



ARIZONA STATE SENATE
Fifty-Sixth Legislature, Second Regular Session

VETOED

AMENDED

FACT SHEET FOR H.B. 2591

forced labor; child labor; prohibitions

Purpose

Prohibits a public power entity (PPE), a public service corporation (PSC) or a public entity from entering into a contract with a person or company that uses forced labor or oppressive child labor.

Background

Current statute prohibits the state, a political subdivision of the state or an agency, board, commission or department (public entity) from entering into a contract with a value of \$100,000 or more with a company to acquire or dispose of services, supplies, information technology or construction unless the contract includes a written certification that the company is not currently engaged in, and agrees for the duration of the contract to not engage in, a boycott of goods and services from Israel. A public entity may not adopt a procurement, investment or other policy that has the effect of inducing or requiring a person or company to boycott Israel (A.R.S. §§ [35-393](#) and [35-393.01](#)).

Current statute also prohibits a public entity from entering into or renewing a contract with a company to acquire or dispose of services, supplies, information technology, goods or construction unless the contract includes a written certification that the company does not currently, and agrees for the duration of the contract that it will not, use: 1) the forced labor of ethnic Uyghurs in the People's Republic of China; 2) any goods or services produced by the forced labor of ethnic Uyghurs in the People's Republic of China; or 3) any contractors, subcontractors or suppliers that use the forced labor or any goods or services produced by the forced labor of ethnic Uyghurs in the People's Republic of China ([A.R.S. § 35-394](#)).

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

1. Prohibits a PPE or a PSC from entering into or renewing a contract with a person or a company to acquire land, electric vehicles, utility scale batteries or solar panels, unless the contract includes a sworn certification that the person or company does not currently, and agrees for the duration of the contract that it will not, knowingly use:
 - a) forced labor;
 - b) oppressive child labor; or

- c) any goods or services produced by forced labor or oppressive child labor.
2. Prohibits a public entity from entering into or renewing a contract with a person or a company to acquire or dispose of land, services, supplies, information technology, goods, including electric vehicles, batteries, solar panels and the minerals used to create batteries and solar panels, or construction unless the contract includes a sworn certification that the person or company does not currently, and agrees for the duration of the contract that it will not, knowingly use:
 - a) forced labor;
 - b) oppressive child labor;
 - c) any goods or services produced by forced labor or oppressive child labor; or
 - d) any contractors, subcontractors or suppliers that use forced labor or oppressive child labor or any goods or services produced by forced labor or oppressive child labor.
3. Requires, for contracts with a PPE, public entity or PSC, the automobile manufacturer to provide the required sworn certification for contracts to acquire electric vehicles and the component parts of electric vehicles.
4. Stipulates that if a person or a company that has provided a sworn certification becomes aware during the term of the contract that the person or company is not in compliance with the sworn certification, the person or company must notify the PPE, public entity or PSC within five business days after becoming aware of the noncompliance.
5. Stipulates that if the person or the company does not provide the PPE, public entity or PSC with a sworn certification that the person or company has remedied the noncompliance within 180 days after notifying the PPE, public entity or PSC of the noncompliance, the contract terminates, or on the contract termination date, whichever occurs first.
6. Subjects a person, company, PPE, public entity or PSC that knowingly violates the sworn certification requirements to a civil penalty not to exceed \$10,000 for each violation.
7. Specifies that the sworn certification requirements do not apply to contracts entered into before the effective date of this legislation.
8. Eliminates, for a company to enter into or renew a contract with a public entity, the requirement of providing a written certification that the company does not currently, and agrees for the duration of the contract that it will not, use the forced labor of ethnic Uyghurs in the People's Republic of China.
9. Excludes from the definition of *public entity* a political subdivision that operates a federal reclamation project.
10. Defines *company* as an organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, limited liability company or other entity or business association, including a wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate.
11. Defines *forced labor* as any work or service that is obtained:

- a) by force, fraud or coercion, including by threat of serious harm to, or physical restraint against, any person;
 - b) through the use of any scheme, plan or pattern intended to cause the person to believe that if the person did not perform the work or service, the person or another person would suffer serious harm or physical restraint; or
 - c) by the abuse of or the threatened abuse of law or the legal process.
12. Defines, for contracts with public entities, *minerals* as a solid inorganic substance of natural occurrence.
 13. Defines *oppressive child labor* as a condition of employment under which a person who is under 14 years of age is employed in an occupation that is hazardous for the employment of children, including manufacturing or mining.
 14. Defines *sworn certification* as a written affidavit or declaration that certifies the representations made in the certification.
 15. Makes technical and conforming changes.
 16. Becomes effective on the general effective date.

Amendments Adopted by Committee

1. Clarifies that a PPE or a PSC may not enter into or renew a contract with a person or a company to acquire utility scale batteries, rather than batteries, without the sworn certification.
2. Excludes from the sworn certification requirements for contracts with a PPE or a PSC:
 - a) the disposing of land and goods;
 - b) the minerals used to create batteries and solar panels; and
 - c) a person's or company's contractors, subcontractors or suppliers.
3. Requires, for contracts with a PPE, public entity or PSC, the automobile manufacturer to provide the required sworn certification for contracts to acquire electric vehicles and the component parts of electric vehicles.
4. Makes technical and conforming changes.

Governor's Veto Message

The Governor indicates in her [veto message](#) that current federal law addresses this prohibition.

House Action

GOV 2/7/24 DP 6-1-2-0
3rd Read 2/29/24 43-16-0-0-1
Final Read 4/24/24 38-22-0

Senate Action

GOV 3/21/24 DPA 4-3-1
3rd Read 4/10/24 16-11-3

Vetoed by the Governor 4/30/24