



ARIZONA BANKERS
ASSOCIATION

The Voice of Arizona's Banking Industry for over 100 Years

2019 Legislative Review

First Regular Session of the 54th Arizona Legislature



ARIZONA BANKERS ASSOCIATION

Dear Members,

For more than 100 years, The Arizona Bankers Association has been the preeminent voice of Arizona banks before the Arizona Legislature. At the heart of that effort is unparalleled government relations advocacy.

The Association, in coordination with our strategic partners have worked tirelessly to advocate for pragmatic, thoughtful polices that will foster sustainable economic growth where Arizona financial services firms can thrive and grow. In addition, the Association has also been the first line of defense against needless, over burdensome regulations that will create a hostile environment for the state's financial services sector. I am proud to announce that in 2019 the Association was again successful in both arenas.

Attached, please find a comprehensive summary of the 2019 Arizona Legislative Session. In the summary, you'll find a list of the substantive bills that the Association tracked along with a brief description of each piece of legislation. The summaries are divided into key bills, enacted and not enacted legislation, and vetoed bills. Please keep in mind that these are bill summaries designed to alert you to significant provisions and are not comprehensive recitations of each bill. Additionally, nothing in this report should be viewed as a legal opinion. If you have legal questions on any bill, you should contact your bank's legal counsel. Unless otherwise specified, the general effective date all new statues will be August 27, 2019.

I am pleased to present this legislative review to you as I believe it represents the best of what The Arizona Bankers Association has to offer – exceptional government relations advocacy that protects your bottom line and the vitality of our industry. I would like to extend a special thank you to the members of our Government Relations Committee, the AzBA PAC Board and our friends at Veridus. They devote a significant amount of time to serve the industry in this very import endeavor. Without their help and commitment none of this would be possible.

Thank you for your continued support and please contact me with any questions.

Sincerely,

Paul Hickman
President & CEO

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SESSION IN REVIEW

54th Arizona Legislature, 1st Regular Session

Lawmakers formally adjourned sine die at 12:58 AM on Tuesday, May 28, 2019. At 135 days, the 2019 regular session marks the longest of Gov. Doug Ducey's tenure. In total, 1,318 bills and 100 memorials and resolutions were introduced this session. 331 bills received final passage. This session the Governor signed 320 bills into law and vetoed 11. The general effective date for all non-emergency measures is Aug. 27, 2019; bills containing an emergency clause take effect immediately upon signature.

There's nothing more critical to Arizona's future than water. So, perhaps it's appropriate the first major action taken by lawmakers and Governor Ducey this year was their bipartisan approval of the Drought Contingency Plan. Policymakers and water managers hope the plan will help stave off more severe future water shortages within the Colorado River Basin.

Following approval of the DCP, not much else went quite as smoothly at the State Capitol. No surprise there. Following the 2018 election, the GOP clung to control of the House (31R-29D) and Senate (17R-13D) by the narrowest of margins. The result had Democrats feeling empowered and GOP legislative leaders struggling to navigate a new, more challenging political environment.

The post-DCP harmony didn't last long, as the Governor bucked his party with his veto of a GOP-backed tax conformity bill. Legislative Republicans unanimously favored the legislation, which would have conformed Arizona's income tax code to federal law while cutting rates to offset the loss of deductions resulting from President Trump's tax plan. Gov. Ducey preferred that any extra revenue be used to bolster Arizona's Rainy Day Fund – a backstop reserve in case of future economic downturns.

Ultimately, the fight over conformity was resolved via the budget. So was the *Wayfair* dispute, which refers to the 2018 U.S. Supreme Court decision authorizing the collection of sales tax on retail purchases made via out-of-state sellers and marketplace facilitators (think: eBay). Yes, you'll pay a bit more to buy online. Yes, brick-and-mortar Arizona retailers are relieved to finally compete on a fair playing field.

Conforming to federal tax law and approving the *Wayfair* legislation generates extra dollars for State coffers, which legislators offset with \$325 million in income tax reductions. The cuts were a key sticking point between the parties as the budget became an all-GOP affair and was passed on party lines.

In total, legislators backed an \$11.8 billion spending plan for FY 2020 – a budget that adds more than half a billion dollars in added funds for K-12 education, including another 5% bump in teacher pay. The budget also boosts pay for State troopers, correctional officers, caseworkers and more; adds more than \$200 million for road and other infrastructure projects; and sets aside approximately \$500 million of this year's surplus. The Rainy Day reserve will now stand at \$1 billion.

One of the Governor's top legislative priorities was achieved when Arizona became the first state in the nation to provide universal recognition of out-of-state occupational licenses. Under the new law, Arizona will automatically grant a professional license to anyone who becomes a resident and had possessed a similar license free of disciplinary action for at least a year in their prior state. The move earned national kudos for simplifying what had been among the nation's most complex licensing schemes.

As for the banking industry, the Association was busy checking and double-checking a long list of issues and spearheading the passage of a uniform commercial real estate receivership bill. Issues ranged from ensuring that the definitions in the Wayfair fix were right to making sure Glass-Steagall or state bank discussions never got off the ground. Other substantive issues included strong opposition to and defeat of a Concurrent Resolution supporting Congressman Biggs-sponsored legislation that would have taxed international money transmission to pay for the border wall. The Association worked with Senator Mesnard to align his legislation on the financial exploitation of vulnerable adults with best practices and lessons learned from the passage of similar legislation in other states. A bill to adopt the Uniform Commercial Real Estate Receivership Act was the only proactive legislation pursued by the Association this year. Having confirmed a bill sponsor and drafted a bill aligned with Arizona statutes, the Association worked with a number of key legal minds in Arizona to further refine the bill. The Uniform Commercial Real Estate Receivership Act passed the Legislature and was forwarded to the Governor for signature.

What was the 2019 session about anyway? It wasn't like 2018, when #RedForEd dominated. Illegal immigration didn't loom large. In truth, there was no single, overriding issue. The drought plan got done, sure. So did a ban on texting-and-driving. Tax conformity, too – but no single issue dominated the capitol.

New regulations against youth vaping were debated but didn't come to pass, and vaccinations was another hot topic that resulted in no change of State statutes. Charter school reform also came up short, though Sen. Kate Brophy McGee vowed to try again in 2020.

We may well remember 2019 as a session between - between the 2018 and 2020 elections, when party control of the State House and Senate are in doubt. And between this time of relative economic prosperity and the next recession, long overdue.

Maybe we'll be glad for that Rainy Day Fund, after all.

KEY LEGISLATION

Please Note: Only legislation that includes a Chapter number was passed.

I. PROACTIVE & PRIORITY LEGISLATION

HB2177: Regulatory Sandbox Program; Amendments – Chapter 45

Since the concept of a regulatory sandbox was first introduced by Attorney General Brnovich's office, the Association has worked with stakeholders to realize the benefits that this approach may provide to innovative companies in the banking and finance industry. The Association has also been careful to ensure that the implementation of the sandbox is consistent with the original vision of incubating early stage companies. Prior amendment discussions have included limits on the number of customers and the size of transaction amounts. HB2177 made technical and implementation amendments and was supported by the Association.

