

House Engrossed

adult incarceration contracts

State of Arizona  
House of Representatives  
Fifty-sixth Legislature  
Second Regular Session  
2024

# HOUSE BILL 2135

AN ACT

AMENDING SECTION 41-1609.01, ARIZONA REVISED STATUTES; RELATING TO ADULT  
INCARCERATION CONTRACTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:  
2 Section 1. Section 41-1609.01, Arizona Revised Statutes, is amended  
3 to read:  
4 41-1609.01. Adult incarceration contracts; criteria  
5 A. On publication, any request for proposals shall be provided to  
6 the joint legislative budget committee for its review.  
7 B. To be considered for an award of a contract, the ~~proposer~~  
8 PROPOSING ENTITY must demonstrate that it has:  
9 1. The qualifications, operations and management experience and  
10 experienced personnel necessary to carry out the terms of the contract.  
11 2. The ability to comply with applicable correctional standards and  
12 any specific court order, if required.  
13 3. A demonstrated history of successful operation and management of  
14 other secure facilities. IF THE PROPOSING ENTITY DOES NOT HAVE A  
15 DEMONSTRATED HISTORY OF SUCCESSFUL OPERATION AND MANAGEMENT OF OTHER  
16 SECURE FACILITIES, THE PROPOSING ENTITY MAY USE A DEMONSTRATED HISTORY OF  
17 SUCCESSFUL OPERATION AND MANAGEMENT OF OTHER SECURE FACILITIES BY THE  
18 PROPOSING ENTITY'S PERSONNEL.  
19 C. The ~~proposer~~ PROPOSING ENTITY of a contract for correctional  
20 services must agree that this state may cancel the contract at any time  
21 after the first year of operation, without penalty to this state, on  
22 giving ninety days' written notice.  
23 D. A contract may provide for annual contract price or cost  
24 adjustments, except that any adjustments may be made only once each year  
25 effective on the anniversary of the effective date of the contract. If  
26 any adjustment is made pursuant to the terms of the contract, it shall be  
27 applied to the total payments made to the contractor for the previous  
28 contract year and shall not exceed the ~~per cent~~ PERCENT of change in the  
29 average consumer price index as published by the United States department  
30 of labor, bureau of labor statistics between that figure for the latest  
31 calendar year and the next previous calendar year.  
32 E. Any price or cost adjustments to a contract different than those  
33 authorized in subsection D of this section may be made only if the  
34 legislature specifically authorizes the adjustments and appropriates  
35 monies for that purpose, if required.  
36 F. An award of a contract shall not be made unless an acceptable  
37 proposal is received pursuant to any request for proposals. For the  
38 purposes of this subsection, "acceptable proposal" means a proposal that  
39 substantially meets all of the requirements or conditions set forth in  
40 this section and that meets all of the requirements in the request for  
41 proposals.  
42 G. A proposal shall not be accepted unless the proposal offers cost  
43 savings to this state.

1 H. A proposal shall not be accepted unless the proposal offers a  
2 level and quality of services that are at least functionally equal to  
3 those that would be provided by this state.

4 I. Notwithstanding section 41-2546, a contract to provide  
5 correctional services as described in this section may be for an initial  
6 period of not more than ten years.

7 J. The initial contract may include an option to renew for two  
8 subsequent renewal periods of not more than five years each.

9 K. A contract for correctional services described in this section  
10 shall not be entered into unless the following requirements are met:

11 1. The contractor provides audited financial statements for the  
12 previous five years, or for each of the years the contractor has been in  
13 operation, if fewer than five years, and provides other financial  
14 information as requested.

15 2. The contractor provides an adequate plan of insurance,  
16 specifically including coverage or insurance for civil rights claims and  
17 liabilities as approved by the risk management division of the department  
18 of administration.

19 3. The contractor agrees to be liable for the costs of any  
20 emergency, public safety or security services provided to the contractor  
21 by ~~the~~ THIS state or any political subdivision of ~~the~~ THIS state and to  
22 reimburse ~~the~~ THIS state or any political subdivision of ~~the~~ THIS state  
23 for the cost of any such services.

24 L. The sovereign immunity of this state does not apply to the  
25 contractor. Neither the contractor nor the insurer of the contractor may  
26 plead the defense of sovereign immunity in any action arising out of the  
27 performance of the contract.

28 M. A contract for correctional services shall not authorize, allow  
29 or imply a delegation of authority or responsibility to a prison  
30 contractor for any of the following:

31 1. Developing and implementing procedures for calculating inmate  
32 release dates.

33 2. Developing and implementing procedures for calculating and  
34 awarding sentence credits.

35 3. Approving the type of work inmates may perform and the wages or  
36 sentence credits that may be given to inmates engaging in the work.

37 4. Granting, denying or revoking sentence credits, placing an  
38 inmate under less restrictive custody or more restrictive custody or  
39 taking any disciplinary actions.

40 Sec. 2. Short title

41 This act shall be known as the "Private Prison Contract Reform Act".