

An Act

ENROLLED HOUSE
BILL NO. 3547

By: Sterling of the House

and

Weaver of the Senate

An Act relating to state government; amending 74 O.S. 2021, Section 20i, as amended by Section 1, Chapter 308, O.S.L. 2022 (74 O.S. Supp. 2023, Section 20i), which relates to the collection of information by Attorney General; modifying reporting on certain contracts to fiscal year; adding information to be included in report; and providing an effective date.

SUBJECT: State government

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 74 O.S. 2021, Section 20i, as amended by Section 1, Chapter 308, O.S.L. 2022 (74 O.S. Supp. 2023, Section 20i), is amended to read as follows:

Section 20i. A. An agency or official of the executive branch may obtain legal representation by one or more attorneys by means of one of the following:

1. Employing an attorney as such if otherwise authorized by law;
2. Contracting with the Office of the Attorney General; or
3. If the Attorney General is unable to represent the agency, or official due to a conflict of interest, or the Office of the Attorney General is unable or lacks the personnel or expertise to provide the specific representation required by such agency or official, contracting with a private attorney or attorneys pursuant to this section.

B. When entering into a contract for legal representation by one or more private attorneys or law firms, an agency or official of the executive branch shall select an attorney or attorneys or a law firm or law firms from a list of attorneys and firms maintained by the Attorney General. An agency may contract for legal representation with one or more attorneys who are not on the list only when there is no attorney or firm on the list capable of providing the specific representation and only with the approval of the Attorney General. The list shall include any attorney or firm who desires to furnish services to an agency or official of the executive branch and who has filed a schedule of fees for services with and on a form approved by the Attorney General. The list of attorneys and firms desiring to furnish services and a schedule of fees for each attorney and firm shall be maintained and made available to the public.

C. An agency or official may agree to deviate from the schedule of fees only with the approval of the Attorney General and if the new schedule of fees would not violate the fee schedules set forth in subsections D and E of this section.

D. An agency or official of the executive branch shall not enter into a contingency fee contract that provides for the private attorney or firm to receive an aggregate contingency fee that exceeds:

1. Twenty-five percent (25%) of that portion of any amount recovered that is Ten Million Dollars (\$10,000,000.00) or less;

2. Twenty percent (20%) of that portion of any amount recovered that is more than Ten Million Dollars (\$10,000,000.00) but less than or equal to Fifteen Million Dollars (\$15,000,000.00);

3. Fifteen percent (15%) of that portion of any amount recovered that is more than Fifteen Million Dollars (\$15,000,000.00) but less than or equal to Twenty Million Dollars (\$20,000,000.00);

4. Ten percent (10%) of that portion of any amount recovered that is more than Twenty Million Dollars (\$20,000,000.00) but less than or equal to Twenty-five Million Dollars (\$25,000,000.00); and

5. Five percent (5%) of that portion of any amount recovered that is more than Twenty-five Million Dollars (\$25,000,000.00).

E. Notwithstanding subsection D of this section, the total fee payable to all retained private attorneys in any contingency fee contract shall not exceed Fifty Million Dollars (\$50,000,000.00), exclusive of any costs and expenses provided by the contract and actually incurred by the retained private attorneys, regardless of the number of actions or proceedings or the number of retained private attorneys involved in the matter.

F. The Attorney General shall develop a standard clause for inclusion in every contract for contingent fee attorney services that shall be used in all cases, describing in detail what is expected of both the contracted private attorney and the state including, but not limited to, the requirements as provided in this subsection. The state shall not enter into a contract for contingency fee attorney services that does not incorporate such requirements:

1. The government attorneys shall retain complete control over the course and conduct of the case;

2. A government attorney with supervisory authority shall be personally involved in oversight of the case;

3. The government attorneys shall retain veto power over any decision made by outside counsel related to the case;

4. Any defendant in the case may contact the lead government attorneys directly, without having to confer with outside counsel;

5. A government attorney with supervisory authority for the case shall attend all settlement conferences; and

6. Decisions regarding settlement of the case shall be reserved exclusively to the discretion of the government attorneys and the state.