Summary: Various changes to the Regulatory Sandbox Program. Transactions involving an innovation provided by a sandbox participant testing financial products or services as a money transmitter are exempt from the Program requirement to be an Arizona resident, but physical presence of the consumer in Arizona at the time of the transaction may be required. Specifies that the Attorney General alone enforces state regulatory laws applicable to sandbox participants. Sandbox participants are permitted to request an increase in the consumer cap from the Attorney General. The Attorney General may deny requests for discretionary allowances and a denial is not an appealable agency action. Also eliminates some reporting requirements for sandbox participants and modifies definitions. AS SIGNED BY GOVERNOR.

Sponsor: Rep. Weninger

Status: Signed by the Governor April 2nd, 2019. Chapter 45, Laws 2019.

HB2259: Websites; Personal Information; Access

The Association strongly opposed this legislation and was joined in doing so by other vocal members of the business community. Our interactions with the bill sponsor were successful in conveying the unintended consequences of this approach. Following the passage of problematic data privacy laws in 2018, the Association has watched very closely for the introduction of similar measure in Arizona and have worked with the American Bankers Association to stay abreast of data privacy legislation introduced across the country.

Summary: Any commercial or business website that collects personal information from any person and that has more than 500 users or personal accounts is required to establish a personal information portal, which must be a secure online website that allows a person to access the person's collected personal information and to correct any error in the person's personal information.

Sponsor: Rep. Thorpe
Status: Referred to House Rules May 1st, 2019.

HB2365: Tax Credits; Affordable Housing

The Association has long supported the passage of Low Income Housing Tax Credit legislation in Arizona (LIHTC). A well-run LIHTC program can enhance economic development and address the housing affordability issues that we are currently facing. With a sizeable state budget price tag the bill had headwinds from the very beginning. Unfortunately, disagreements amongst the key developers and financing companies that work with LIHTC tax credits created additional hurdles to the legislation moving forward. It is the Association's hope that identifying a consensus approach among all the stakeholders will improve the possibility of passage if reintroduced in 2020.

Summary: Establishes a credit against individual and corporate income taxes and insurance premium taxes for projects that qualify for the federal low-income housing tax credit and that are placed in service from and after June 30, 2020. The credit is equal to the amount of the federal low-income housing credit for the qualified project. To claim the credit, a taxpayer is required to apply to the Arizona Department of Housing and receive an eligibility statement. If the amount of the credit exceeds taxes due, the taxpayer may carry the unused amount forward for up to five consecutive taxable years. The maximum aggregate credit amount is \$12 million in any calendar year. Effective January 1, 2020.

An attempted S/E amendment to HB2736: Tobacco Products; Distributor Licenses was proposed.

Sponsor: Rep. Toma
Status: From House Ways & Means February 13th, 2019.

HB2407: Approp; State-Owned Bank Task Force

A state bank bill has been introduced every year in recent memory. Early versions would have authorized a state bank and more recent versions have sought to assemble a study committee to study the issue. There is no need for a study committee to determine that a state bank would be expensive and risky, and that there is no meaningful need for a state bank. Thankfully, the number of bill sponsors continues to decline each year. HB2407 did not receive a hearing.

Summary: Establishes a 10-member State-Owned Bank Task Force within the Arizona Commerce Authority to evaluate the feasibility of establishing a state-owned bank and submit a report to the Governor and the Legislature by December 1, 2019. The Task Force self-repeals October 1, 2020. Appropriates \$30,000 from the general fund in FY2019-20 to the Authority to assist the Task Force.

Sponsor: Rep. Powers Hannley
Status: Referred to House Commerce & House Appropriations February 4th, 2019.

HB2478: Biological Characteristics; Biometric Identifiers

Increasingly, banks and financial institutions are turning to biometric data to better secure customer data. For that reason, the Association closely monitored this legislation while it was still moving through the process. Unlike other data privacy bills introduced this session, this bill did include a comprehensive GLB exemption.

Summary: A person is prohibited from "enrolling" (defined) an individual's "biometric identifier" (defined) in a database for a commercial purpose without providing notice and obtaining consent from the individual to do so. Unless a person obtains an individual's consent, the person is prohibited from selling, leasing or otherwise disclosing the individual's biometric identifier to another person for a commercial purpose unless the disclosure meets one of a list of specified requirements. Establishes requirements for a person that knowingly possesses an individual's biometric identifier that has been enrolled for a commercial purpose. Violations are an unlawful practice, subject to enforcement by the Attorney General. Some exceptions.

Sponsor: Rep. Bowers

Status: Stricken From House Consent Calendar February 19th, 2019.

HB2494: Health Insurers; Notice; Providers – Chapter 138

The bulk of this legislation is of little consequence to banks, however, the inclusion of limitations on payment options was of serious concern. Similar legislation has been introduced and passed in other states and has typically been championed by the State's Dental Association. This legislation was introduced by dentist and state Representative Regina Cobb. The Association was able to work successfully with Representative Cobb and the health insurance industry to include acceptable amendments to this legislation. The primary goal of the sponsor was to ensure that providers were not required to accept payment in a form that included additional costs or transaction fees. Amendments to the bill are consistent with this goal while allowing a broad range of payment options without unduly limiting new payment products that may be developed.

Summary: If a health insurer acquires the health care provider network of another health insurer, the insurer that is contracted with a health care provider in the network that has been acquired is required to notify each provider of the acquired network. A health care provider that is in a provider network that is acquired is permitted to continue the provider relationship, terminate the provider relationship in a time and manner consistent with the contract, or enter into a contract directly with the health insurer that acquired the network. Some exceptions. A contract between a health insurer and a health care provider that is issued, amended or renewed on or after January 1, 2020 to provide health care services to the health insurer's enrollees is prohibited from restricting the method of payment from the insurer to the provider in which the only acceptable payment method is a credit card payment. If a health insurer initiates or changes payments to a health care provider using electronic funds transfer payments, the insurer is required to notify the provider if a fee is associated with a payment method, advise the provider of available payment methods, and provide clear instructions to select an alternative payment method. A health insurer that initiates or changes payment to a health care provider using the federal Health Insurance Portability and Accountability

Act of 1996 standard automated clearinghouse network is prohibited from charging a fee solely to transmit the payment to a health care provider unless the provider has consented to the fee. A health care provider agent is permitted to charge reasonable fees when transmitting an electronic funds transfer or automatic clearing house related to transaction management, data management, portal services and other value-added services above and beyond the bank transmittal. AS SIGNED BY GOVERNOR.

Sponsor: Rep. Cobb

Status: Signed by the Governor April 26th, 2019. Chapter 138, Laws 2019.

HB2524: Data Collection; Websites; Applications; Disclosure

This bill presented a number of concerns from the implementation perspective and the overall data privacy policy discussion. The Association strongly opposed this bill as it would require a new state-level requirement on mobile banking applications, it did not include a GLB exemption, and it did not take in to account the ongoing federal policy discussion around appropriate data privacy policy. These are serious concerns as most banks operating in Arizona are doing business on a national or regional level and state-level requirements introduced new costs, unnecessary confusion, and inconsistent policies.

