

Senate Engrossed House Bill  
settlement agreements; report; approval

State of Arizona  
House of Representatives  
Fifty-sixth Legislature  
Second Regular Session  
2024

# HOUSE BILL 2275

AN ACT

AMENDING TITLE 9, CHAPTER 4, ARTICLE 8, ARIZONA REVISED STATUTES, BY  
ADDING SECTION 9-500.50; AMENDING TITLE 11, CHAPTER 2, ARTICLE 4, ARIZONA  
REVISED STATUTES, BY ADDING SECTION 11-269.29; AMENDING SECTION 41-192,  
ARIZONA REVISED STATUTES; RELATING TO SETTLEMENT AGREEMENTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Title 9, chapter 4, article 8, Arizona Revised Statutes,  
3 is amended by adding section 9-500.50, to read:

4 9-500.50. Settlement agreements; report; review; declaration  
5 of statewide concern; definitions

6 A. AT LEAST NINETY DAYS BEFORE A CITY OR TOWN ENTERS INTO A  
7 SETTLEMENT AGREEMENT THAT IS \$500,000 OR MORE, THE CITY OR TOWN SHALL  
8 SUBMIT A SETTLEMENT AGREEMENT REPORT TO THE GOVERNOR, THE PRESIDENT OF THE  
9 SENATE, THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND THE ATTORNEY  
10 GENERAL DESCRIBING THE PROPOSED TERMS OF THE SETTLEMENT AGREEMENT.

11 B. BEFORE A CITY OR TOWN ENTERS INTO A SETTLEMENT AGREEMENT THAT IS  
12 \$1,000,000 OR MORE, THE CITY OR TOWN SHALL SUBMIT THE PROPOSED SETTLEMENT  
13 AGREEMENT TO THE JOINT LEGISLATIVE BUDGET COMMITTEE, WHICH SHALL REVIEW  
14 THE PROPOSED SETTLEMENT AGREEMENT AND MAY RECOMMEND THAT THE CITY OR TOWN  
15 AMEND THE PROPOSED SETTLEMENT AGREEMENT.

16 C. IF A CITY OR TOWN DOES NOT SUBMIT A PROPOSED SETTLEMENT  
17 AGREEMENT TO THE JOINT LEGISLATIVE BUDGET COMMITTEE PURSUANT TO SUBSECTION  
18 B OF THIS SECTION AND THE PROPOSED SETTLEMENT AGREEMENT IS FINALIZED, THE  
19 SETTLEMENT AGREEMENT IS NOT LEGALLY BINDING.

20 D. DUE TO THE IMPACT ON PUBLIC FINANCES, INCLUDING STATE FINANCES,  
21 LEGALLY BINDING CONTRACTS ENTERED INTO BY A CITY OR TOWN ARE A MATTER OF  
22 STATEWIDE CONCERN.

23 E. FOR THE PURPOSES OF THIS SECTION:

24 1. "SETTLEMENT AGREEMENT":

25 (a) MEANS A CONSENT DECREE, AN AGREEMENT OR ANY OTHER LEGALLY  
26 BINDING DOCUMENT OR REPRESENTATION THAT RESOLVES A THREATENED OR PENDING  
27 LAWSUIT BETWEEN THIS STATE OR A POLITICAL SUBDIVISION OF THIS STATE AND  
28 ANOTHER PARTY BY REQUIRING THIS STATE OR A POLITICAL SUBDIVISION OF THIS  
29 STATE TO TAKE LEGALLY BINDING ACTION.

30 (b) DOES NOT INCLUDE ANY OF THE FOLLOWING:

31 (i) AGREEMENTS MADE UNDER TITLE 28 TO RESOLVE CONSTRUCTION CONTRACT  
32 DISPUTES.

33 (ii) THE SETTLEMENT OF DISPUTES ARISING FROM AUDITS, DEFAULTS OR  
34 BREACHES OF PERMITS, CONTRACTS OF SALE, EASEMENTS OR LEASES BY THE STATE  
35 LAND DEPARTMENT.

36 (iii) AGREEMENTS MADE BY THE DEPARTMENT OF ADMINISTRATION TO  
37 RESOLVE CONSTRUCTION CONTRACT CLAIMS MADE AGAINST THIS STATE BY  
38 CONTRACTORS OR SUBCONTRACTORS.

