

1 State of Arkansas
2 94th General Assembly
3 Regular Session, 2023
4

As Engrossed: H4/4/23

A Bill

HOUSE BILL 1789

5 By: Representative McAlindon
6 By: Senator G. Stubblefield
7

For An Act To Be Entitled

9 AN ACT TO CREATE THE TECHNOLOGY PROTECTION ACT; TO
10 PROHIBIT CONTRACTS WITH THE GOVERNMENT OF THE
11 PEOPLE'S REPUBLIC OF CHINA; TO AMEND THE LAW
12 CONCERNING STATE CONTRACTS; TO AMEND THE DUTIES OF
13 THE OFFICE OF STATE PROCUREMENT; AND FOR OTHER
14 PURPOSES.
15
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Subtitle

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18 TO PROHIBIT CONTRACTS WITH THE GOVERNMENT
19 OF THE PEOPLE'S REPUBLIC OF CHINA; TO
20 AMEND THE LAW CONCERNING STATE CONTRACTS;
21 AND TO AMEND THE DUTIES OF THE OFFICE OF
22 STATE PROCUREMENT.
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25 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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27 SECTION 1. Arkansas Code Title 25, Chapter 1, is amended to add an
28 additional subchapter to read as follows:

Subchapter 10 – Prohibited Actions

25-1-1001. Legislative findings.

The General Assembly finds that:

33 (1) The Communist Party of China's authoritarian governance over
34 the People's Republic of China includes extensive and continuing efforts to
35 destroy any meaningful distinction between the Communist Party of China, the
36 People's Republic of China state, and commercial entities in the People's



1 Republic of China;

2 (2) The People's Republic of China's commercial entities are an
3 intrinsic part of Communist Party of China malignant activities globally,
4 which include the Communist Party of China's human rights abuses, military-
5 civil fusion efforts, and military expansion;

6 (3) Dealings with commercial entities of the People's Republic
7 of China are less likely to be commercially sound because such entities are
8 likely acting on noncommercial motivations and carry an increased political
9 risk;

10 (4) While a commercial entity of the People's Republic of China
11 is not beyond the reach of the Communist Party of China, the People's
12 Republic of China's state-owned entities present heightened concerns of
13 commercial soundness;

14 (5) Dealings with commercial entities of the People's Republic
15 of China, and especially state-owned entities, threaten Arkansas security,
16 including by making accessible to the Communist Party of China and People's
17 Republic of China government information about the structure, operations,
18 resources, and infrastructure of the government of Arkansas; and

19 (6) Dealings with commercial entities of the People's Republic
20 of China, and especially state-owned entities, threaten the privacy and
21 security of residents of Arkansas, to the extent that they involve the
22 personal information of such residents.

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24 25-1-1002. Definitions.

25 As used in this subchapter:

26 (1) "Company" means any sole proprietorship, organization,
27 association, corporation, partnership, joint venture, limited partnership,
28 limited liability partnership, limited liability company, or other entity or
29 business association, including all wholly owned subsidiaries, majority owned
30 subsidiaries, parent companies, or affiliates of such entities or business
31 associations, that exists for the purpose of making profit;

32 (2) "Contract" means the same as defined in the Arkansas
33 Procurement Law, § 19-11-203(5);

34 (3) "Scrutinized company" means a company owned in whole or with
35 a majority ownership by the government of the People's Republic of China; and

36 (4) "State agency" means the same as defined in the Arkansas

1 Procurement Law, § 19-11-203(30).

2
3 25-1-1003. Contracts with the Government of People's Republic of China
4 prohibited.

5 (a) A state agency shall not enter into a contract:

6 (1) With a scrutinized company; or

7 (2) That employs a scrutinized company as a subcontractor.

8 (b) A state agency shall require a company that submits a bid or
9 proposal for a contract for goods or services to certify that the company is
10 not a scrutinized company.

11 (c) If a state agency or the Office of State Procurement determines
12 that a company has submitted a false certification under subsection (b) of
13 this section:

14 (1) The company shall be liable for a civil penalty in an amount
15 that is equal to the greater of two hundred fifty thousand dollars (\$250,000)
16 or twice the amount of the contract for which a bid or proposal was
17 submitted;

18 (2) The state agency or the Office of State Procurement shall
19 terminate the contract with the company; and

20 (3) The company shall be ineligible to bid on a state contract
21 for five (5) years and then the company's status will be reassessed.

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23 SECTION 2. DO NOT CODIFY. SEVERABILITY CLAUSE. If any provision of
24 this act or the application of this act to any person or circumstance is held
25 invalid, the invalidity shall not affect other provisions or applications of
26 this act which can be given effect without the invalid provision or
27 application, and to this end, the provisions of this act are declared
28 severable.

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30 */s/McAlindon*

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33 **APPROVED: 4/12/23**