

# CLIENT ALERT

## Diving into the State Actions Targeting Russia that May Impact State Government Contractors

April 1, 2022

As discussed in our [previous alert](#) on the Federal Contracting for Peace and Security Act, many state governors and legislatures have issued or are contemplating actions to limit state contracts with companies doing business in Russia. A growing number of states have already passed legislation that codifies Russia-related prohibitions. These fast-moving developments could significantly impact government contractors' operations.

First, over 20 states—including AL, AR, CA, CO, GA, IL, IN, MA, MD, MN, MO, MS, MT, NC, NE, NJ, NY, OH, TX, VA, VT, and WA—have implemented or proposed actions to review or terminate existing state contracts and procurements with Russian entities and/or to prohibit state agencies from entering into new contracts with Russian entities. For example, the [Texas](#) Comptroller is reviewing every state contract and procurement in Texas's Statewide Procurement Division and every payment made through the Texas Treasury for ties to Russian-owned businesses. Similarly, [Virginia](#) and [Indiana](#) ordered immediate reviews of tax dollars spent on goods and services from Russian-owned or -affiliated companies.

Second, several states are considering or have already enacted certification and disclosure requirements for state contractors related to Russia and Belarus. For example, [California](#) requires all grantees, and contractors with agreements valued at \$5 million or more, "to report on steps they have taken in response to Russia's actions in Ukraine, including, but not limited to, desisting from making new investments in, or engaging in financial transactions with, Russian entities, not transferring technology to Russia or Russian entities, and directly providing support to the government and people of Ukraine." Similarly, [Georgia](#) requires contractors to certify upon submitting a bid or proposal that they are not a company owned or operated by the governments of Russia or Belarus.

Crowell & Moring is continuing to track these fast-moving developments across all 50 states. Our team is available to help companies navigate the many complex issues at both the federal and state levels.

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