

REFERENCE TITLE: Pacific conflict; committee; audits

State of Arizona
Senate
Fifty-sixth Legislature
Second Regular Session
2024

SB 1338

Introduced by
Senators Carroll: Borrelli, Gowan, Kerr, Shamp; Representatives Bliss,
Payne, Peña

AN ACT

AMENDING SECTION 41-101, ARIZONA REVISED STATUTES; RELATING TO PUBLIC SAFETY.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 41-101, Arizona Revised Statutes, is amended to
3 read:

4 41-101. Powers and duties; attestation of acts of governor;
5 salary

6 A. The governor has the powers and shall perform the duties as
7 prescribed in this article. The governor:

8 1. Shall supervise the official conduct of all executive and
9 ministerial officers.

10 2. Shall see that all offices are filled and the duties performed
11 or, in default, invoke such remedy as the law allows.

12 3. Shall appoint a private secretary to the governor and shall
13 appoint all officers of this state not made elective, unless otherwise
14 provided.

15 4. Notwithstanding section 38-211, shall appoint the lieutenant
16 governor to serve as the governor's chief of staff or the director of the
17 ~~Arizona~~ department of administration or to fill any position for which the
18 governor is otherwise authorized by law to make an appointment.

19 5. Shall be the sole official means of communication between this
20 state and the government of any other state or the United States.

21 6. SHALL PRODUCE AND PUBLISH A STATE RISK ASSESSMENT NOT LATER THAN
22 THE DAY BEFORE THE GOVERNOR'S ANNUAL ADDRESS MADE TO THE STATE
23 LEGISLATURE. THE STATE RISK ASSESSMENT SHALL:

24 (a) INCLUDE:

25 (i) ALL SUBSTANTIAL RISKS TO STATE OR NATIONAL SECURITY, STATE OR
26 NATIONAL ECONOMIC SECURITY, STATE OR NATIONAL PUBLIC HEALTH OR ANY
27 COMBINATION OF THOSE MATTERS, OCCURRING WITHIN AND THREATENING THIS STATE.

28 (ii) AN ANALYSIS OF THE PROBABILITY AND SEVERITY OF THE
29 CONSEQUENCES ASSOCIATED WITH EACH RISK SCENARIO.

30 (b) IDENTIFY ALL THREATS AND HAZARDS THAT COULD NEGATIVELY IMPACT
31 THE CITIZENS AND ASSETS OF THIS STATE.

32 ~~6.~~ 7. May direct the attorney general to appear on behalf of this
33 state when any action or legal proceeding is pending that affects the
34 title of this state to any property or that may result in a claim against
35 this state.

36 ~~7.~~ 8. May require the attorney general, or any county attorney, to
37 inquire into the affairs or management of any corporation doing business
38 in this state.

39 ~~8.~~ 9. May require the attorney general to aid a county attorney in
40 the discharge of his duties.

41 ~~9.~~ 10. May offer rewards for escaped insane persons, not exceeding
42 ~~five hundred dollars~~ \$500.

43 ~~10.~~ 11. May require any officer or board to make special reports
44 to him on demand in writing.

1 ~~11.~~ 12. May convene the legislature at some other place when the
2 seat of government becomes dangerous from disease or a common enemy.

3 ~~12.~~ 13. May enter into intergovernmental agreements with officers,
4 agencies or departments of the United States to provide funding or other
5 resources available from any related state agency, board or commission for
6 the purpose of operating federal parks located in this state during any
7 period when such parks would otherwise be subject to shutdown due to a
8 lack of federal appropriation and as deemed necessary to promote tourism,
9 this state's economic well-being, or the health, safety or welfare of the
10 state's citizens. The governor shall not provide general fund
11 appropriations from any related state agency, board or commission to
12 operate a federal park pursuant to this paragraph for more than twenty-one
13 days without the approval of the legislature. The joint legislative
14 budget committee shall review any expenditure of ~~funds~~ MONIES or other
15 resources pursuant to this paragraph.

16 ~~13.~~ 14. Has such powers and shall perform such other duties as
17 devolve on him by law.

18 B. All official acts of the governor, except approval of the laws,
19 shall be attested by the secretary of state.

20 C. The governor is eligible to receive an annual salary pursuant to
21 section 41-1904.

22 D. Before an individual is hired as an employee of the office of
23 the governor, that individual shall submit a full set of fingerprints to
24 the governor for the purpose of obtaining a state and federal criminal
25 records check pursuant to section 41-1750 and Public Law 92-544. The
26 department of public safety may exchange this fingerprint data with the
27 federal bureau of investigation.

28 Sec. 2. Bipartisan select committee on pacific conflict;
29 powers and duties; annual report; delayed repeal;
30 definitions

31 A. It is the policy of this state to:

32 1. Support the civilian and military command of the United States
33 of America and its efforts to promote and maintain prosperity, peace and
34 security for the United States and the United States of America's allies.

35 2. To enhance the defensive posture of this state to protect the
36 citizens and assets of this state and to contribute to the defensive
37 posture of the United States of America by reducing security
38 vulnerabilities within this state.