39 (iv) THE SETTLEMENT OF A CIVIL LITIGATION LAWSUIT INVOLVING  
40 PERSONAL INJURY CLAIMS.

41 2. "SETTLEMENT AGREEMENT REPORT" MEANS A REPORT THAT CONTAINS ALL  
42 OF THE FOLLOWING:

43 (a) A COPY OF THE SETTLEMENT AGREEMENT, UNLESS THE AGREEMENT IS NOT  
44 ALLOWED TO BE DISCLOSED DUE TO A COURT ORDER OR OTHER LEGAL REQUIREMENT.

1 (b) THE TOTAL AMOUNT OF THE SETTLEMENT AND THE SOURCE OF THE MONIES  
2 THE CITY OR TOWN INTENDS TO USE FOR THE PAYMENT OF THE SETTLEMENT.

3 (c) THE PAYER OF THE SETTLEMENT.

4 (d) THE RECIPIENT OF THE PAYMENT.

5 (e) A SUMMARY OF THE CIRCUMSTANCES RELATED TO THE SETTLEMENT.

6 Sec. 2. Title 11, chapter 2, article 4, Arizona Revised Statutes,  
7 is amended by adding section 11-269.29, to read:

8 11-269.29. Settlement agreements; report; review; declaration  
9 of statewide concern; definitions

10 A. AT LEAST NINETY DAYS BEFORE A COUNTY ENTERS INTO A SETTLEMENT  
11 AGREEMENT THAT IS \$500,000 OR MORE, THE COUNTY SHALL SUBMIT A SETTLEMENT  
12 AGREEMENT REPORT TO THE GOVERNOR, THE PRESIDENT OF THE SENATE, THE SPEAKER  
13 OF THE HOUSE OF REPRESENTATIVES AND THE ATTORNEY GENERAL DESCRIBING THE  
14 PROPOSED TERMS OF THE SETTLEMENT AGREEMENT.

15 B. BEFORE A COUNTY ENTERS INTO A SETTLEMENT AGREEMENT THAT IS  
16 \$1,000,000 OR MORE, THE COUNTY SHALL SUBMIT THE PROPOSED SETTLEMENT  
17 AGREEMENT TO THE JOINT LEGISLATIVE BUDGET COMMITTEE, WHICH SHALL REVIEW  
18 THE PROPOSED SETTLEMENT AGREEMENT AND MAY RECOMMEND THAT THE COUNTY AMEND  
19 THE SETTLEMENT AGREEMENT.

20 C. IF A COUNTY DOES NOT SUBMIT A PROPOSED SETTLEMENT AGREEMENT TO  
21 THE JOINT LEGISLATIVE BUDGET COMMITTEE PURSUANT TO SUBSECTION B OF THIS  
22 SECTION AND THE PROPOSED SETTLEMENT AGREEMENT IS FINALIZED, THE SETTLEMENT  
23 AGREEMENT IS NOT LEGALLY BINDING.

24 D. DUE TO THE IMPACT ON PUBLIC FINANCES, INCLUDING STATE FINANCES,  
25 LEGALLY BINDING CONTRACTS ENTERED INTO BY A COUNTY ARE A MATTER OF  
26 STATEWIDE CONCERN.

27 E. FOR THE PURPOSES OF THIS SECTION:

28 1. "SETTLEMENT AGREEMENT":

29 (a) MEANS A CONSENT DECREE, AN AGREEMENT OR ANY OTHER LEGALLY  
30 BINDING DOCUMENT OR REPRESENTATION THAT RESOLVES A THREATENED OR PENDING  
31 LAWSUIT BETWEEN THIS STATE OR A POLITICAL SUBDIVISION OF THIS STATE AND  
32 ANOTHER PARTY BY REQUIRING THIS STATE OR A POLITICAL SUBDIVISION OF THIS  
33 STATE TO TAKE LEGALLY BINDING ACTION.

34 (b) DOES NOT INCLUDE ANY OF THE FOLLOWING:

35 (i) AGREEMENTS MADE UNDER TITLE 28 TO RESOLVE CONSTRUCTION CONTRACT  
36 DISPUTES.

37 (ii) THE SETTLEMENT OF DISPUTES ARISING FROM AUDITS, DEFAULTS OR  
38 BREACHES OF PERMITS, CONTRACTS OF SALE, EASEMENTS OR LEASES BY THE STATE  
39 LAND DEPARTMENT.

