY GENERAL]~~ [CORPORATION COMMISSION] SHALL PUBLISH A LIST OF ALL
7 TECHNOLOGIES THAT ARE PROHIBITED PURSUANT TO THIS SECTION AND SHALL POST
8 THE LIST ON THE ~~[ATTORNEY GENERAL'S]~~ [CORPORATION COMMISSION'S] WEBSITE.

9 I. EXCEPT AS PROVIDED IN SUBSECTION J OF THIS SECTION, EACH
10 GOVERNMENTAL ENTITY AND CRITICAL INFRASTRUCTURE SERVICE PROVIDER IN THIS
11 STATE SHALL REMOVE ANY TECHNOLOGY THAT IS INCLUDED BY THE ~~[ATTORNEY~~
12 ~~GENERAL]~~ [CORPORATION COMMISSION] ON THE PROHIBITED TECHNOLOGIES LIST
13 PURSUANT TO SUBSECTION H OF THIS SECTION WITHIN NINETY DAYS AFTER THE
14 ~~[ATTORNEY GENERAL]~~ [CORPORATION COMMISSION] PUBLISHES THE LIST.

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

18 1. THERE ARE NO OTHER REASONABLE PROVIDERS OF THE PROHIBITED
19 TECHNOLOGY.

20 2. THE PURCHASE OR USE OF THE PROHIBITED TECHNOLOGY IS PREAPPROVED
21 BY THE ~~[ARIZONA COMMERCE AUTHORITY]~~ [CORPORATION COMMISSION].

22 3. NOT PURCHASING OR USING THE PROHIBITED TECHNOLOGY WOULD POSE A
23 GREATER THREAT TO THIS STATE THAN THE THREAT ASSOCIATED WITH THE
24 PROHIBITED TECHNOLOGY.

25 K. FOR THE PURPOSES OF THIS SECTION:

26 [1. "CELLULAR INTERNET-OF-THINGS MODULE" MEANS A HARDWARE COMPONENT
27 THAT INCLUDES A CELLULAR RADIO TRANSCEIVER AND THAT IS DESIGNED TO PROVIDE
28 CELLULAR NETWORK CONNECTIVITY TO AN INTERNET-OF-THINGS DEVICE.]

29 ~~[1.]~~ [2.] "COMPANY" MEANS:

30 (a) A SOLE PROPRIETORSHIP, ORGANIZATION, ASSOCIATION, CORPORATION,
31 PARTNERSHIP, JOINT VENTURE, LIMITED PARTNERSHIP, LIMITED LIABILITY
32 PARTNERSHIP OR LIMITED LIABILITY COMPANY, INCLUDING A WHOLLY OWNED
33 SUBSIDIARY, MAJORITY-OWNED SUBSIDIARY, PARENT COMPANY OR AFFILIATE OF
34 THOSE ENTITIES OR BUSINESS ASSOCIATIONS, THAT EXISTS TO MAKE A PROFIT.

35 (b) A NONPROFIT ORGANIZATION.

36 ~~[2.]~~ [3.] "CRITICAL COMMUNICATIONS INFRASTRUCTURE" MEANS ALL
37 PHYSICAL BROADBAND INFRASTRUCTURE AND EQUIPMENT THAT SUPPORTS THE
38 TRANSMISSION OF INFORMATION AND THAT ALLOWS THE USER TO ENGAGE IN
39 COMMUNICATIONS, INCLUDING SERVICE PROVIDED DIRECTLY TO THE PUBLIC.

40 ~~[3.]~~ [4.] "CRITICAL INFRASTRUCTURE"~~[-]~~

41 ~~(a) MEANS SYSTEMS AND ASSETS, WHETHER PUBLICLY OR PRIVATELY OWNED~~
42 ~~AND WHETHER PHYSICAL OR VIRTUAL, THAT ARE SO VITAL TO THIS STATE AND THE~~
43 ~~UNITED STATES THAT THE INCAPACITY OR DESTRUCTION OF THOSE SYSTEMS AND~~
44 ~~ASSETS WOULD HAVE A DEBILITATING IMPACT ON SECURITY, ECONOMIC SECURITY OR~~
45 ~~PUBLIC HEALTH OR SAFETY.~~

