



ARIZONA STATE SENATE
Fifty-Seventh Legislature, First Regular Session

VETOED
FACT SHEET FOR H.B. 2576

notice; violation; deficiency correction

Purpose

Modifies the procedures relating to inspections for a regulated person by requiring an agency to provide a regulated person with the opportunity to correct an alleged deficiency.

Background

An agency inspector, auditor or regulator must provide, on initiation of an audit or inspection of any premises of a regulated person, written notice of the rights of the regulated person, the contact information for a contact person who is available to answer questions regarding the inspection or audit and the time limit or statute of limitations applicable to the right of the agency inspector, auditor or regulator to file a compliance action against the regulated person arising from the inspection or audit.

An agency that conducts an inspection must give a copy of an inspection report to the regulated person or on-site representative, which must contain alleged deficiencies identified during the inspection. The agency must provide the regulated person an opportunity to correct the alleged deficiencies unless the agency documents in writing as part of the inspection report that the deficiencies are intentional, part of a pattern, not correctable within a reasonable time period and a significant risk to any person, the public health, safety or welfare or the environment. If the regulated person fails to correct the alleged deficiencies or the agency determines that the alleged deficiencies have not been corrected within a reasonable period of time, the agency may take any authorized enforcement action for the alleged deficiencies ([A.R.S. § 41-1009](#)).

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

Provisions

1. Specifies that an agency may only take any enforcement action authorized by law for the alleged deficiencies if the regulated person fails to correct the alleged deficiencies or the agency determines that the alleged deficiencies have not been corrected within a reasonable period of time, unless otherwise required by state or federal law.
2. Requires an agency that alleges that a regulated person is not in compliance with licensure or other applicable regulatory requirements to provide a written notice of opportunity to correct or a notice of violation, rather than a written notice of allegations.
3. Applies the requirement for a written notice of opportunity to correct or a notice of violation requirements to only inspections, rather than inspections or any other investigations.
4. Specifies that issuance of a notice is not a prerequisite to otherwise lawful agency actions to comply with a requirement of federal law if the agency determines that the action is necessary on an expeditated basis as outlined.

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5. Requires an agency, within 30 days after receipt of notification from a regulated person that the alleged deficiencies have been corrected, to determine if the regulated person is in substantial compliance and notify the regulated person whether the regulated person is in substantial compliance.
6. Specifies that an audit or inspection of a regulated person is initiated when an agency inspector, auditor or regulator enters the premises of a regulated person.
7. Narrows the requirement that an agency inspector, auditor or regulator obtain a regulated person's or on-site representative's signature and provide notice of the regulated person's or on-site representative's inspection or audit due process rights to only audits or inspections in which the agency inspector, auditor or regulator enters the premises of a regulated person.
8. Requires an agency that conducts an inspection by entering the premises of a regulated person to produce an inspection report.
9. Requires an agency to provide a regulated person an opportunity to correct the alleged deficiencies unless the agency documents in writing as part of the inspection report or notice of violation, rather than only the inspection report, along with specific evidence.
10. Defines *inspection* as any agency action to determine compliance with licensure or other regulatory requirements, including any audit of investigation.
11. Defines *notice of violation* as a written notice issued after an inspection that documents and communicates that an alleged deficiency is:
 - a) committed intentionally;
 - b) not correctable within a reasonable period of time as determined by the agency;
 - c) evidence of a pattern of noncompliance as demonstrated by alleged deficiencies previously identified in an inspection report or other written notice at the same premises; or
 - d) a significant risk to any person, the public health, safety or welfare or the environment.
12. Makes technical and conforming changes.
13. Becomes effective on the general effective date.

Governor's Veto Message

The Governor indicates in her [veto message](#) that H.B. 2576 harms the ability of state agencies to conduct their inspections, compliance and enforcement programs, threatening the health and safety of Arizona consumers.

House Action

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| NREW | 2/11/25 | DPA | 5-4-0-1 |
| 3 rd Read | 2/25/25 | | 33-26-1 |

Senate Action

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| GOV | 3/26/25 | DP | 4-3-0 |
| 3 rd Read | 4/16/25 | | 17-13-0 |

Vetoed by the Governor on 4/18/25

Prepared by Senate Research
April 21, 2025
AN/ci