39 3. To exercise foresight and make reasonable preparations for a
40 potential regional or global conflict centered in the Pacific that could
41 involve attacks on the United States of America and the United States of
42 America's allies in the Pacific, could involve asymmetrical attacks on the
43 United States of America and could cause the disruption or complete
44 severing of supply chains between this state, its vendors and other
45 countries in the Pacific.

1 B. The bipartisan select committee on Pacific conflict is
2 established consisting of the following members:

3 1. The chief executive officer of the Arizona commerce authority or
4 the chief executive officer's designee.

5 2. The director of the department of public safety or the
6 director's designee.

7 3. The adjutant general of the department of emergency and military
8 affairs or the adjutant general's designee.

9 4. Two members of the senate, one of whom is appointed by the
10 president of the senate and who serves as the cochairperson of the
11 committee and one member who is appointed by the senate minority leader.

12 5. Two members of the house of representatives, one of whom is
13 appointed by the speaker of the house of representatives and who serves as
14 the cochairperson of the committee and one member who is appointed by the
15 house minority leader.

16 6. Five nonvoting advisory members who are appointed by the
17 cochairpersons of the committee and who are not counted for the purpose of
18 determining a quorum. These members shall provide expertise and
19 collaborative research support to the committee.

20 C. Appointments for the committee shall be made within sixty days
21 after the effective date of this section.

22 D. The committee's first meeting shall occur within ninety days
23 after the effective date of this section. The committee shall meet at
24 least once every three months, with additional regular meetings at the
25 call of the majority of the committee and emergency meetings at the call
26 of the cochairpersons or the governor.

27 E. Members of the committee are not eligible to receive
28 compensation but are eligible to receive reimbursement for expenses
29 pursuant to title 38, chapter 4, article 2, Arizona Revised Statutes.
30 Voting members of the committee shall serve six-year terms.

31 F. The committee may:

32 1. Subpoena witnesses, compel their attendance and testimony,
33 administer oaths and affirmations, take evidence and require by subpoena
34 the production of any books, papers, records or other items material to
35 the performance of the committee's duties or the exercise of its powers.

36 2. Consult experts.

37 3. Conduct field investigations.

38 4. Hold public hearings.

39 5. Conduct private hearings, but only to the extent necessary.

40 6. Compel the cooperation of agencies in this state and
41 nongovernmental organizations that are critical to the safety and security
42 of this state to carry out the duties of the committee.

43 7. Coordinate with universities in this state, private firms
44 specializing in infrastructure risk management and federal agencies,
45 including the United States department of defense, the cybersecurity and

1 infrastructure security agency, the national intelligence agency, the
2 national security agency and the United States department of homeland
3 security, to assess any risks in this state.

4 G. The committee shall:

5 1. Identify all critical infrastructure and other assets within
6 this state that could be targeted by malicious actions by adversarial
7 nations in the event of a Pacific conflict and that would result in a
8 significant negative impact on the public health, safety, economic
9 security or physical security of this state and the nation.

10 2. On or before December 31 of each year, provide an annual report
11 to the governor, the president of the senate and the speaker of the house
12 of representatives summarizing the committee's findings and
13 recommendations and any threats posed to this state in the event of a
14 Pacific conflict. The report shall:

15 (a) Provide a comprehensive risk assessment, including all
16 identified vulnerabilities and recommendations for emergency response
17 strategies for all of the following areas:

18 (i) Critical infrastructure.

19 (ii) Telecommunications infrastructure.

20 (iii) Military installations located within this state.

21 (iv) State supply chain for critical procurements.

22 (v) State vendor supply chain for critical procurements.

23 (vi) State cybersecurity.

24 (vii) Public health, safety and security in this state.

25 (b) Include both of the following:

26 (i) Mitigation strategies and suggestions to limit or eliminate the
27 risk posed to the critical infrastructure or other assets in the event of
28 a Pacific conflict and mitigation strategies and suggestions that limit or
29 eliminate the risk posed to the safety and security of this state or
30 nation in the event of a Pacific conflict.

31 (ii) A risk-based list of components determined by the degree at
32 which the sourcing of each component is at risk of disruption or
33 restriction, the degree to which the disruption or restriction of sourcing
34 would cause a debilitating effect on the safety and security of this state
35 and the nation and the difficulty in identifying alternative manufacturers
36 for sourcing or supply chain delivery for the component.

37 H. This section is repealed from and after December 31, 2027.

38 I. For the purposes of this section:

39 1. "Critical infrastructure":

40 (a) Means systems and assets, whether physical or virtual, that are
41 so vital to this state and the United States that the incapacity or
42 destruction of those systems and assets would have a debilitating impact
43 on security, economic security, public health or safety.

44 (b) Includes:

45 (i) Gas and oil production, storage or delivery systems.

- 1 (ii) Water supply refinement, storage or delivery systems.
- 2 (iii) Electrical power delivery systems.
- 3 (iv) Telecommunications networks.
- 4 (v) Transportation systems and services.
- 5 (vi) Personal data or otherwise classified information storage
- 6 systems, including cybersecurity.