1 ~~(b) INCLUDES:] [MEANS INFRASTRUCTURE THAT IS OWNED OR OPERATED BY~~
2 ~~THIS STATE, A POLITICAL SUBDIVISION OF THIS STATE OR A PUBLICLY REGULATED~~
3 ~~UTILITY AND THAT IS ANY OF THE FOLLOWING:]~~
4 ~~[(i)] [(a)] GAS AND OIL PRODUCTION, STORAGE OR DELIVERY SYSTEMS.~~
5 ~~[(ii)] [(b)] WATER SUPPLY REFINEMENT, STORAGE OR DELIVERY SYSTEMS.~~
6 ~~[(iii)] [(c)] ELECTRICAL POWER DELIVERY SYSTEMS.~~
7 ~~[(iv)] [(d)] TELECOMMUNICATIONS NETWORKS.~~
8 ~~[(v)] [(e)] TRANSPORTATION SYSTEMS AND SERVICES.~~
9 ~~[(vi)] [(f)] PERSONAL DATA [OR OTHERWISE CLASSIFIED INFORMATION]~~
10 ~~STORAGE SYSTEMS, INCLUDING CYBERSECURITY.~~
11 ~~[(vii)] [(g)] EMERGENCY SERVICES.~~
12 ~~[4.] [5.] "DOMICILED" MEANS LOCATED IN A COUNTRY WHERE EITHER THE~~
13 ~~COMPANY IS REGISTERED, THE COMPANY'S AFFAIRS ARE PRIMARILY COMPLETED OR~~
14 ~~THE MAJORITY OF THE COMPANY'S OWNERSHIP SHARES ARE HELD.~~
15 ~~[5. "FEDERALLY BANNED CORPORATION" MEANS ANY COMPANY THAT IS BANNED~~
16 ~~BY THE FEDERAL COMMUNICATIONS COMMISSION.~~
17 ~~6. "FOREIGN ADVERSARY" MEANS A COUNTRY THAT IS DETERMINED TO BE A~~
18 ~~FOREIGN ADVERSARY PURSUANT TO 15 CODE OF FEDERAL REGULATIONS SECTION~~
19 ~~791.4.]~~
20 ~~[6. "SCHOOL BUS INFRACTION DETECTION SYSTEM" MEANS AN AUTOMATED~~
21 ~~SYSTEM INSTALLED ON A SCHOOL BUS CONSISTING OF CAMERAS, SENSORS AND~~
22 ~~SOFTWARE DESIGNED TO DETECT, RECORD AND DOCUMENT TRAFFIC VIOLATIONS, SUCH~~
23 ~~AS ILLEGALLY PASSING THE BUS WHEN ITS STOP ARM IS EXTENDED AND WARNING~~
24 ~~LIGHTS ARE ACTIVATED, TO ENHANCE STUDENT SAFETY AND ENFORCE COMPLIANCE~~
25 ~~WITH TRAFFIC LAWS.]~~
26 ~~<<Sec. 2. Title 41, chapter 1, article 5, Arizona Revised Statutes,~~
27 ~~is amended by adding section 41-197, to read:~~
28 ~~41-197. Critical infrastructure; sale, transfer or~~
29 ~~investment; attorney general; injunction; judicial~~
30 ~~denial of sale, transfer or investment; definitions~~
31 ~~A. AN OWNER OF CRITICAL INFRASTRUCTURE IN THIS STATE SHALL NOTIFY~~
32 ~~THE ATTORNEY GENERAL OF ANY PROPOSED SALE TO, TRANSFER OF OWNERSHIP TO OR~~
33 ~~INVESTMENT IN CRITICAL INFRASTRUCTURE BY A FOREIGN ADVERSARY OR AN ENTITY~~
34 ~~DOMICILED OUTSIDE OF THE UNITED STATES. THE ATTORNEY GENERAL SHALL~~
35 ~~INVESTIGATE THE SALE, TRANSFER OF OWNERSHIP OR INVESTMENT IN THE CRITICAL~~
36 ~~INFRASTRUCTURE WITHIN THIRTY DAYS AFTER RECEIVING THE NOTICE PROVIDED~~
37 ~~PURSUANT TO THIS SUBSECTION. IF THE ATTORNEY GENERAL FINDS THAT THE~~
38 ~~PROPOSED SALE, TRANSFER OR INVESTMENT THREATENS THE SECURITY OF CRITICAL~~
39 ~~INFRASTRUCTURE IN THIS STATE, THE ECONOMIC SECURITY OF THIS STATE OR THE~~
40 ~~PUBLIC HEALTH OR SAFETY, THE ATTORNEY GENERAL SHALL FILE A REQUEST FOR AN~~
41 ~~INJUNCTION OPPOSING THE PROPOSED SALE, TRANSFER OR INVESTMENT.~~
42 ~~B. IF A COURT OF COMPETENT JURISDICTION FINDS THAT THE SALE,~~
43 ~~TRANSFER OF OWNERSHIP OR INVESTMENT IN THE CRITICAL INFRASTRUCTURE~~
44 ~~PURSUANT TO SUBSECTION A OF THIS SECTION POSES A REASONABLE THREAT TO THIS~~
45 ~~STATE, THE COURT SHALL DENY THE PROPOSED SALE, TRANSFER OR INVESTMENT.~~
46 ~~C. FOR THE PURPOSES OF THIS SECTION:~~
47 ~~1. "CRITICAL INFRASTRUCTURE":~~