40 (iii) AGREEMENTS MADE BY THE DEPARTMENT OF ADMINISTRATION TO  
41 RESOLVE CONSTRUCTION CONTRACT CLAIMS MADE AGAINST THIS STATE BY  
42 CONTRACTORS OR SUBCONTRACTORS.

43 (iv) THE SETTLEMENT OF A CIVIL LITIGATION LAWSUIT INVOLVING  
44 PERSONAL INJURY CLAIMS.

1           2. "SETTLEMENT AGREEMENT REPORT" MEANS A REPORT THAT CONTAINS ALL  
2 OF THE FOLLOWING:

3           (a) A COPY OF THE SETTLEMENT AGREEMENT, UNLESS THE AGREEMENT IS NOT  
4 ALLOWED TO BE DISCLOSED DUE TO A COURT ORDER OR OTHER LEGAL REQUIREMENT.

5           (b) THE TOTAL AMOUNT OF THE SETTLEMENT AND THE SOURCE OF THE MONIES  
6 THE COUNTY INTENDS TO USE FOR THE PAYMENT OF THE SETTLEMENT.

7           (c) THE PAYER OF THE SETTLEMENT.

8           (d) THE RECIPIENT OF THE PAYMENT.

9           (e) A SUMMARY OF THE CIRCUMSTANCES RELATED TO THE SETTLEMENT.

10          Sec. 3. Section 41-192, Arizona Revised Statutes, is amended to  
11 read:

12          41-192. Powers and duties of attorney general; restrictions  
13                on state agencies as to legal counsel; exceptions;  
14                compromise and settlement monies; definitions

15          A. The attorney general shall have charge of and direct the  
16 department of law and shall serve as chief legal officer of the state.  
17 The attorney general shall:

18           1. Be the legal advisor of the departments of this state and render  
19 such legal services as the departments require.

20           2. Establish administrative and operational policies and procedures  
21 within ~~his~~ THE ATTORNEY GENERAL'S department.

22           3. Approve long-range plans for developing departmental programs  
23 therein, and coordinate the legal services required by other departments  
24 of this state or other state agencies.

25           4. Represent school districts and governing boards of school  
26 districts in any lawsuit involving a conflict of interest with other  
27 county offices.

28           5. Represent political subdivisions, school districts and  
29 municipalities in suits to enforce state or federal statutes pertaining to  
30 antitrust, restraint of trade or price-fixing activities or conspiracies,  
31 if the attorney general notifies in writing the political subdivisions,  
32 school districts and municipalities of the attorney general's intention to  
33 bring any such action on their behalf. At any time within thirty days  
34 after the notification, a political subdivision, school district or  
35 municipality, by formal resolution of its governing body, may withdraw the  
36 authority of the attorney general to bring the intended action on its  
37 behalf.

38           6. In any action brought by the attorney general pursuant to state  
39 or federal statutes pertaining to antitrust, restraint of trade, or  
40 price-fixing activities or conspiracies for the recovery of damages by  
41 this state or any of its political subdivisions, school districts or  
42 municipalities, in addition to the attorney general's other powers and  
43 authority, the attorney general on behalf of this state may enter into  
44 contracts relating to the investigation and prosecution of such action  
45 with any other party plaintiff who has brought a similar action for the

1 recovery of damages and with whom the attorney general finds it  
2 advantageous to act jointly or to share common expenses or to cooperate in  
3 any manner relative to such action. In any such action, notwithstanding  
4 any other laws to the contrary, the attorney general may undertake, among  
5 other things, to render legal services as special counsel or to obtain the  
6 legal services of special counsel from any department or agency of the  
7 United States, of this state or any other state or any department or  
8 agency thereof or any county, city, public corporation or public district  
9 in this state or in any other state that has brought or intends to bring a  
10 similar action for the recovery of damages or its duly authorized legal  
11 representatives in such action.

12 7. Organize the civil rights division within the department of law  
13 and administer such division pursuant to the powers and duties provided in  
14 chapter 9 of this title.

