

# Amendments to An Act to Prohibit State Contracts with Chinese Government-Owned or Affiliated Technology Manufacturers

## Summary

This model policy prohibits states from using funds to purchase technology products, and/or services from manufacturers or other providers that are owned by, affiliated with and/or unduly influenced by the People's Republic of China (PRC).

## Policy

### 1. Definitions

(a) As used in this Code section, the term:

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

(2) 'Government of China' means the government of the People's Republic of China led by the Chinese Communist Party (CCP).

(3) 'Scrutinized company' means any company owned or operated by the Government of China, other than a company for which the United States Government's Committee on Foreign Investment in the United States (CFIUS) has determined that there are no unresolved national security concerns regarding the transaction that created such ownership or permitted such operation.

~~'Scrutinized company' means any company owned or operated by the Government of China.~~

### 2. Prohibited Actions and Penalties

(a) A scrutinized company shall be ineligible to, and shall not, bid on or submit a proposal, directly or indirectly through a third party, for a contract with any public or private entity that directly or indirectly receives state funding.

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

(c) If the [State's Purchasing Agency] determines that a company has submitted a false certification under subsection (c) of this Code section:

(1) The company shall be liable for a civil penalty in an amount that is equal to the greater of \$250,000.00 or twice the amount of the contract for which a bid or proposal was submitted;

(2) The state agency or the [State's Purchasing Agency] shall terminate the contract with the company; and

(3) The company shall be ineligible to, and shall not, bid on a state contract."