Summary: Any website or software application that collects data by using a microphone or camera is required to disclose to the user at the time of the request to use a device's microphone or camera the type of data that is being collected and the reason the data is being collected, including if the website or software application uses the collected data for commercial purposes.

Sponsor: Rep. Townsend

Status: Withdrawn from House Regulatory Affairs February 14th, 2019.

HB2569: Occupational Licensing; Reciprocity – Chapter 55

This measure was a key policy priority of Governor Doug Ducey. Governor Ducey continued his efforts to streamline occupational licensing in Arizona by announcing this concept in his State of the State speech in January. The goal of the legislation is to provide licensing reciprocity to individuals who move in to Arizona with licenses in good standing. With the passage of this legislation, Arizona is the first state to pass such a sweeping licensing reciprocity statute.

Summary: A regulating entity is required to issue an occupational or professional license or certificate to a person who establishes residence in Arizona if the person is currently licensed or certified in good standing in at least one other state in the discipline applied for and at the same practice level as determined by the regulating entity and if the person meets a list of other specified requirements. Some exceptions. A license or certificate issued under this circumstance is valid only in Arizona and does not make the person eligible to be part of an interstate compact. A regulating entity is authorized to determine eligibility for an applicant to be licensed or certified under these circumstances if the applicant is not part of an interstate compact. AS SIGNED BY GOVERNOR.

Sponsor: Rep. Petersen

Status: Signed by the Governor April 10th, 2019. Chapter 55, Laws 2019.

HB2637: Condominium, Homeowners' Associations; Lien Priority

A key priority of the Association has and will be the protection of lien priority. Unfortunately, nearly every year there is an effort to weaken the lien position of a lender holding the priority lien on residential or commercial financing. This year's effort arose out of constituent issue in a small condominium association and a lengthy transfer of the property. Extenuating circumstances included probate issues and a reverse mortgage on the property. The Association was able to sit down with the bill's sponsor, Representative Payne. Following that meeting Mr. Payne agreed to not pursue the legislation this year and the Association offered to continue working with him to determine if the specifics of the situation that prompted this legislation could be otherwise addressed more appropriately.

Summary: A recorded first mortgage, a seller's interest in a first contract for sale recorded prior to the lien and a recorded first deed of trust on a unit in a condominium association or planned community association (HOA) no longer have priority over a lien for HOA assessments, charges for late payment of assessments, reasonable collection fees and reasonable attorney fees and costs incurred with respect to those assessments.

Sponsor: Rep. Payne

Status: Referred to House Commerce February 12th, 2019.

HB2673: Property; Products; Services; Sandbox – Chapter 9

Representative Weninger, who has become known for his passion for advancing new technology and innovations in Arizona, built upon the regulatory sandbox passed last year to expand to property technology companies. "PropTech" examples include such things as automated doorbells and climate controls to real estate purchase companies and other innovative property related companies.

Summary: Establishes a new chapter in Title 18 (Information Technology) requiring the Arizona Commerce Authority to establish a Property Technology Sandbox Program in consultation with applicable state agencies to enable a person to obtain limited access to the market in Arizona to test "innovative property products or services" (defined) without obtaining authorization that otherwise might be required. Establishes application requirements and an application process for participation in the Program. If the Authority approves an application for entry into the property technology sandbox, the applicant is deemed a sandbox participant and has 24 months after the date of approval to test the innovation described in the sandbox participant's application. Before providing an innovative property product or service to consumers, a sandbox participant is required to disclose to consumers a list of information. Establishes exit requirements and record keeping and reporting requirements. Does not apply to regulated real estate professions. The Program terminates on July 1, 2029. AS SIGNED BY GOVERNOR.

Sponsor: Rep. Weninger

Status: Signed by the Governor March 20th, 2019. Chapter 9, Laws 2019.

HB2675: Unambiguous Contract Provisions Validity

The Bankers Association took an interest in this legislation as it arose out of a legal dispute related to commercial real estate lending. After much discussion among many interested parties, including the Arizona Chamber of Commerce, the bill did not advance.

Summary: An unambiguous provision in a contract is valid and enforceable if the contract was freely negotiated between parties who are each represented by an attorney during the formation or negotiation of the contract unless another statute applies and otherwise renders the provision invalid or unenforceable.

Sponsor: Rep. Roberts

Status: Referred to House Judiciary February 12th, 2019.

HB2702: TPT; Marketplace Facilitators Nexus

The recent *Wayfair* decision left Arizona looking for legislation to allow the collection of sales tax from remote sellers. The bankers took no position on the broader policy discussion but did want to ensure that new definitions did not have unintended consequences. Specifically, it was important that the definition of “marketplace facilitator” did not unintentionally capture payment companies. The Association successfully amended the bill. Ultimately, Wayfair legislation would be passed as part of comprehensive tax package in the budget.

Summary: Establishes the marketplace facilitator classification of transaction privilege taxes (TPT), which is comprised of the business of facilitating retail sales as a "marketplace facilitator" (defined). The tax base for the marketplace facilitator classification is the gross proceeds of sales or gross income from all sales the marketplace facilitator facilitates on behalf of "marketplace sellers" (defined) sourced to Arizona if the marketplace seller is not an affiliate of the marketplace facilitator. All sales that a marketplace facilitator facilitates on behalf of a marketplace seller must be sourced to the purchaser's location in Arizona. A marketplace facilitator is required to pay TPT on all sales facilitated by the marketplace facilitator and sourced to Arizona regardless of whether the marketplace seller for whom sales are facilitated is required to be registered with the Department of Revenue or would have been required to pay TPT had the sale not been facilitated by the marketplace facilitator. Any person that conducts business in an activity classified under TPT classifications with purchasers in Arizona is engaging or continuing in business in Arizona, is subject to and is required to pay TPT if the person meets any of the following criteria in the previous or current calendar year: the gross proceeds of sales or gross income derived from the person's transactions with purchasers in Arizona is more than \$100,000, the person engages in at least 200 separate transactions with purchasers in Arizona, the gross proceeds of sales or gross income derived from a marketplace facilitator's transactions with purchasers in Arizona on its own behalf or on behalf of at least one marketplace seller is

more than \$100,000, or the marketplace facilitator engages in at least 200 separate transactions with purchasers in Arizona on its own behalf or on behalf of at least one marketplace seller. For the purposes of determining whether a person meets any of these criteria, all members of a person's affiliated group must be aggregated. Establishes provisions governing a marketplace facilitator's liability for transaction privilege taxes and allows for liability relief in specified percentages, which are phased out between 2019 and 2026. The list of exemptions from the retail classification of TPT is expanded to include sales of tangible personal property by a marketplace seller, if the sale is facilitated by a marketplace facilitator and the marketplace seller has received documentation from the marketplace facilitator that the marketplace facilitator has paid the applicable tax and will remit the tax to the Department of Revenue.

