

House Engrossed

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

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

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

45 (c) THE PAYER OF THE SETTLEMENT.

1 (d) THE RECIPIENT OF THE PAYMENT.

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

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

5 11-269.29. Settlement agreements; report; review; declaration  
6 of statewide concern; definitions

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

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

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

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

24 E. FOR THE PURPOSES OF THIS SECTION:

25 1. "SETTLEMENT AGREEMENT":

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

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

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

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

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

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

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

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

1 (c) THE PAYER OF THE SETTLEMENT.

2 (d) THE RECIPIENT OF THE PAYMENT.

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

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

6 41-192. Powers and duties of attorney general; restrictions  
7 on state agencies as to legal counsel; exceptions;  
8 compromise and settlement monies; definitions

9 A. The attorney general shall have charge of and direct the  
10 department of law and shall serve as chief legal officer of the state.  
11 The attorney general shall:

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

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

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

19 4. Represent school districts and governing boards of school  
20 districts in any lawsuit involving a conflict of interest with other  
21 county offices.

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

32 6. In any action brought by the attorney general pursuant to state  
33 or federal statutes pertaining to antitrust, restraint of trade, or  
34 price-fixing activities or conspiracies for the recovery of damages by  
35 this state or any of its political subdivisions, school districts or  
36 municipalities, in addition to the attorney general's other powers and  
37 authority, the attorney general on behalf of this state may enter into  
38 contracts relating to the investigation and prosecution of such action  
39 with any other party plaintiff who has brought a similar action for the  
40 recovery of damages and with whom the attorney general finds it  
41 advantageous to act jointly or to share common expenses or to cooperate in  
42 any manner relative to such action. In any such action, notwithstanding  
43 any other laws to the contrary, the attorney general may undertake, among  
44 other things, to render legal services as special counsel or to obtain the  
45 legal services of special counsel from any department or agency of the

1 United States, of this state or any other state or any department or  
2 agency thereof or any county, city, public corporation or public district  
3 in this state or in any other state that has brought or intends to bring a  
4 similar action for the recovery of damages or its duly authorized legal  
5 representatives in such action.

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

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

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

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

25 2. Adopt rules for the orderly conduct of the business of the  
26 department.

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

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

40 5. Charge reasonable fees for distributing official publications,  
41 including attorney general legal opinions and the Arizona agency handbook.  
42 The fees received shall be transmitted to the state treasurer for deposit  
43 in the state general fund.

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

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

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

18 E. If the attorney general determines that ~~he~~ THE ATTORNEY GENERAL  
19 is disqualified from providing judicial or quasi-judicial legal  
20 representation or legal services on behalf of any state agency in relation  
21 to any matter, the attorney general shall give written notification to the  
22 state agency affected. If the agency has received written notification  
23 from the attorney general that the attorney general is disqualified from  
24 providing judicial or quasi-judicial legal representation or legal  
25 services in relation to any particular matter, the state agency is  
26 authorized to make expenditures and incur indebtedness to employ attorneys  
27 to provide the representation or services.

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

37 G. Any department or agency of this state authorized by law to  
38 maintain a legal division or incur expenses for legal services from funds  
39 derived from sources other than the general revenue of the state, or from  
40 any special or trust fund, shall pay from such source of revenue or  
41 special or trust fund into the general fund of the state, to the extent  
42 such funds are available and on a reimbursable basis for warrants drawn,  
43 the amount actually expended by the department of law within legislative  
44 appropriations for such legal division or legal services.

1 H. Appropriations made pursuant to subsection G of this section  
2 shall not be subject to lapsing provisions otherwise provided by law.  
3 Services for departments or agencies to which this subsection and  
4 subsection F of this section are applicable shall be performed by special  
5 or regular assistants to the attorney general.

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

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

31 K. FOR THE PURPOSES OF THIS SECTION:

32 1. "SETTLEMENT AGREEMENT":

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

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

39 (i) AGREEMENTS MADE UNDER TITLE 28 TO RESOLVE CONSTRUCTION CONTRACT  
40 DISPUTES.

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

- 1 (iii) AGREEMENTS MADE BY THE DEPARTMENT OF ADMINISTRATION TO  
2 RESOLVE CONSTRUCTION CONTRACT CLAIMS MADE AGAINST THIS STATE BY  
3 CONTRACTORS OR SUBCONTRACTORS.
- 4 2. "SETTLEMENT AGREEMENT REPORT" MEANS A REPORT THAT CONTAINS A  
5 COPY OF THE SETTLEMENT AGREEMENT, UNLESS THE AGREEMENT IS NOT ALLOWED TO  
6 BE DISCLOSED DUE TO A COURT ORDER OR OTHER LEGAL REQUIREMENT, AND THAT  
7 DOES ALL OF THE FOLLOWING:
- 8 (a) STATES THE TOTAL AMOUNT OF THE SETTLEMENT.
  - 9 (b) STATES THE PAYER OF THE SETTLEMENT.
  - 10 (c) STATES THE RECIPIENT OF THE PAYMENT.
  - 11 (d) SUMMARIZES THE CIRCUMSTANCES RELATED TO THE SETTLEMENT.