G. Copies of any executed contingency fee contract with the private attorney shall be posted on the Attorney General's website for public inspection within five (5) business days after the date the contract is executed and shall remain posted on the website for the duration of the contingency fee contract including any extensions or amendments to the contract. Any payment of contingency fees shall be posted on the Attorney General's website within fifteen (15) days after the payment of the contingency fees to the private attorney or law firm and shall remain posted on the

website for at least three hundred sixty-five (365) days after the payment is made.

H. Any private attorney or law firm under contract to provide services to the state on a contingency fee basis shall from the inception of the contract until at least four (4) years after the contract expires or is terminated, maintain detailed current records including documentation of all expenses, disbursements, charges, credits, underlying receipts and invoices and other financial transactions related to the attorney services. The private attorney or law firm shall make all such records available for inspection and copying upon request of the Attorney General. In addition, the private attorney or law firm shall maintain detailed contemporaneous time records for the attorneys and paralegals working on the matter in increments of no greater than one-tenth (1/10) of an hour and shall promptly provide such records to the Attorney General upon request.

I. Before entering into a contract for legal representation by one or more private attorneys, an agency or official of the executive branch shall furnish a copy of the proposed contract to the Attorney General and notify the Attorney General of the following:

1. The nature and scope of the representation including, but not limited to, a description of any pending or anticipated litigation or of the transaction requiring representation;

2. The reason or reasons for not obtaining the representation from an attorney employed by the agency or official, if an attorney is employed by the agency or official;

3. The reason or reasons for not obtaining the representation from the Attorney General by contract;

4. The anticipated cost of the representation including the following:

- a. the basis for or method of calculation of the fee including, when applicable, the hourly rate for each attorney, paralegal, legal assistant, or other person who will perform services under the contract, and

b. the basis for and method of calculation of any expenses which will be reimbursed by the agency or official under the contract;

5. An estimate of the anticipated duration of the contract;

6. The past or present relationship, if any, between such attorney, law firm or any partner or other principal in such law firm and the state agency or state agent proposing to enter into the contract;

7. If the contract contemplates that all or part of the fee is contingent on the outcome of the legal proceeding, the reasons the contingent fee arrangement is believed to be in the state's interest and any efforts undertaken to obtain private counsel on a noncontingent fee basis; and

8. The justification for the determination that the selection of a contract for legal representation by one or more private attorneys or firms was made based on the ability of the private attorney or firm to provide the most economical and most competent service which furthers the best interest of the state.

J. After the approval of the contract by the Attorney General for legal representation by one or more private attorneys or law firms, the Attorney General shall make available to the public on the Attorney General's website the information required pursuant to paragraphs 1 through 8 of subsection I of this section.

K. 1. Before entering into a contract for legal representation by one or more private attorneys or firms where the agency has reason to believe that the case, transaction or matter will equal or exceed Twenty Thousand Dollars (\$20,000.00) or after employment when it becomes apparent that the case, transaction or matter will equal or exceeds Twenty Thousand Dollars (\$20,000.00), an agency or official of the executive branch shall obtain the approval of the Attorney General when the total cost including fees and expenses, of all contracts relating to the same case, transaction, or matter will equal or exceed Twenty Thousand Dollars (\$20,000.00).

2. Before entering into a contract for legal representation by one or more private attorneys or firms to initiate a legal action on behalf of the state where the agency has reason to believe that the total cost of the case, transaction or matter including fees and expenses will equal or exceed One Million Dollars (\$1,000,000.00),

an agency or official of the executive branch shall initiate a request for proposal from at least three qualified private attorneys or firms, when possible, engaged in providing such services. Notice of the request for proposal shall be published on the Attorney General's website. The request for proposal shall solicit a billable hourly rate, regardless of whether a contingency fee is ultimately agreed upon, and shall specify the importance of price, quality, ability and experience. The selection of a contract for legal representation by one or more private attorneys or firms shall be made using the criteria established in the request for proposal and shall be based on the response to the request which is the most economical and provides the most competent service which furthers the best interests of the state. Most economical and most competent shall not be construed to mean the least expensive proposal.