15 8. Compile, publish and distribute to all state agencies,  
16 departments, boards, commissions and councils, and to other persons and  
17 government entities on request, at least every ten years, the Arizona  
18 agency handbook that sets forth and explains the major state laws that  
19 govern state agencies, including information on the laws relating to  
20 bribery, conflicts of interest, contracting with the government,  
21 disclosure of public information, discrimination, nepotism, financial  
22 disclosure, gifts and extra compensation, incompatible employment,  
23 political activity by employees, public access and misuse of public  
24 resources for personal gain. A supplement to the handbook reflecting  
25 revisions to the information contained in the handbook shall be compiled  
26 and distributed by the attorney general as deemed necessary.

27 B. Except as otherwise provided by law, the attorney general may:

28 1. Organize the department into such bureaus, subdivisions or units  
29 as ~~he~~ THE ATTORNEY GENERAL deems most efficient and economical, and  
30 consolidate or abolish them.

31 2. Adopt rules for the orderly conduct of the business of the  
32 department.

33 3. Subject to chapter 4, article 4 of this title, employ and assign  
34 assistant attorneys general and other employees necessary to perform the  
35 functions of the department.

36 4. Compromise or settle any action or claim by or against this  
37 state or any department, board or agency of this state. If the compromise  
38 or settlement involves a particular department, board or agency of this  
39 state, the compromise or settlement shall be first approved by the  
40 department, board or agency. If no department or agency is named or  
41 otherwise materially involved, the approval of the governor shall be first  
42 obtained. AT LEAST THIRTY DAYS BEFORE ENTERING INTO A SETTLEMENT  
43 AGREEMENT, THE ATTORNEY GENERAL SHALL SUBMIT A SETTLEMENT AGREEMENT REPORT  
44 TO THE PRESIDENT OF THE SENATE AND THE SPEAKER OF THE HOUSE OF  
45 REPRESENTATIVES DESCRIBING THE PROPOSED TERMS OF THE SETTLEMENT AGREEMENT.

1           5. Charge reasonable fees for distributing official publications,  
2 including attorney general legal opinions and the Arizona agency handbook.  
3 The fees received shall be transmitted to the state treasurer for deposit  
4 in the state general fund.

5           C. The powers and duties of a bureau, subdivision or unit shall be  
6 limited to those assigned by law to the department.

7           D. Notwithstanding any law to the contrary, except as provided in  
8 subsections E and F of this section, no state agency other than the  
9 attorney general shall employ legal counsel or make an expenditure or  
10 incur an indebtedness for legal services, but the following are exempt  
11 from this section:

- 12           1. The director of water resources.
- 13           2. The residential utility consumer office.
- 14           3. The industrial commission [OF ARIZONA](#).
- 15           4. The Arizona board of regents.
- 16           5. The auditor general.
- 17           6. The corporation commissioners and the corporation commission  
18 other than the securities division.
- 19           7. The office of the governor.
- 20           8. The constitutional defense council.
- 21           9. The office of the state treasurer.
- 22           10. The Arizona commerce authority.
- 23           11. The water infrastructure finance authority of Arizona.

24           E. If the attorney general determines that ~~he~~ [THE ATTORNEY GENERAL](#)  
25 is disqualified from providing judicial or quasi-judicial legal  
26 representation or legal services on behalf of any state agency in relation  
27 to any matter, the attorney general shall give written notification to the  
28 state agency affected. If the agency has received written notification  
29 from the attorney general that the attorney general is disqualified from  
30 providing judicial or quasi-judicial legal representation or legal  
31 services in relation to any particular matter, the state agency is  
32 authorized to make expenditures and incur indebtedness to employ attorneys  
33 to provide the representation or services.

34           F. If the attorney general and the director of the department of  
35 agriculture cannot agree on the final disposition of a pesticide complaint  
36 under section 3-368, if the attorney general and the director determine  
37 that a conflict of interest exists as to any matter or if the attorney  
38 general and the director determine that the attorney general does not have  
39 the expertise or attorneys available to handle a matter, the director is  
40 authorized to make expenditures and incur indebtedness to employ attorneys  
41 to provide representation or services to the department with regard to  
42 that matter.

43           G. Any department or agency of this state authorized by law to  
44 maintain a legal division or incur expenses for legal services from funds  
45 derived from sources other than the general revenue of the state, or from

1 any special or trust fund, shall pay from such source of revenue or  
2 special or trust fund into the general fund of the state, to the extent  
3 such funds are available and on a reimbursable basis for warrants drawn,  
4 the amount actually expended by the department of law within legislative  
5 appropriations for such legal division or legal services.