Sponsor: Rep. Toma

Status: From House Ways & Means February 20th, 2019.

SB1030: Remote Online Notarization; Registration – Chapter 56

After several years of introducing a bill on electronic notarization the timing was now right for passage. In previous versions the Association had raised concerns about security and implementation. However, e-notarization has evolved and many of these issues have now been addressed. The delayed effective date of the legislation will allow the Secretary of State to adopt rules and make the necessary changes for implementation.

Summary: By July 1, 2020, the Secretary of State (SOS) is required to adopt rules to facilitate "remote online notarizations" (defined), which must include sufficient forms of notarial certificates and standards for communication technology, credential analysis, identity proofing and retention of an audio and visual recording. Establishes requirements for electronic records of remote online notarizations, the use of electronic signatures and electronic seals, and remote online notarization procedures. Establishes information a notary public is required to record in an electronic journal for a remote online notarial act. Effective July 1, 2020. AS SIGNED BY GOVERNOR.

Sponsor: Sen. Leach

Status: Signed by the Governor April 10th, 2019. Chapter 56, Laws 2019.

SB1058: State Procurement; Identical Bids

Senate Bill 1058 is a version of bills that are regularly introduced to provide procurement preference to "Arizona" businesses. The Association has shared concerns with these bills because they utilize very narrow definitions of Arizona companies. Many banks, big and small, have made major capital investments and have hired 1,000's of employees. Many have established regional headquarters in the state. It is the Association's position that the definition of "Arizona bidder" should be broad enough to include banks with significant operations in the Great State of Arizona.

Summary: For state contracts awarded through competitive sealed bidding, if there are two or more low, responsive offers from responsible bidders, an "Arizona bidder" (defined) must be given preference over a nonresident bidder by increasing the nonresident's bid by five percent.

Sponsor: Sen. Quezada

Status: From Senate Commerce February 21st, 2019.

SB1184: Schools; Economics; Personal Financial Management – Chapter 84

The Association was proud to support this legislation championed by new State Treasurer Kimberly Yee. The goal is to raise the bar for financial literacy among high school age students.

Summary: When establishing high school graduation requirements, the State Board of Education must require at least one-half of a course credit in economics, which must include financial literacy and personal financial management. AS SIGNED BY GOVERNOR.

Sponsor: Sen. Allen

Status: Signed by the Governor April 11th, 2019. Chapter 82, Laws 2019.

SB1216: Uniform Receivership Act; Commercial Property – Chapter 278

Senate Bill 1216 was the Association's top proactive priority this session. Seeing the benefit of providing consistency regarding commercial real estate receiverships was viewed as a significant benefit to Arizona banking, particularly in light of the passage of similar uniform receivership laws that have been adopted in our surrounding states. As is the case with uniform laws and the passage of lengthy pieces of legislation, it was necessary to make amendments along the way to address concerns raised by local attorneys practicing in this area. The Association will monitor the implementation of this law and return to the Legislature to make clarifying amendments if necessary.

Summary: Establishes a new chapter in Title 33 (Property) regulating commercial real estate receivership. Applies to a receivership for an interest in real property and any personal property related to or used in operating the real property, and does not apply to a receivership for an interest in real property improved by one to four dwelling units unless a list of specified conditions are met. Grants the court that appoints a receiver exclusive jurisdiction to direct the receiver and determine any controversy related to the receivership or receivership property. Establishes conditions under which the court may appoint a receiver, prohibits the court from appointing persons with interest in the property or specified relationships with a party as a receiver, and requires a receiver to post a bond with the court. Specifies powers and duties of a receiver and of an owner. More. Does not apply to a receivership for which the receiver was appointed before the effective date of this legislation.

Sponsor: Sen. Livingston

Status: Signed by the Governor June 6th, 2019. Chapter 278, Laws 2019.

SB1304: Mechanic's Lien; Notice – Chapter 187

The issue of mechanic's liens is an issue the Association watches closely. Although this bill made only minor changes, we watched it closely as a potential vehicle for broader policy changes in the area of mechanic's liens. The Association continues to participate in informal stakeholder meetings regarding the possibility of broader reforms.

Summary: A subcontractor is required to give additional notice to the owner, original contractor, construction lender, and the person with whom the subcontractor has contracted if labor, professional services, materials, machinery, fixtures or tools furnished or to be furnished exceeds the original notice by 30 percent or more, increased from by 20 percent or more. Applies to construction projects for which labor, professional services, materials, machinery, fixtures or tools are first commenced to be furnished beginning January 1, 2020. AS SIGNED BY GOVERNOR.

Sponsor: Sen. Livingston

Status: Signed by the Governor May 7th, 2019. Chapter 187, Laws 2019.

SB1469: Agency Consolidation; Dept. of Insurance – Chapter 252

The consolidation of state agencies has been discussed a great deal in recent years. The Departments of Financial Institutions and Insurance have long been viewed as an opportunity to generate some cost savings and streamline the operations of these Departments. The Association has watched this conversations closely to ensure that the banking industry fees would remain reasonable and that banks would not experience a decline in the levels of service. The Association remained neutral on this bill as it was comfortable that the industries concerns were sufficiently addressed.

Summary: Effective January 1, 2020, the Department of Insurance is renamed the Department of Insurance and Financial Institutions (DIFI), and DIFI succeeds to the authority, powers, duties and responsibilities of the Department of Financial Institutions (DFI) and the Automobile Theft Authority. All administrative matters, licenses, registrations, permits, equipment, records, furnishings and other property, and all appropriated monies that remain unexpended and unencumbered on January 1, 2020 of DFI and the Authority are transferred to DIFI. Establishes a Financial Institutions Division within DIFI and transfers DFI powers and duties to the Division, with the Superintendent of Financial Institutions as the Superintendent of the Division. Session law provides for the retention of rules adopted by DFI. AS SIGNED BY GOVERNOR.

Sponsor: Sen. Livingston

Status: Signed by the Governor May 23rd, 2019. Chapter 252, Laws 2019.

SB1483: Vulnerable Adults; Financial Exploitation – Chapter 221

The Association engaged quickly with the bill's sponsor and proponents of the legislation to ensure that this legislation was properly aligned with the best practices adopted in other states. The introduced bill appeared to be modeled after legislation that was advanced several years ago. Since that time, there have been improvements made to the model law. Following discussions with the bill sponsor we were able to draft amendments that aligned this bill with those improvements.