1 ~~(a) MEANS SYSTEMS AND ASSETS, WHETHER publicly or privately owned~~
2 ~~and whether PHYSICAL OR VIRTUAL, THAT ARE SO VITAL TO THIS STATE AND THE~~
3 ~~UNITED STATES THAT THE INCAPACITY OR DESTRUCTION OF THOSE SYSTEMS AND~~
4 ~~ASSETS WOULD HAVE A DEBILITATING IMPACT ON SECURITY, ECONOMIC SECURITY OR~~
5 ~~PUBLIC HEALTH OR SAFETY.~~

6 ~~(b) INCLUDES:~~

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

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

9 ~~(iii) ELECTRICAL POWER DELIVERY SYSTEMS.~~

10 ~~(iv) TELECOMMUNICATIONS NETWORKS.~~

11 ~~(v) TRANSPORTATION SYSTEMS AND SERVICES.~~

12 ~~(vi) PERSONAL DATA OR OTHERWISE CLASSIFIED INFORMATION STORAGE~~
13 ~~SYSTEMS, INCLUDING CYBERSECURITY.~~

14 ~~(vii) Emergency services.~~

15 ~~2. "Domiciled" means located in a country where either the entity~~
16 ~~is registered, the entity's affairs are primarily completed or the~~
17 ~~majority of the entity's ownership shares are held.~~

18 ~~3. "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 44, Arizona Revised Statutes, is amended by adding
22 chapter 42, to read:

23 CHAPTER 42

24 CRITICAL INFRASTRUCTURE

25 ARTICLE 1. PROHIBITED AGREEMENTS

26 44-8051. Definition of critical infrastructure

27 IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES[?][1.]

28 [1. "COMPANY" MEANS:

29 ~~(a) A SOLE PROPRIETORSHIP, ORGANIZATION, ASSOCIATION, CORPORATION,~~
30 ~~PARTNERSHIP, JOINT VENTURE, LIMITED PARTNERSHIP, LIMITED LIABILITY~~
31 ~~PARTNERSHIP OR LIMITED LIABILITY COMPANY, INCLUDING A WHOLLY OWNED~~
32 ~~SUBSIDIARY, MAJORITY-OWNED SUBSIDIARY, PARENT COMPANY OR AFFILIATE OF~~
33 ~~THOSE ENTITIES OR BUSINESS ASSOCIATIONS, THAT EXISTS TO MAKE A PROFIT.~~

34 ~~(b) A NONPROFIT ORGANIZATION.]~~

35 [2.] "CRITICAL INFRASTRUCTURE"[?]

36 ~~(a) MEANS SYSTEMS AND ASSETS, WHETHER PUBLICLY OR PRIVATELY OWNED~~
37 ~~AND WHETHER PHYSICAL OR VIRTUAL, THAT ARE SO VITAL TO THIS STATE AND THE~~
38 ~~UNITED STATES THAT THE INCAPACITY OR DESTRUCTION OF THOSE SYSTEMS AND~~
39 ~~ASSETS WOULD HAVE A DEBILITATING IMPACT ON SECURITY, ECONOMIC SECURITY OR~~
40 ~~PUBLIC HEALTH OR SAFETY.~~

41 ~~(b) INCLUDES:]~~ [MEANS INFRASTRUCTURE THAT IS OWNED OR OPERATED BY
42 THIS STATE, A POLITICAL SUBDIVISION OF THIS STATE OR A PUBLICLY REGULATED
43 UTILITY AND THAT IS ANY OF THE FOLLOWING:]

44 [1.] GAS AND OIL PRODUCTION, STORAGE OR DELIVERY SYSTEMS.