7 2. "Critical procurements" means acquisitions made by this state,
8 any agency or political subdivision of this state or any private
9 nongovernmental organization critical to the proper functioning of
10 critical infrastructure or to the health, safety or security of this state
11 or the United States.

12 3. "Pacific conflict":

13 (a) Means a declared war or armed conflict between the United
14 States or any of the allies of the United States and another nation that
15 occurs on land or sea or in the air in the Pacific Ocean and threatens or
16 could reasonably escalate to threaten the supply chains, critical
17 infrastructure, safety or security of this state or the United States.

18 (b) Includes a serious deterioration of diplomatic ties or economic
19 engagement between the United States or the allies of the United States
20 and another nation that threatens the status quo of Pacific trade, travel
21 and military operations or exercises.

22 4. "State supply chain" means the end-to-end process for shipping
23 goods, purchased by this state or shipped to this state, beginning at the
24 point of origin through a point or points of distribution to the
25 destination.

26 5. "State vendor supply chain" means the end-to-end process for
27 shipping goods, purchased by this state from state vendors or shipped to
28 the vendors, beginning at the point of origin through a point or points of
29 distribution to the destination.

30 Sec. 3. Audits; reporting requirements; delayed repeal;
31 definitions

32 A. The chief executive officer of the Arizona commerce authority
33 shall conduct an audit of all critical procurements purchased or supplied
34 through a state supply chain or state vendor supply chain and shall
35 submit, within one hundred eighty days after the effective date of this
36 section, a report to the governor, the president of the senate and the
37 speaker of the house of representatives and the secretary of state and
38 shall make the report accessible to the public. The report shall:

39 1. Identify the following:

40 (a) All critical procurements produced in or by any of the
41 following:

- 42 (i) A foreign adversary.
- 43 (ii) A state-owned enterprise of a foreign adversary.
- 44 (iii) A company domiciled in a foreign adversary.
- 45 (iv) A company owned by a company domiciled in a foreign adversary.

1 (b) All critical procurements manufactured in countries or by
2 companies at risk of disruption in the event of a Pacific conflict.

3 (c) All critical procurements sourced from any country or company
4 that uses a Pacific supply chain process at risk of disruption in the
5 event of a Pacific conflict.

6 2. Include recommendations for alternative sourcing available,
7 highlight any difficulties in identifying potential alternative sourcing
8 and specify the level of risk to this state associated with such
9 disruption in sourcing for each procurement that is threatened in the
10 event of a Pacific conflict.

11 B. On or before July 31, 2025, the chief executive officer of the
12 Arizona commerce authority shall submit its report of the audit to the
13 governor, the president of the senate and the speaker of the house of
14 representatives and provide a copy of this report to the secretary of
15 state.

16 C. The state treasurer shall conduct an audit of all monies managed
17 by this state and any political subdivision of this state and produce and
18 submit, within one hundred eighty days after the effective date of this
19 section, a report to the governor, the president of the senate and the
20 speaker of the house or representatives and the secretary of state and
21 shall make the report accessible to the public. The report shall identify
22 all of the following:

23 1. Investments that are at risk of substantially losing value or
24 being frozen, seized or appropriated by foreign adversaries in the event
25 of a Pacific conflict.

26 2. Investments in any arms industry of a foreign adversary.

27 3. Investments in state-owned enterprises of a foreign adversary.

28 4. Investments in companies domiciled within a foreign adversary or
29 owned by a company domiciled within a foreign adversary.

30 D. The audit shall also recommend strategies for the immediate and
31 complete divestment of the assets identified pursuant to subsection C of
32 this section.

33 E. On or before July 31, 2025, the state treasurer shall submit its
34 report of the audit to the governor, the president of the senate and the
35 speaker of the house of representatives and provide a copy of this report
36 to the secretary of state.

37 F. This section is repealed from and after December 31, 2025.

38 G. For the purposes of this section:

39 1. "Critical procurements" means acquisitions made by this state,
40 any agency or political subdivision of this state or any private
41 nongovernmental organization critical to the proper functioning of
42 critical infrastructure or to the health, safety or security of this state
43 or the United States.

44 2. "Pacific conflict":

1 (a) Means a declared war or armed conflict between the United
2 States or any of the allies of the United States and another nation that
3 occurs on land or sea or in the air in the Pacific Ocean and threatens or
4 could reasonably escalate to threaten the supply chains, critical
5 infrastructure, safety or security of this state or the United States.

6 (b) Includes a serious deterioration of diplomatic ties or economic
7 engagement between the United States or the allies of the United States
8 and another nation that threatens the status quo of Pacific trade, travel
9 and military operations or exercises.

10 3. "State supply chain" means the end-to-end process for shipping
11 goods, purchased by this state or shipped to this state, beginning at the
12 point of origin through a point or points of distribution to the
13 destination.

14 4. "State vendor supply chain" means the end-to-end process for
15 shipping goods, purchased by this state from state vendors or shipped to
16 the vendors, beginning at the point of origin through a point or points of
17 distribution to the destination.

18 Sec. 4. Short title

19 This act may be cited as the "Pacific Conflict Stress Test Act".