Summary: If a "qualified individual" (defined) reasonably believes that financial exploitation of an "eligible adult" (defined) may have occurred, may have been attempted, or is being attempted, the individual is permitted to notify Adult Protective Services and the Corporation Commission. An individual who in good faith and exercising reasonable care discloses information under this allowance is immune from administrative or civil liability that might otherwise arise from the disclosure or for any failure to notify the customer of the disclosure. A broker-dealer or investment adviser is authorized to delay a disbursement or transaction from an account of an eligible adult or an account on which an eligible adult is a beneficiary if the broker-dealer, investment adviser or qualified individual reasonably believes that the requested disbursement may result in financial exploitation of an eligible adult, and the broker-dealer or investment adviser takes a list of specified actions, including notifying parties of the delay and notifying Adult Protective Services and the Corporation Commission. Establishes guidelines for the expiration of a delayed disbursement or transaction. A broker-dealer or investment adviser who in good faith and exercising reasonable care delays a disbursement or transaction is immune from administrative or civil liability that might otherwise arise from the delay. A broker-dealer or investment adviser is required to provide access to or copies of records that are relevant to the suspected or attempted financial exploitation of an eligible adult to Adult Protective Services and law enforcement. AS SIGNED BY GOVERNOR.

Sponsor: Sen. Mesnard

Status: Signed by the Governor May 13th, 2019. Chapter 221, Laws 2019.

SCM1001: Border Wall Funding

The Association strongly opposed this measure encouraging the passage of federal legislation that has been consistently opposed by the Arizona Bankers Association. The Fund and Complete the Border Wall Act sponsored by AZ Congressman (and former State Senate President) Andy Biggs seeks to pay for the border wall with a tax on money transfers. This is a direct tax on banks and their customers and it is a misguided funding source for border security.

Summary: The Legislature urges the U.S. Congress to enact the Fund and Complete the Border Wall Act or similar legislation. The Secretary of State is directed to transmit copies of this memorial to the President of the U.S. Senate, the Speaker of the U.S. House and each member of Congress from Arizona.

Sponsor: Sen. D. Farnsworth

Status: Stricken from Senate Consent Calendar February 5th, 2019.

SM1001: Glass-Steagall Act; Urging Congress

The Association strongly opposes the reinstatement of Glass-Steagall. There continues to be a vocal group of activists that conflate the repeal of Glass-Steagall investment firm provisions with the economic collapse of the Great Recession. This is of course untrue. This memorial bill did not receive a hearing and has a declining number of co-sponsors.

Summary: The Legislature urges the U.S. Congress to immediately reinstate the separation of commercial and investment banking functions in effect under the Glass-Steagall Act. The Secretary of State is directed to transmit copies of this memorial to the President of the U.S. Senate, the Speaker of the U.S. House, and each member of Congress from Arizona.

Sponsor: Sen. Mendez

Status: Referred to Senate Finance February 5th, 2019.

II. Appraisals

SB1333: Real Estate Appraisal – Chapter 22

Summary: Various changes to statutes related to real estate appraisal. The Superintendent of Financial Institutions is required to adopt standards for appraisal practice that at a minimum are equivalent to the "standards of professional appraisal practice" (defined as the uniform standards of professional appraisal practice promulgated by the Appraisal Standards Board of the Appraisal Foundation). The Superintendent is required to investigate and assess potential law or order violations and discipline, suspend, terminate or deny registration renewals of appraisal management companies that violate laws or orders. The superintendent is required to report violations of appraisal-related laws or orders and disciplinary and enforcement actions to the Appraisal Subcommittee. Appraisal management companies are no longer authorized to remove an appraiser from its appraiser panel within the first 60 days after the appraiser is first added to the panel without notifying the appraiser in writing of the reasons for removal. AS SIGNED BY GOVERNOR.

Sponsor: Sen. Mesnard

Status: Signed by the Governor March 22nd, 2019. Chapter 22, Laws 2019.

III. Credit Freeze

HB2345: Credit Security Freezes; Timing

Summary: Consumer reporting agencies are required to place a security freeze on a consumer's credit report no later than 48 hours, decreased from 10 business days, after receiving a written request from the consumer.

Sponsor: Rep. Salman
Status: Referred to House Regulatory Affairs January 29th, 2019.

IV. Data Privacy

HB2131: State Agencies; Citizen Portal; Access

Summary: Each "state agency" (defined) that collects personal information from any person is required to establish a citizen portal, which must be a secure online website that allows a person to access the person's personal information that the state agency collects and to correct any error in the person's personal information.

Sponsor: Rep. Thorpe
Status: From Senate Rules April 9th, 2019.

HB2259: Websites; Personal Information; Access

Summary: Any commercial or business website that collects personal information from any person and that has more than 500 users or personal accounts is required to establish a personal information portal, which must be a secure online website that allows a person to access the person's collected personal information and to correct any error in the person's personal information.

Sponsor: Rep. Thorpe
Status: Referred to House Rules May 1st, 2019.

HB2418: Protected Data; Motor Vehicle Dealers – Chapter 52

Summary: Establishes a new article in Title 28 (Transportation) regulating protected data for motor vehicle dealers. A manufacturer or "third party" (defined) is prohibited from requiring a motor vehicle dealer to grant the manufacturer or third party direct or indirect access to the dealer's "dealer data system" (defined). A motor vehicle dealer is permitted to submit or push data or information to a manufacturer or third party through any widely acceptable electronic file format or protocol that complies with the "star standards" (defined) or other generally accepted standards that are at least as comprehensive. A third party is prohibited from accessing, sharing, selling, copying, using or transmitting "protected dealer data" (defined) without prior express written consent, from engaging in any act of cyber ransom, and from taking any action by contract, technical means or otherwise to prohibit or limit a dealer's ability to protect, store, copy, share or use protected dealer data. Also establishes requirements for "dealer data vendors" (defined). AS SIGNED BY GOVERNOR.

Sponsor: Rep. Campbell
Status: Signed by the Governor April 9th, 2019. Chapter 52, Laws 2019.

HB2524: Data Collection; Websites; Applications; Disclosure

Summary: Any website or software application that collects data by using a microphone or camera is required to disclose to the user at the time of the request to use a device's microphone or camera the type of data that is being collected and the reason the data is being collected, including if the website or software application uses the collected data for commercial purposes.

Sponsor: Rep. Townsend

Status: Withdrawn from House Regulatory Affairs February 14th, 2019.

V. Housing

HB2339: Approp; Affordable Housing

Summary: Appropriates \$25 million from the general fund in FY2019-20 to the Housing Trust Fund.

Sponsor: Rep. Salman

Status: Referred to House Rules May 2nd, 2019.

SB1204: Affordable Housing; Tax Assessment

Summary: The initial appraised value of "community land trust property" (defined) in the year the property first qualifies for classification as "affordable housing" (defined) is the initial investment basis for property tax purposes. In subsequent valuations by the county assessor, the value of the community land trust property cannot exceed the sum of the market value of the property and the initial investment basis.

Sponsor: Sen. Mendez

Status: Referred to Senate Finance January 28th, 2019.

HB2365: Tax Credits; Affordable Housing

Summary: Establishes a credit against individual and corporate income taxes and insurance premium taxes for projects that qualify for the federal low-income housing tax credit and that are placed in service from and after June 30, 2020. The credit is equal to the amount of the federal low-income housing credit for the qualified project. To claim the credit, a taxpayer is required to apply to the Arizona Department of Housing and receive an eligibility statement. If the amount of the credit exceeds taxes due, the taxpayer may carry the unused amount forward for up to five consecutive taxable years. The maximum aggregate credit amount is \$12 million in any calendar year. Effective January 1, 2020.