3. Any amendment, modification or extension of a contract which, had it been a part of the original contract would have required approval by the Attorney General, shall also require approval by the Attorney General.

L. After entering into a contract for legal representation by one or more private attorneys or firms where the agency has reason to believe that the case, transaction or matter will equal or exceed One Million Dollars (\$1,000,000.00), an agency or official of the executive branch shall submit a copy of the contract to the Legislative Oversight Committee overseeing the operations of the Legislative Office of Fiscal Transparency (LOFT) along with the following:

1. A description of the litigation or of the transaction requiring representation;

2. The reason or reasons for not obtaining the representation from an attorney employed by the agency or official;

3. The justification for selecting an attorney or firm contracted to represent the state; and

4. An estimate of the anticipated duration of the contract.

M. A settlement agreement shall not contemplate the ultimate use and destination of recovered funds unless done in accordance with paragraphs 11 and 12 of Section 18b of this title.

N. Within ten (10) days of an agency or official of the executive branch entering into a settlement agreement where a private attorney or firm was hired on a contingency fee contract and the settlement was equal to or greater than One Million Dollars (\$1,000,000.00), the agency or official of the executive branch shall present the settlement agreement to the Legislative Oversight Committee with oversight of the operations of the Legislative Office of Fiscal Transparency (LOFT), unless otherwise postponed by LOFT.

O. When an agency or official of the executive branch enters into a contract for professional legal services pursuant to this section, the agency shall also comply with the applicable provisions of Section 85.41 of this title.

P. The provisions of this section shall not apply to the Oklahoma Indigent Defense System created pursuant to Section 1355 et seq. of Title 22 of the Oklahoma Statutes.

Q. Upon request of an agency or official of the executive branch, the Governor, the President Pro Tempore of the Oklahoma State Senate and the Speaker of the Oklahoma House of Representatives may exempt a legal matter from the requirements of this section if an exemption is deemed to be in the best interest of the state. Such exemption shall be issued at their discretion, in writing and by unanimous consent, and shall be submitted to LOFT.

R. By February 1 of each year, the Attorney General shall submit a report to the Governor, the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the Chair of the Appropriations and Budget Committee of the House of Representatives and the Chair of the Appropriations Committee of the Senate, that describes the use of contracts with private attorneys or law firms in the preceding ~~calendar~~ fiscal year. At a minimum, the report shall identify all new contracts entered into during the ~~calendar~~ fiscal year being reported and all previously executed contracts that remain current during any part of the ~~calendar~~ fiscal year. For each contract, the report shall contain:

1. The name of the private attorney with whom the agency has contracted including the name of the attorney's law firm;
2. The nature and status of the legal matter;
3. The name of the parties to the legal matter;
4. The amount of any recovery;
5. The amount of any hourly rate; ~~and~~
6. The amount of any contingency fee paid, if applicable; and

7. The amount paid under the contract for the fiscal year.

S. The provisions of subsections B through R of this section shall not apply to any agency that invests funds on behalf of its beneficiaries and, as part of its fiduciary duty, retains one or more private attorneys or law firms to pursue individual, derivative or class litigation concerning its investments or assets.

T. The provisions of this section shall not apply to any entity exempted from Article I of the Administrative Procedures Act pursuant to paragraphs 6 and 7 of subsection A of Section 250.4 of Title 75 of the Oklahoma Statutes.

SECTION 2. This act shall become effective November 1, 2024.

Passed the House of Representatives the 5th day of March, 2024.

Presiding Officer of the House
of Representatives

Passed the Senate the 24th day of April, 2024.

Presiding Officer of the Senate

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this _____

day of _____, 20_____, at _____ o'clock _____ M.

By: _____

Approved by the Governor of the State of Oklahoma this _____

day of _____, 20_____, at _____ o'clock _____ M.

Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this _____

day of _____, 20_____, at _____ o'clock _____ M.

By: _____