45 [2.] WATER SUPPLY REFINEMENT, STORAGE OR DELIVERY SYSTEMS.

46 [3.] ELECTRICAL POWER DELIVERY SYSTEMS.

47 [4.] TELECOMMUNICATIONS NETWORKS.

1 ~~[(v)]~~ [5.] TRANSPORTATION SYSTEMS AND SERVICES.
2 ~~[(vi)]~~ [6.] PERSONAL DATA ~~[OR OTHERWISE CLASSIFIED INFORMATION]~~
3 STORAGE SYSTEMS, INCLUDING CYBERSECURITY.
4 ~~[(vii)]~~ [7.] EMERGENCY SERVICES.
5 ~~[3. "FOREIGN ADVERSARY" MEANS A COUNTRY THAT IS DETERMINED TO BE A~~
6 ~~FOREIGN ADVERSARY PURSUANT TO 15 CODE OF FEDERAL REGULATIONS SECTION~~
7 ~~791.4.~~
8 ~~4. "FOREIGN PRINCIPAL" MEANS ANY OF THE FOLLOWING:~~
9 ~~(a) THE GOVERNMENT OR ANY OFFICIAL OF A FOREIGN ADVERSARY OR A~~
10 ~~FOREIGN POLITICAL PARTY.~~
11 ~~(b) A PARTNERSHIP, ASSOCIATION, CORPORATION, ORGANIZATION OR OTHER~~
12 ~~COMBINATION OF PERSONS ORGANIZED UNDER THE LAWS OF OR HAVING ITS PRINCIPAL~~
13 ~~PLACE OF BUSINESS IN A FOREIGN ADVERSARY.~~
14 ~~(c) ANY PERSON WHO IS DOMICILED IN A FOREIGN COUNTRY AND WHO IS NOT~~
15 ~~A CITIZEN OR LAWFUL PERMANENT RESIDENT OF THE UNITED STATES.]~~
16 44-8052. Critical infrastructure; prohibited agreements and
17 contracts; exceptions
18 A. EXCEPT AS PROVIDED IN SUBSECTION B OF THIS SECTION, ~~[A COMPANY~~
19 ~~OR]~~ A GOVERNMENTAL ENTITY [OR A PUBLICLY REGULATED UTILITY] IN THIS STATE
20 MAY NOT ENTER INTO AN AGREEMENT OR CONTRACT INVOLVING CRITICAL
21 INFRASTRUCTURE IN THIS STATE WITH ~~[A FOREIGN PRINCIPAL FROM A FOREIGN~~
22 ~~ADVERSARY] [THE PEOPLE'S REPUBLIC OF CHINA]~~ IF UNDER THE AGREEMENT OR
23 CONTRACT THE ~~[FOREIGN PRINCIPAL]~~ [PEOPLE'S REPUBLIC OF CHINA], DIRECTLY OR
24 REMOTELY, WOULD BE ABLE TO ACCESS OR CONTROL CRITICAL INFRASTRUCTURE IN
25 THIS STATE.
26 B. ~~[A COMPANY OR]~~ A GOVERNMENTAL ENTITY [OR A PUBLICLY REGULATED
27 UTILITY] IN THIS STATE MAY ENTER INTO AN AGREEMENT OR CONTRACT INVOLVING
28 CRITICAL INFRASTRUCTURE IN THIS STATE WITH ~~[A FOREIGN PRINCIPAL FROM A~~
29 ~~FOREIGN ADVERSARY] [THE PEOPLE'S REPUBLIC OF CHINA]~~ IF ANY OF THE
30 FOLLOWING APPLIES:
31 1. NO OTHER REASONABLE OPTION EXISTS FOR ADDRESSING A NEED THAT IS
32 RELEVANT TO CRITICAL INFRASTRUCTURE IN THIS STATE.
33 2. THE AGREEMENT OR CONTRACT IS PREAPPROVED BY THE ~~[DEPARTMENT OF~~
34 ~~ADMINISTRATION]~~ [CORPORATION COMMISSION].
35 3. NOT ENTERING INTO THE AGREEMENT WOULD POSE A GREATER THREAT TO
36 THIS STATE THAN THE THREAT ASSOCIATED WITH ENTERING INTO THE AGREEMENT OR
37 CONTRACT.
38 ~~[C. IN ORDER TO ACCESS CRITICAL INFRASTRUCTURE IN THIS STATE, A~~
39 ~~COMPANY SHALL FILE A CERTIFICATION FORM PRESCRIBED BY THE ARIZONA COMMERCE~~
40 ~~AUTHORITY AND PAY A CERTIFICATION FEE.~~
41 ~~D. TO MAINTAIN REGISTRATION AS A COMPANY WITH ACCESS TO CRITICAL~~
42 ~~INFRASTRUCTURE IN THIS STATE, A COMPANY MAY NOT USE CLOUD SERVICE~~
43 ~~PROVIDERS OR DATA CENTERS THAT ARE FOREIGN ENTITIES AND SHALL DO ALL OF~~
44 ~~THE FOLLOWING:~~
45 ~~1. IDENTIFY ALL EMPLOYEES OF THE COMPANY WHO HAVE ACCESS TO~~
46 ~~CRITICAL INFRASTRUCTURE IN THIS STATE.~~