Sponsor: Rep. Toma

Status: From House Ways & Means February 13th, 2019.

SB1300: Low-Income Housing; Tax Exemption – Chapter 308

Summary: The requirements for property used exclusively for affordable rental housing to qualify for exemption from taxation are modified. The list of entities that may own and operate the property is expanded to include a single purpose entity that is wholly owned by one or more "eligible nonprofit corporations" (defined). The amount of rent of the occupants cannot exceed the amount prescribed by deed restrictions or by regulatory agreements pursuant to the financing or financial assistance terms. The property cannot exceed 200 units, instead of 200 residents. AS PASSED SENATE.

Sponsor: Sen. Brophy McGee

Status: Signed by the Governor June 7th, 2019. Chapter 308, Laws 2019.

SB1449: Affordable Housing Private Investment Fund

Summary: Establishes the Affordable Housing Private Investment Matching Fund, to be administered by the Department of Housing and used to provide matching contributions for private investments in affordable housing projects that further the objectives and programs of the Dept. Appropriates \$5 million from the general fund in FY2019-20 to the Fund.

Sponsor: Sen Bradley

Status: Referred to Senate Appropriations February 5th, 2019.

SB1471: Homeless Youth; Families; Funding Sources

Summary: Requires \$5 million of tax revenue collected from nonresident sales of real property located in Arizona to be distributed to the general fund, after which \$2 million is distributed to the Seriously Mentally Ill Housing Trust Fund, after which any remaining monies are distributed to the Housing Trust Fund. Monies in the Seriously Mentally Ill Housing Trust Fund from tax collections from nonresident sales of real property located in Arizona may be spent for seriously mentally ill persons in community living homes and behavioral health residential facilities that meet other specified requirements. The Arizona Health Care Cost Containment System Administration is required to issue a request for proposals for a third-party entity to conduct a program study that measures the outcomes of seriously mentally ill residents in each of these settings. Up to \$10 million of the monies deposited in the Housing Trust Fund from tax collections from nonresident sales of real property located in Arizona must be used exclusively for capital projects, rental assistance and services for homeless youth and families, and must supplement and not supplant homeless youth and family funding from other potential sources. The Department of Housing is authorized to use monies deposited from tax collections from nonresident sales of real property located in Arizona in excess of \$10 million for other projects and programs. A person licensed to conduct escrow business is required to file an information return of sales of real property located in Arizona that are reported under specified federal reporting requirements. The filing deadline is March 31 for sales of real property that closed by December 31 of the preceding calendar year. By January 1, 2020, the Department of Health Services is required to adopt rules to allow a behavioral health residential facility to be a

secure facility if the behavioral health residential facility is the least restrictive environment that meets the resident's treatment needs and the resident is an incapacitated person who meets other specified requirements. Effective for tax years beginning January 1, 2020. AS PASSED SENATE.

Sponsor: Sen. Allen

Status: Withdrawn from House Appropriations March 28th, 2019.

SB1496: Housing; Eviction Prevention; Fund

Summary: Establishes the Eviction Prevention Fund, to be administered by the Department of Housing. The Dept. is required to distribute monies in the Fund to eviction-vulnerable tenants to provide emergency financial assistance and to community-based public or nonprofit organizations to enable the organizations to provide assistance to eviction-vulnerable tenants. Appropriates \$1 million from the general fund in FY2019-20 to the Fund.

Sponsor: Sen. Alston

Status: Referred to Senate Appropriations February 5th, 2019.

SB1497: Housing Trust Fund; Unclaimed Property

Summary: The amount of proceeds from the sale of abandoned property that are deposited in the Housing Trust Fund each fiscal year is changed to 55 percent of the proceeds, instead of \$2.5 million.

Sponsor: Sen. Carter

Status: Referred to Senate Appropriations February 5th, 2019.

VI. Investments

HB2078: Local Government Investment Pool – Chapter 35

Summary: For the purpose of local government investment pools, "political subdivision" is defined as any governmental entity operating under the authority of this state, including a city, town, county, school district or community college district or any other entity organized under state law. AS SIGNED BY GOVERNOR.

Sponsor: Rep. Kavanagh

Status: Signed by the Governor March 26th, 2019. Chapter 35, Laws 2019.

HB2217: Capitol Investment Incentives; Small Business

Summary: For the purpose of tax credits for qualified capital investments made in qualified small businesses in Arizona, the definition of "qualified small business" is expanded to include a multimedia production company.

Sponsor: Rep. Blanc
Status: Referred to House Rules April 22nd, 2019.

SB1349: Family College Savings Program – Chapter 251

Summary: For the purpose of the Family College Savings Program, the definition of "qualified higher education expenses" is expanded to include tuition to enroll in or attend an elementary or secondary public, private or religious school pursuant to the Internal Revenue Code, and to include expenses to purchase a computer, peripheral equipment, computer software or internet access and related services if the computer equipment, software or services are to be used primarily by the beneficiary during the years the beneficiary is enrolled at an eligible educational institution and if these expenses meet the definition of qualified higher education expenses in the Internal Revenue Code. Through December 31, 2025, on direction of an account owner, up to \$15,000 of a Program account may roll over to an Achieving a Better Life Experience Act Account established under specified federal code. AS SIGNED BY GOVERNOR.

Sponsor: Sen. Livingston
Status: Signed by the Governor May 22nd, 2019. Chapter 251, Laws 2019.

VII. Legal

HB2054: Electronic Wills; Requirements – Chapter 46

Summary: Various changes relating to execution of wills. A qualified custodian maintains an electronic will as a bailee, and the electronic will is the property of the testator and not the qualified custodian. Electronic wills are required to be "under the exclusive control" of a qualified custodian instead of "in the custody" of a qualified custodian. For any will executed on or after October 1, 2019, unless the will is made self-proved, a person is prohibited from acting as a witness to the will if that person is a "devisee" (defined) under that will or is related by blood, marriage or adoption to a devisee under that will. Retroactive to July 1, 2019. AS SIGNED BY GOVERNOR.

Sponsor: Rep. Allen
Status: Signed by the Governor April 2nd, 2019. Chapter 46, Laws 2019.

HB2146: Contracts; Licensure Requirements; Waiver; Applicability – Chapter 285

Summary: In a contract between two or more private parties, the parties are authorized to agree to waive any state, county or municipal laws relating to licensure, certification, registration or other authorization to act for the purposes of the contract if a list of specified conditions applies. Some exceptions, including for health professions, any regulated practice of law, licensed engineers or architects, and real estate professionals. AS PASSED HOUSE.

Sponsor: Rep. Rivero
Status: Signed by the Governor June 7th, 2019. Chapter 285, Laws 2019.

