



March 24, 2025

The Honorable Jake Hoffman
1700 West Washington Street
Room 306
Phoenix, AZ 85007

RE: HB2542: State Contracts; Foreign Adversary; prohibition

Dear Chair Hoffman,

I write on behalf of the Software & Information Industry Association (SIIA) to oppose HB2542: State Contracts; Foreign Adversary; prohibition.

SIIA is the principal trade association for companies in the business of information, including its aggregation, dissemination, and productive use. Our members include roughly 375 companies reflecting the broad and diverse landscape of digital content providers and users in academic publishing, education technology, and financial information, along with creators of software and platforms used worldwide, and companies specializing in data analytics and information services.

SIIA has concerns about HB2542 and its impact on state technology contractors. We support the overall objective to prevent foreign adversaries from having influence in the American states, but the framework poses underlying issues. As drafted, HB2542 will cause state supply chains to suffer due to the overly broad definition, including the language around “associated” with the manufacture of the goods by a company domiciled in China. Many American companies source products, parts, and components from overseas. Moreover, the ban would have a negative impact on educational budgets were it to require schools and other educational institutions to avoid purchasing classroom supplies from Chinese manufacturers. This framework would hurt the state’s procurement systems and mission-driven purchasing potential and limit states’ procurement options by precluding companies that purchase products or parts from any company or manufacturer in those countries.

Furthermore, HB2542 duplicates longstanding federal regulations, leading to unnecessary government intervention. Federal regulations already account for the majority of the goals of the legislation, including addressing bans and blocks related to products manufactured by Chinese government-owned entities.

Additionally, this proposal would create further inconsistencies in compliance for state procurement, which will make it more difficult for global suppliers to manage and adequately support state governments. It could also reduce investments in small businesses and the local economy as a significant portion of small and medium sized businesses would be unable to do business with the state government under the bill as drafted. The level of compliance with these regulations will be quite burdensome and companies will either be precluded from doing business with the state because of overseas transactions or companies will choose not to participate in state procurement because of the necessary complexity.

In order to address these concerns, SIIA recommends that the legislature take additional time to consider these measures in the interim with appropriate time to collect feedback and comments from all stakeholders and consider the impact of federal regulations on the state procurement process.

Additionally, we recommend for any legislation moving forward, at minimum, to include an exemption for

U.S. based companies, such as “Provisions of this act do not apply to any publicly-traded company with its principal place of business in the United States or its wholly owned subsidiaries”

SIIA would be happy to discuss our concerns with HB2542: State Contracts; Foreign Adversary; prohibition with your or a member of your staff.

Thank you,

Abigail Wilson
State Policy Manager

