



**ARIZONA SUPREME COURT
ORAL ARGUMENT CASE SUMMARY**



**KAYLA WILLIAMS v. ARIZONA DEPARTMENT OF
ECONOMIC SECURITY, et al.
CV-25-0157-PR**

PARTIES:

Petitioner:

Arizona Department of Economic Security (“DES”).

Respondent:

Kayla Williams (“Williams”).

FACTS:

This matter arises from an administrative proceeding to determine Williams’ eligibility for unemployment insurance (“UI”) benefits after Lamont Mortuary (“Mortuary”) terminated Williams from her office manager position. Although a DES deputy found Williams eligible for UI benefits, a DES tribunal reversed. The DES Appeals Board affirmed the tribunal’s decision to deny benefits.

Williams appealed to the court of appeals, which granted her application and appointed pro bono counsel. Williams filed an opening brief, and the Mortuary did not appear. DES filed an answering brief defending the Appeals Board’s decision. In her reply brief, Williams argued that the Appeals Board’s decision was wrong and that DES lacked standing to raise its arguments.

In its decision, the court of appeals held that DES lacked standing. The court of appeals reasoned that DES did not have a justiciable stake in whether the Board’s ruling was affirmed and, thus, DES could not argue that the Appeals Board ruled correctly. As a result, the court of appeals refused to consider DES’ substantive arguments about Williams’ UI eligibility.

The court of appeals also held that Williams was entitled to attorney fees under A.R.S. § 12-348(A)(2), which provides in relevant part that “a court shall award fees and other expenses to any party other than this state or a city, town or county that prevails by an adjudication on the merits in ... [a] court proceeding to review a state agency decision pursuant to chapter 7, article 6 of this title[] or any other statute authorizing judicial review of agency, city, town or county decisions.” The court of appeals rejected DES’ argument that Williams’ request for fees was barred by A.R.S. § 12-348(H)(1)’s clause precluding fee awards when the state’s role was to determine an individual’s eligibility or entitlement to a monetary benefit.

ISSUES:

The Arizona Supreme Court granted review as to the following issues, with Issue 1 rephrased:

1. Whether the court of appeals correctly held that the Arizona Department of Economic Security lacked standing to defend the Appeals Board's decision.
2. Under A.R.S. § 12-348(H)(1), attorneys' fees are disallowed in an "action arising from a proceeding ... in which the role of this state ... was to determine the eligibility or entitlement of an individual to a monetary benefit or its equivalent." Did the court of appeals err in awarding attorneys' fees when Williams' UI appeal "arise[s] from" a proceeding in which DES's role "was to determine [her] eligibility" for UI benefits?

STATUTORY PROVISIONS:

Section 41-1993(B) provides:

- B. Any party aggrieved by a decision of the appeals board may file an application for appeal to the court of appeals with the clerk of the appeals board within thirty days after the date of mailing or electronic transmission of the decision, except as provided in subsection C of this section. On the filing of an application for appeal, the clerk of the appeals board shall transmit to the court of appeals the application for appeal, the decisions issued by the appeals board and all petitions for review and responses of the appeals board. The clerk of the appeals board shall also transmit any portions of the record before the department requested by the court of appeals. The court of appeals shall thereafter grant or deny the application for appeal. If the application is denied, the decision of the appeals board shall be deemed final, and further appeal may not be taken. If the application is granted, the rules for appeals in civil actions shall apply, commencing with the preparation and transmittal of the complete record before the department and a record index. A bond for costs on appeal or docket fee is not required. The department and all parties before the appeals board shall be given notice of the appeal and an opportunity to appear. All appeals are limited to the record before the department unless the court orders otherwise. An issue may not be raised on appeal that has not been raised in the petition for review before the appeals board. The department shall provide the record for use by the court and by any parties who request copies. The cost of providing the record is a taxable cost if the department prevails. The court of appeals may designate one department or division one to hear all appeals under this section.

Section 12-348(H)(1) provides:

- H. This section does not:
 1. Apply to an action arising from a proceeding before this state or a city, town or county in which the role of this state or a city, town or county was to determine the eligibility or entitlement of an individual to a monetary benefit or its equivalent, to adjudicate a dispute or issue between private parties or to establish or fix a rate.

This Summary was prepared by the Arizona Supreme Court Staff Attorneys' Office solely for educational purposes. It should not be considered official commentary by the court or any member thereof or part of any brief, memorandum or other pleading filed in this case.