

Senate Engrossed

Pacific conflict; committee; audits

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

# SENATE BILL 1338

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; confidentiality;  
30                                   delayed repeal; 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. 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. 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 director of the department of public safety or the  
4 director's designee.

5 2. The adjutant general of the department of emergency and military  
6 affairs or the adjutant general's designee, who shall serve as the  
7 chairperson.

8 3. Two members of the senate, one of whom is appointed by the  
9 president of the senate and one of whom is appointed by the senate  
10 minority leader with approval of the president of the senate.

11 4. Two members of the house of representatives, one of whom is  
12 appointed by the speaker of the house of representatives and one of whom  
13 is appointed by the house minority leader with approval of the speaker of  
14 the house of representatives.

15 5. Five members who are appointed by the governor in consultation  
16 with the chairperson. These members shall provide expertise and  
17 collaborative research support to the committee.

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

20 D. The committee's first meeting shall occur within ninety days  
21 after the effective date of this section. The committee shall meet at  
22 least once every three months, with additional regular meetings at the  
23 call of the majority of the committee and emergency meetings at the call  
24 of the chairperson or the governor. The committee is exempt from title  
25 38, chapter 3, article 3.1, Arizona Revised Statutes.

26 E. Members of the committee are not eligible to receive  
27 compensation but are eligible to receive reimbursement for expenses  
28 pursuant to title 38, chapter 4, article 2, Arizona Revised Statutes.

29 F. The committee may:

30 1. Request testimony and evidence from witnesses material to the  
31 performance of the committee's duties or the exercise of its powers.

32 2. Request the production of any books, papers, records or other  
33 items material to the performance of the committee's duties or the  
34 exercise of its powers.

35 3. Consult experts.

36 4. Conduct field investigations.

37 5. Hold public hearings.

38 6. Conduct private hearings, but only to the extent necessary.

39 7. Request the cooperation of agencies in this state and  
40 nongovernmental organizations that are critical to the safety and security  
41 of this state to carry out the duties of the committee.

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

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

3 G. The committee shall:

4 1. Apply for preparedness grants through the federal emergency  
5 management agency.

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

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

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

19 (i) Critical infrastructure.

20 (ii) Telecommunications infrastructure.

21 (iii) Military installations located within this state.

22 (iv) State supply chain for critical procurements.

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

24 (vi) State cybersecurity.

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

26 (b) Include both of the following:

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

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

38 H. Before receiving the report required by subsection G of this  
39 section, each recipient of the report shall develop confidentiality  
40 protocols, in consultation with the chairperson of the committee, for the  
41 maintenance and use of the report to ensure the confidentiality of the  
42 report and all information contained in the report. The confidentiality  
43 protocols are binding on the recipient that issues the protocols and  
44 anyone to whom the recipient shows a copy of the report. The report and  
45 any information contained or used in its preparation are exempt from and

1 shall not be made available pursuant to title 39, chapter 1, article 2,  
2 Arizona Revised Statutes. The chairperson shall also develop protocols  
3 for the committee related to the maintenance and use of the report to  
4 ensure the confidentiality of the report and all information contained in  
5 the report.

6 I. This section is repealed from and after December 31, 2028.

7 J. For the purposes of this section:

8 1. "Critical infrastructure":

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

13 (b) Includes:

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

15 (ii) Water supply refinement, storage or delivery systems.

16 (iii) Electrical power delivery systems.

17 (iv) Telecommunications networks.

18 (v) Transportation systems and services.

19 (vi) Personal data or otherwise classified information storage  
20 systems, including cybersecurity.

21 2. "Critical procurements" means acquisitions made by this state,  
22 any agency or political subdivision of this state or any private  
23 nongovernmental organization critical to the proper functioning of  
24 critical infrastructure or to the health, safety or security of this state  
25 or the United States.

26 3. "Pacific conflict":

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

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

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

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

1           Sec. 3. Audits; reporting requirements; confidentiality;  
2   delayed repeal; definitions

3           A. The chief executive officer of the Arizona commerce authority  
4 shall conduct an audit of all critical procurements purchased or supplied  
5 through a state supply chain or state vendor supply chain. The audit  
6 shall:

7           1. Identify the following:

8           (a) All critical procurements produced in or by any of the  
9 following:

10           (i) A foreign adversary.

11           (ii) A state-owned enterprise of a foreign adversary.

12           (iii) A company domiciled in a foreign adversary.

13           (iv) A company owned by a company domiciled in a foreign adversary.

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

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

19           2. Include recommendations for alternative sourcing available,  
20 highlight any difficulties in identifying potential alternative sourcing  
21 and specify the level of risk to this state associated with such  
22 disruption in sourcing for each procurement that is threatened in the  
23 event of a Pacific conflict.

24           B. On or before July 31, 2026, the chief executive officer of the  
25 Arizona commerce authority shall submit its report of the audit conducted  
26 pursuant to subsection A of this section to the governor, the president of  
27 the senate and the speaker of the house of representatives.

28           C. The state treasurer shall conduct an audit of all monies managed  
29 by this state and any political subdivision of this state. The audit  
30 shall identify all of the following:

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

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

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

36           4. Investments in companies domiciled within a foreign adversary or  
37 owned by a company domiciled within a foreign adversary.

38           D. The audit shall also recommend strategies for the immediate and  
39 complete divestment of the assets identified pursuant to subsection C of  
40 this section.

41           E. On or before July 31, 2026, the state treasurer shall submit its  
42 report of the audit conducted pursuant to subsection C of this section to  
43 the governor, the president of the senate and the speaker of the house of  
44 representatives.

1 F. Before receiving the reports required by subsections B and E of  
2 this section, each recipient of the report shall develop confidentiality  
3 protocols, in consultation with the chairperson of the bipartisan select  
4 committee on Pacific conflict established pursuant to section 2 of this  
5 act, for the maintenance and use of the report to ensure the  
6 confidentiality of the report and all information contained in the report.  
7 The confidentiality protocols are binding on the recipient that issues the  
8 protocols and anyone to whom the recipient shows a copy of the report.  
9 The report and any information contained or used in its preparation are  
10 exempt from and shall not be made available pursuant to title 39, chapter  
11 1, article 2, Arizona Revised Statutes.

12 G. This section is repealed from and after December 31, 2026.

13 H. For the purposes of this section:

14 1. "Critical procurements" means acquisitions made by this state,  
15 any agency or political subdivision of this state or any private  
16 nongovernmental organization critical to the proper functioning of  
17 critical infrastructure or to the health, safety or security of this state  
18 or the United States.

19 2. "Pacific conflict":

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

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

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

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

37 Sec. 4. Effective date

38 This act is effective from and after December 31, 2024.

39 Sec. 5. Short title

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