

# CITY COUNCIL REPORT



Meeting Date: September 9, 2025  
 General Plan Element: *Community Involvement; Character and Design*  
 General Plan Goal: *Collaboration & Engagement; Character & Culture*

## ACTION

**Adopt Resolution No. 13506 authorizing the filing of a declaratory judgment lawsuit by the City against the State of Arizona to challenge the legality and constitutionality of Senate Bill 1543.**

## BACKGROUND

For several years, Axon has worked to gain approval to build a new global headquarters and housing development in north Scottsdale. To realize its plans for a mixed-use campus that included nearly 2,000 apartments and a hotel, Axon required a rezoning approval from the Scottsdale City Council. Opponents of this development criticized the density of the project and pointed out that Axon bought the land when it was zoned for light industrial use.

In November 2024, the Scottsdale City Council approved the rezoning. In response, a citizen group called Taxpayers Against Awful Apartment Zoning Exemptions ("TAAAZE") gathered sufficient signatures to force a public referendum on the development. This paused the Axon project until a public vote can be scheduled for the referendum, to be no later than November 2026. Following this, Axon's CEO publicly stated that Axon may move to another state if the global headquarters project was not approved. It was reported that Axon was also engaged in an extensive lobbying campaign at the state capitol wherein its lobbyists worked with state lawmakers to introduce a "strike-everything" amendment to an unrelated bill, Senate Bill 1543 ("SB 1543"), in March 2025. The amendment specifically addressed the issue and appears to have been crafted to allow Axon to bypass the Scottsdale referendum vote. SB 1543 was passed by the Arizona Legislature and was signed into law by Governor Katie Hobbs on April 18, 2025. SB 1543 becomes effective September 26, 2025.

If the City Council wants to mount a legal challenge to SB 1543, the City Attorney recommends that the City Council approve the filing and prosecution of a legal challenge in a declaratory judgment lawsuit to be brought by the City against the State of Arizona. The proposed lawsuit is rooted in the principles outlined in the Scottsdale General Plan 2035 and reflects the City's commitment to: 1) Foster community collaboration by defending the integrity of the public referendum process and ensuring land use decisions remain transparent and inclusive of resident input; and 2) Ensure development sensitively responds to neighborhoods, infrastructure, and character by preserving the City's ability to evaluate and regulate projects—such as the proposed Axon development—in a manner consistent with Scottsdale's long-term

Action Taken \_\_\_\_\_

vision and infrastructure capacity. SB 1543 threatens to override local zoning decisions that reflect Scottsdale's carefully cultivated character, undermines local planning authority, and circumvents the democratic process established by Scottsdale voters. The proposed lawsuit seeks to uphold the values of responsible growth, civic engagement, and neighborhood compatibility as outlined in the General Plan.

## **ANALYSIS & ASSESSMENT**

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### **Recent Staff Action**

The City Attorney's Office has retained the services of attorney Dominic E. Draye of the law firm Greenberg Traurig to represent the City's interests in this matter. The City Attorney's Office has been working closely in collaboration with Mr. Draye in order to effectively manage the proposed litigation and conserve costs to the extent possible.

### **Policy Implications**

If SB 1543 is not successfully challenged, it will become law and may limit the City's ability to exercise local control as more fully discussed herein.

### **Significant Issues to be Addressed**

None.

### **Community Involvement**

N/A.

## **RESOURCE IMPACTS**

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### **Available funding**

Funding is available in the General Fund operating budget.

### **Staffing, Workload Impact**

Approval of this legal action.

### **Future Budget Implications**

Approval of this legal action will be funded by the General Fund operating budget.

## **OPTIONS & STAFF RECOMMENDATION**

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## Recommended Approach

The City Attorney's Office recommends that the Council consider adopting Resolution No. 13506 authorizing the filing of a declaratory judgment lawsuit by the City against the State of Arizona to resolve the issue of the legality and constitutionality of SB 1543.

## Proposed Next Steps

If the legal action is approved, the Interim City Attorney and his designee(s) will begin the litigation process by working with hired outside counsel in preparing, filing, and prosecuting the lawsuit challenging SB 1543.

## RESPONSIBLE DEPARTMENT(S)

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City Attorney's Office – Civil Division

## STAFF CONTACTS (S)

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Luis E. Santaella, Interim City Attorney, lsantaella@scottsdaleaz.gov

## APPROVED BY

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Luis E. Santaella, Interim City Attorney  
(480) 312-2405  
lsantaella@scottsdaleaz.gov

9/4/2025

Date

## ATTACHMENTS

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1. Resolution No. 13506

RESOLUTION NO. 13506

A RESOLUTION OF THE COUNCIL OF THE CITY OF SCOTTSDALE, MARICOPA COUNTY, ARIZONA, AUTHORIZING THE FILING OF A COMPLAINT FOR DECLARATORY JUDGMENT BY THE CITY AGAINST THE STATE OF ARIZONA TO CHALLENGE THE LEGALITY AND CONSTITUTIONALITY OF SENATE BILL 1543.

WHEREAS, for several years, Axon has worked to gain approval to build a new global headquarters and housing development in north Scottsdale. To realize its plans for a mixed-use campus that included nearly 2,000 apartments and a hotel, Axon required a rezoning approval from the Scottsdale City Council.

WHEREAS, in November 2024, the Scottsdale City Council approved the rezoning.

WHEREAS, in response, a citizen group gathered sufficient signatures to force a public referendum on the issue, with a public vote scheduled for November 2026.

WHEREAS, after reported lobbying efforts by Axon, a "strike-everything" amendment to an unrelated bill, Senate Bill 1543 ("SB 1543"), was introduced which specifically addressed the issue and appears to have been crafted to allow Axon to bypass the Scottsdale referendum vote.

WHEREAS, the Arizona Legislature passed SB 1543 and Governor Katie Hobbs signed it into law on April 18, 2025.

WHEREAS, SB 1543 will become effective on September 26, 2025.

WHEREAS, in order to challenge the legality and constitutionality of SB 1543, a declaratory judgment lawsuit would need to be brought by the City against the State of Arizona.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Scottsdale, Maricopa County, Arizona, as follows:

Section 1. The Interim City Attorney and his respective staff and designees are authorized to file and prosecute a Complaint for declaratory judgment against the State of Arizona challenging the legality and constitutionality of SB 1543.

PASSED AND ADOPTED by the Council of the City of Scottsdale, Maricopa County, Arizona this \_\_\_\_ day of \_\_\_\_\_, 2025.

CITY OF SCOTTSDALE, an Arizona  
municipal corporation

ATTEST:

\_\_\_\_\_  
Lisa Borowski, Mayor

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Ben Lane, City Clerk

APPROVED AS TO FORM:



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Luis E. Santaella, Interim City Attorney

**Meeting Date: September 9, 2025**

**Item No. SP02**

## **Declaratory Judgment Lawsuit Authorization**

### **Public Comment(s)**

Submitted public comment(s) for this item may be viewed by clicking [here](#).

To search for a specific comment, complete the “Filter By Document Text” section of the search form by entering a key word or phrase.

Please note that comments are uploaded in batches as PDF files and can vary in page length and file size. Text within PDF files can be searched by pressing the “Ctrl key” and the “F key” on your keyboard and entering a key word or phrase in the search box.

For questions or additional assistance, please contact the City Clerk’s Office at 480-312-2412 or [cityclerk@scottsdaleaz.gov](mailto:cityclerk@scottsdaleaz.gov).