6 H. Appropriations made pursuant to subsection G of this section  
7 shall not be subject to lapsing provisions otherwise provided by law.  
8 Services for departments or agencies to which this subsection and  
9 subsection F of this section are applicable shall be performed by special  
10 or regular assistants to the attorney general.

11 I. Notwithstanding section 35-148, monies received by the attorney  
12 general from charges to state agencies and political subdivisions for  
13 legal services relating to interagency service agreements shall be  
14 deposited, pursuant to sections 35-146 and 35-147, in an attorney general  
15 agency services fund. Monies in the fund are subject to legislative  
16 appropriation and are exempt from the provisions of section 35-190  
17 relating to lapsing of appropriations.

18 J. Unless otherwise provided by law, monies received for and  
19 belonging to the state and resulting from compromises and settlements  
20 entered into pursuant to subsection B of this section, excluding  
21 restitution and reimbursement to state agencies for costs or attorney  
22 fees, shall be deposited into the state treasury and credited to the state  
23 general fund pursuant to section 35-142. Monies received for and  
24 belonging to the state and resulting from a compromise or settlement are  
25 not considered custodial, private or quasi-private monies unless  
26 specifically provided by law. On or before January 15, April 15, July 15  
27 and October 15, the attorney general shall file with the governor, with  
28 copies to the director of the department of administration, the president  
29 of the senate, the speaker of the house of representatives, the secretary  
30 of state and the staff director of the joint legislative budget committee,  
31 a full and complete account of the deposits into the state treasury made  
32 pursuant to this subsection in the previous calendar quarter. For the  
33 purposes of this subsection, "restitution" means monies intended to  
34 compensate a specific, identifiable person, including this state, for  
35 economic loss.

36 K. FOR THE PURPOSES OF THIS SECTION:

37 1. "SETTLEMENT AGREEMENT":

38 (a) MEANS A CONSENT DECREE, AN AGREEMENT OR ANY OTHER LEGALLY  
39 BINDING DOCUMENT OR REPRESENTATION THAT RESOLVES A THREATENED OR PENDING  
40 LAWSUIT BETWEEN THIS STATE OR A POLITICAL SUBDIVISION OF THIS STATE AND  
41 ANOTHER PARTY BY REQUIRING THIS STATE OR A POLITICAL SUBDIVISION OF THIS  
42 STATE TO TAKE LEGALLY BINDING ACTION.

43 (b) DOES NOT INCLUDE ANY OF THE FOLLOWING:

44 (i) AGREEMENTS MADE UNDER TITLE 28 TO RESOLVE CONSTRUCTION CONTRACT  
45 DISPUTES.

1 (ii) THE SETTLEMENT OF DISPUTES ARISING FROM AUDITS, DEFAULTS OR  
2 BREACHES OF PERMITS, CONTRACTS OF SALE, EASEMENTS OR LEASES BY THE STATE  
3 LAND DEPARTMENT.

4 (iii) AGREEMENTS MADE BY THE DEPARTMENT OF ADMINISTRATION TO  
5 RESOLVE CONSTRUCTION CONTRACT CLAIMS MADE AGAINST THIS STATE BY  
6 CONTRACTORS OR SUBCONTRACTORS.

7 (iv) THE SETTLEMENT OF A CIVIL LITIGATION LAWSUIT INVOLVING  
8 PERSONAL INJURY CLAIMS.

9 2. "SETTLEMENT AGREEMENT REPORT" MEANS A REPORT THAT CONTAINS A  
10 COPY OF THE SETTLEMENT AGREEMENT, UNLESS THE AGREEMENT IS NOT ALLOWED TO  
11 BE DISCLOSED DUE TO A COURT ORDER OR OTHER LEGAL REQUIREMENT, AND THAT  
12 DOES ALL OF THE FOLLOWING:

13 (a) STATES THE TOTAL AMOUNT OF THE SETTLEMENT.

14 (b) STATES THE PAYER OF THE SETTLEMENT.

15 (c) STATES THE RECIPIENT OF THE PAYMENT.

16 (d) SUMMARIZES THE CIRCUMSTANCES RELATED TO THE SETTLEMENT.