HB2230: Writ of Garnishment; Certified Mail – Chapter 29

Summary: Service of a writ of garnishment may be made by certified mail, return receipt requested. Service of a writ of garnishment on any banking corporation or association, savings bank, savings and loan association, or credit union may also be made by certified mail, return receipt requested, at the garnishee's regular place of business, or to the garnishee's statutory agent or at a location that is designated by the garnishee. If served by certified mail, the effective date of service is the date of receipt by the garnishee or the garnishee's statutory agent. AS SIGNED BY GOVERNOR.

Sponsor: Rep. Allen

Status: Signed by the Governor March 22nd, 2019. Chapter 29, Laws 2019.

SB1145: Corporation Commission; Securities Subpoena

Summary: Before compliance with a subpoena from the Corporation Commission, the recipient of a subpoena is permitted to object to, claim privilege from or move to quash the subpoena with the Commission, or initiate an action in superior court to object to, claim privilege from or move to quash the subpoena. In complying with a subpoena, the recipient of the subpoena may certify under oath that documents responsive to the subpoena are trade secrets. The Commission is prohibited from making public any information identified under oath as a trade secret without first redacting the information from the document or notifying the party at least 14 days before the Commission intends to make the complete document public. The party may apply to the superior court for injunctive relief on the basis that disclosure of the information will cause the party irreparable harm. If the court finds that the trade secret certification or request for injunctive relief is made in bad faith, the court is required to exercise its contempt powers. AS PASSED SENATE.

Sponsor: Sen. Leach

Status: Amended in House COW May 13th, 2019.

SB1218: Beneficiary Deeds; Separate Property; Nonlapse – Chapter 19

Summary: Unless the beneficiary deed provides otherwise, the interest in real property conveyed by a beneficiary deed is the separate property of the named grantee beneficiary and is not community property. Unless the beneficiary deed provides otherwise, if there are no grantee beneficiaries named in the beneficiary deed who survive the owner, the beneficiary deed is void. AS SIGNED BY GOVERNOR.

Sponsor: Sen. Leach

Status: Signed by the Governor March 22nd, 2019. Chapter 19, Laws 2019.

SB1309: Renewal of Judgements; Applicability – Chapter 20

Summary: Statute allowing renewal of a judgment at any time within 10 years after the date of the judgment applies to all judgments entered on or after August 3, 2013 and to all judgments entered on or before August 2, 2013 that were renewed on or before August 2, 2018. An action may not be brought to renew a judgment entered on or before August 2, 2013 that was not renewed on or before August 2, 2018. AS SIGNED BY GOVERNOR.

Sponsor: Sen. E. Farnsworth

Status: Signed by the Governor March 22nd, 2019. Chapter 20, Laws 2019.

SB1531: HOAs; Assessments; Costs – Chapter 200

Summary: Various changes relating to condo associations and planned community associations (HOAs). A lien for unpaid HOA assessments is extinguished unless proceedings to enforce the lien are instituted within six years, increased from three years, after the full amount of the assessments becomes due. For a delinquent account for unpaid assessments or for charges related to unpaid assessments, the HOA is required to provide a specified written notice to the unit owner or member at least 30 days before authorizing an attorney or a collection agency that is not the HOA's managing agent to begin collection activity on behalf of the HOA. Beginning January 1, 2020, an HOA with more than 50 units or lots that contracts with a third party to perform management services is required to provide a statement of account in lieu of a periodic payment book to the unit owner or member with the same frequency that assessments are provided for in the declaration. Information that must be included in the statement is specified. An agent for an HOA is authorized to collect assessments on behalf of the HOA directly from a unit owner and to charge a convenience fee that is approximately the amount charged to the agent by a third-party service provider. AS SIGNED BY GOVERNOR.

Sponsor: Sen. D. Farnsworth

Status: Signed by the Governor May 8th, 2019. Chapter 200, Laws 2019.

VIII. Miscellaneous

HB2175: Insurance; Third-Party Administrators; Exemptions – Chapter 122

Summary: For the purpose of statute regulating insurance administrators, the definition of "administrator" is modified to exclude employees of a licensed life or disability insurance producer working under the supervision of the producer if the producer or the employee does not adjust or settle claims, credit card processing companies that do not adjust or settle claims, a qualified marketplace platform on behalf of "qualified marketplace contractors" (defined) that complies with other specified statutory requirements, an employee of the group policyholder who collects or remits premiums for group life insurance, group annuities or group or blanket disability insurance if the person does not adjust claims or receive any commissions, and an administrator of a trust that is also a group policyholder. Group disability insurance and blanket disability insurance policies and contracts may be issued to a "qualified marketplace platform" (defined) covering qualified marketplace contractors. AS SIGNED BY GOVERNOR.

Sponsor: Rep. Weninger

Status: Signed by the Governor April 23rd, 2019. Chapter 122, Laws 2019.

HB2239: Used Vehicle Sales; Title; Dealers

Summary: Eliminates the requirement that a seller possess the title to a used motor vehicle and that the title be in the seller's name before the seller attempts to sell the vehicle. A licensed motor vehicle dealer is required to make a reasonable and well document effort to complete the application for certificate of title within 30 days and to complete the application within 60 days, instead of being required to complete the application within 30 days. For the purpose of statutes regulating motor vehicle dealers, the definition of "motor vehicle dealer" is modified to remove brokers and add wholesale motor vehicle dealers. Effective January 1, 2020. AS PASSED SENATE.

Sponsor: Rep. Biasiucci

Status: Failed in Senate May 24th, 2019.

HB2284: Credit Unions; Declaration of Purpose – Chapter 30

Summary: Declares that the purpose of statutes regulating credit unions is to provide opportunity for credit unions to remain competitive with each other, with financial institutions existing under Arizona law, and with banking and financial institutions existing under the laws of other states, the U.S. and foreign countries. AS SIGNED BY GOVERNOR.

Sponsor: Rep. Weninger

Status: Signed by the Governor March 22nd, 2019. Chapter 30, Laws 2019.

HB2432: State Treasurer's Office; Funds – Chapter 154

Summary: The State Treasurer's Management Fund is repealed, and monies received by the State Treasurer from management fees of the long-term local government investment pools are deposited in the State Treasurer's Operating Fund. All appropriated monies that remain unexpended and unencumbered in the State Treasurer's Management Fund are transferred to the State Treasurer's Operating Fund on the effective date of this legislation. AS SIGNED BY GOVERNOR.

Sponsor: Rep. Cobb

Status: Signed by the Governor April 30th, 2019. Chapter 154, Laws 2019.

HB2485: Real Property Disclosure; Solar; Disposal – Chapter 131

Summary: Modifies the affidavit of disclosure that a seller of five or fewer parcels of land in an unincorporated area of a county is required to furnish to a buyer by requiring the seller to check whether the property "does have" or "does not have" one or more solar energy devices, to check whether the solar energy devices are "leased" or "owned," and stating that if the property

contains the solar energy devices, it is the buyer's responsibility to verify the proper replacement and disposal method for the devices, as applicable. If the devices are leased, the seller is also required to disclose the name and contact information of the leasing company. AS SIGNED BY GOVERNOR.

