



ARIZONA STATE SENATE
Fifty-Sixth Legislature, Second Regular Session

FACT SHEET FOR S.B. 1208

critical telecommunications infrastructure; construction requirements

Purpose

Effective January 1, 2025, prohibits critical telecommunications infrastructure from being constructed with, or having, equipment that is federally banned or manufactured by a foreign adversary. Establishes registration and reporting requirements for telecommunications providers and penalties for noncompliance.

Background

The Arizona Corporation Commission (ACC) consists of five elected commissioners and is responsible for public utilities regulation, facilitating incorporation of businesses and organizations, granting or denying rate adjustments, enforcing safety and public service requirements and approving securities matters ([SOS](#)). A state regulation of telecommunications providers that is subject to the jurisdiction of the ACC must be competitively neutral in relation to all telecommunications providers competing in Arizona ([A.R.S. § 40-250](#)).

Telecommunications are the transmission, between or among points specified by the user, of information of the user's choosing, without change in the form or content of the information as sent and received and does not include commercial mobile radio services, pay phone services, interstate services or cable services. *Telecommunication services* are the offering of telecommunications for a fee directly to the public, or to such users as to be effectively available directly to the public, regardless of the facilities used ([A.R.S. § 9-581](#)).

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

1. Requires a critical telecommunications infrastructure that is located within, or serves, the state to be constructed without including equipment that is:
 - a) banned by the federal government; or
 - b) manufactured by a federally banned corporation.
2. Requires a critical telecommunications infrastructure that is located within, or serves, the state to be constructed without having any equipment, including any critical or necessary component of equipment, that is manufactured in or by:
 - a) a foreign adversary;
 - b) a state-owned enterprise of a foreign adversary;
 - c) a company that is domiciled within a foreign adversary or that is owned or controlled by a foreign adversary;
 - d) a foreign adversary state-owned enterprise; or
 - e) a foreign adversary-domiciled company.

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3. Requires a critical telecommunications infrastructure in operation within or serving the state, including critical infrastructure that is not permanently disabled, to have all prohibited equipment removed and replaced with nonprohibited equipment.
4. Exempts a telecommunications provider that removes, discontinues or replaces any prohibited telecommunications equipment or service from being required to obtain any additional permits for the necessary replacement, as long as:
 - a) the state agency or political subdivision of the state is properly notified of the necessary replacements; and
 - b) the replacement telecommunications equipment is similar to the existing equipment.
5. Requires each telecommunications provider that provides a service in Arizona to:
 - a) file a registration form with the Arizona Corporation Commission (ACC); and
 - b) submit a registration fee, if required, in conjunction with the registration form.
6. Allows the ACC to adopt and charge a registration filing fee.
7. Requires a telecommunications provider to:
 - a) provide the ACC with the name, address, telephone number and email address of a person who has managerial responsibility for operations in Arizona;
 - b) keep all required information current and notify the ACC of any changes to the information within 60 days after the change; and
 - c) certify to the ACC, by January 1 of each year, that all critical telecommunications infrastructure and equipment within the provider's operation do not use or provide any prohibited telecommunications equipment or service.
8. Subjects a telecommunications provider to a civil penalty of at least \$10,000 per day and no more than \$100,000 per day of noncompliance:
 - a) with the prescribed registration and reporting requirements; or
 - b) for knowingly submitting a false registration form.
9. Prohibits a telecommunications provider that fails to comply with registration and reporting requirements from receiving any:
 - a) state or local monies for the development or support of new or existing critical telecommunications infrastructure; and
 - b) federal monies that are subject to distribution by state or local governments for the development or support of new or existing critical telecommunications infrastructure.
10. Defines *foreign adversary* as Russia, Iran, North Korea, Venezuela, Syria and the People's Republic of China and includes any agent of or any other entity under significant control of a foreign country of concern.
11. Defines *federally banned corporation* as any company or designated equipment currently, or at any point in the future, banned at the federal government level.
12. Specifies that *banned* includes bans resulting from:
 - a) the Federal Communications Commission, including any equipment or service that is deemed to pose a threat to national security and that is identified on the Commission's covered list;

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- b) the U.S. Department of Commerce;
- c) the U.S. Cybersecurity and Infrastructure Security Agency; the Federal Acquisition Council; and
- d) the John S. McCain National Defense Authorization Act.

13. Defines *critical telecommunications infrastructure* and *telecommunications provider*.

14. Designates this legislation as the *Secure Telecommunications Act of 2024*.

15. Contains a purpose statement.

16. Becomes effective on January 1, 2025.

Prepared by Senate Research

February 1, 2024

KJA/slp