1 ~~2. BEFORE HIRING AN EMPLOYEE OR BEFORE ALLOWING AN EMPLOYEE TO~~
2 ~~CONTINUE TO HAVE ACCESS TO CRITICAL INFRASTRUCTURE IN THIS STATE, OBTAIN~~
3 ~~FROM A PRIVATE ENTITY ANY CRIMINAL HISTORY RECORDS INFORMATION RELATING TO~~
4 ~~THE EMPLOYEE AND ANY OTHER BACKGROUND INFORMATION NECESSARY TO PROTECT~~
5 ~~CRITICAL INFRASTRUCTURE IN THIS STATE FROM INFILTRATION OR INTERFERENCE BY~~
6 ~~A FOREIGN ADVERSARY.~~
7 ~~3. PROHIBIT FOREIGN NATIONALS FROM A FOREIGN ADVERSARY FROM~~
8 ~~ACCESSING ANY CRITICAL INFRASTRUCTURE.~~
9 ~~4. DISCLOSE ANY OWNERSHIP OF, PARTNERSHIPS WITH OR CONTROL FROM ANY~~
10 ~~ENTITY THAT IS NOT DOMICILED IN THE UNITED STATES.~~
11 ~~5. STORE AND PROCESS ALL DATA GENERATED BY CRITICAL INFRASTRUCTURE~~
12 ~~ON DOMESTIC SERVERS.~~
13 ~~6. IMMEDIATELY REPORT ANY CYBERATTACK, SECURITY BREACH OR~~
14 ~~SUSPICIOUS ACTIVITY TO THE ARIZONA COMMERCE AUTHORITY.]~~
15 [E.] [C.] THE [ARIZONA COMMERCE AUTHORITY] [CORPORATION
16 COMMISSION] SHALL ESTABLISH A SECURE AND DEDICATED COMMUNICATIONS CHANNEL
17 FOR CRITICAL INFRASTRUCTURE PROVIDERS AND MILITARY INSTALLATIONS ACROSS
18 THIS STATE TO CONNECT WITH THE [ARIZONA COMMERCE AUTHORITY] [CORPORATION
19 COMMISSION] AND OFFICE OF THE GOVERNOR IN THE EVENT OF AN EMERGENCY THAT
20 DAMAGES CRITICAL COMMUNICATIONS INFRASTRUCTURE. FOR THE PURPOSES OF THIS
21 PARAGRAPH, "CRITICAL COMMUNICATIONS INFRASTRUCTURE" HAS THE SAME MEANING
22 PRESCRIBED IN SECTION 18-105.
23 Sec. 3. Short title
24 This act may be cited as the "Arizona Critical Infrastructure
25 Protection Act".

26 Enroll and engross to conform
27 Amend title to conform

ALEXANDER KOLODIN

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