Sponsor: Rep. Griffin

Status: Signed by the Governor April 24th, 2019. Chapter 131, Laws 2019.

HB2493: Appraisal Methods; Solar Energy Devices – Chapter 291

Summary: Retroactive to January 1, 2015, for the purpose of standard appraisal methods, solar energy devices and systems designed to produce solar energy primarily for on-site consumption are considered to add no value to the real property when they are characterized as personal property, whether they are leased or owned. If this provision is finally adjudicated invalid, for the purpose of appraisals, the device or system is considered to be personal property with a full cash value of \$500 for a device or system up to 500 kilowatts and \$1 per kilowatt for each additional kilowatt

Sponsor: Rep. Cobb

Status: Signed by the Governor June 7th, 2019. Chapter 291, Laws 2019.

HB2500: Budget Stabilization Fund; Investment; Specie

Summary: The State Treasurer is required to hold at least 10 percent of the monies in the Budget Stabilization Fund in "specie" (defined) and/or refined gold or silver bullion that is graded at least .999 pure. The specie and bullion is required to be held in a level III rated secure depository facility designed for precious metals storage and constructed with a minimum underwriters laboratory rated class two vault door, and is required to be fully insured and physically segregated from other assets held in the secure depository facility. Effective July 1, 2020.

Sponsor: Rep. Finchem

Status: Referred to House Government & House Appropriations February 4th, 2019.

SB1167: Israel Boycott Divestments – Chapter 94

Summary: Various changes to statutes prohibiting a public entity from entering into a contract with a company that does business in Israel. Applies the prohibition only to companies that engage in for-profit activity and that have ten or more full-time employees, and only to contracts with a value of \$100,000 or more. Declares that the prohibition does not apply to a boycott prohibited by federal code or regulations. AS SIGNED BY GOVERNOR.

Sponsor: Sen. Boyer

Status: Signed by the Governor April 16th, 2019. Chapter 94, Laws 2019.

SB1299: State Warrants; Substitute Checks – Chapter 61

Summary: Monies may be withdrawn from the state treasury using a check or "substitute check" (defined) of the Department of Administration, in addition to warrants and electronic funds transfer vouchers. Checks and substitute checks are added to statutes governing the issuance and redemption of warrants. AS SIGNED BY GOVERNOR.

Sponsor: Sen. Brophy McGee

Status: Signed by the Governor April 10th, 2019. Chapter 61, Laws 2019.

SB1312: Bad Checks; Restitution Payments – Chapter 62

Summary: The requirement for restitution payments for bad checks to be made through the prosecutor's office applies only before a conviction. AS SIGNED BY GOVERNOR.

Sponsor: Sen. E. Farnsworth

Status: Signed by the Governor April 10th, 2019. Chapter 62, Laws 2019.

SB1482: State Agencies; Fee Increase; Limit – Chapter 317

Summary: Except with prior review by or annual reporting to the Joint Legislative Budget Committee, state agencies are prohibited from increasing a fee in an amount that exceeds the percentage of change in the average consumer price index as published by the U.S. Department of Labor between the figure for the latest calendar year and the calendar year in which the last fee increase occurred. AS PASSED HOUSE.

Sponsor: Sen. Mesnard

Status: Signed by the Governor June 7th, 2019. Chapter 317, Laws 2019

SB1491: State-Owned Bank Task Force

Summary: Establishes a 10-member State-Owned Bank Task Force within the Arizona Commerce Authority to evaluate the feasibility of establishing a state-owned bank and submit a report to the Governor and the Legislature by December 1, 2019. Self-repeals October 1, 2020.

Sponsor: Sen. Dalessandro

Status: Referred to Senate Finance February 5th, 2019.

SB1534: Annuity Disclosure; Rules – Chapter 223

Summary: Within one year after the effective date of this legislation, the Department of Insurance is required to adopt rules relating to the National Association of Insurance Commissioners' annuity disclosure model regulation that is in effect on the effective date of this legislation, and relating to illustration requirements specific to participating immediate and deferred income annuities. AS SIGNED BY GOVERNOR.

Sponsor: Sen. Brophy McGee

Status: Signed by the Governor May 13th, 2019. Chapter 223, Laws 2019.

IX. Operations & Employment (OPS)

HB2105: Procurement; Veterans; AZ Bidders; Preference

Summary: For procurement contracts awarded by competitive sealed bid, a purchasing agency is required to give preference to a "veteran-owned business" or an "Arizona bidder" (both defined) in a specified order over nonresident bidders if there are two or more low, responsive offers from responsible bidders that are identical in price.

Sponsor: Rep. Espinoza

Status: Referred to House Rules April 29th, 2019.

HB2156: Employment; Training; Termination; Conditions; Discrimination

Summary: Various changes relating to employment. The list of attributes for which a person cannot be discriminated against in employment practices is expanded to include gender, gender identity or expression, sexual orientation and marital status. A religious organization is allowed to take certain employment actions on the basis of gender, gender identity or expression, sexual orientation or marital status if the employee's position is directly related to the religious functions of the organization or directly involved in providing education to students of an educational institution substantially controlled or supported by the religious organization. Employers are required to provide employee training that includes workplace counseling, sexual harassment training and other specified information. Employers are prohibited from terminating any employee unless the employee commits at least four violations of the employer's policies that relate to the employee's job duties, an act of sexual harassment or a felony offense. Employers are prohibited from requiring an employee to perform any duty relating to an alleged violation of a safety or health standard or danger until either the Industrial Commission Division of Occupational Safety or Health determines the violation or danger does not exist or the violation or danger is corrected. Employers are prohibited from requiring an employee to reenact an injury arising out of or in the course of employment. It is a class 2 (mid-level) misdemeanor for a person to retaliate against, harass or intimidate any other person for seeking to join a labor organization. Employer policies do not supersede any valid provision of a collective bargaining agreement.

Sponsor: Rep. Andrade

Status: Referred to House Rules April 29th, 2019.

HB2204: Employers; Employee Salary History; Prohibitions

Summary: Employers are prohibited from screening prospective employees based on previous wage or salary history, seeking the previous wage or salary history of any prospective employee from any current or former employer, checking public records for a prospective employee's previous wage or salary history, and discharging or in any other manner retaliating against any

employee or prospective employee for opposing, making a complaint or testifying relating to any of these prohibited actions. Violations are subject to a civil penalty of \$5,000 for a first offense and an additional \$1,000 for each subsequent offense, up to \$10,000. A person in violation is liable to each employee or prospective employee for special damages of up to \$10,000 plus attorney fees. An action to recover special damages may be maintained against any employer in any court of competent jurisdiction by any one or more employees for and on behalf of the employee(s) and other similarly situated employees.

Sponsor: Rep. Longdon

Status: Referred to House Rules April 30th, 2019.

HB2205: Wage Disclosure: Employee Rights

Summary: Employers are prohibited from taking adverse employment action against an employee because the employee discloses his/her wage information, and from requiring an employee to sign a waiver or other document that prohibits such disclosure. Establishes penalties for violations.

Sponsor: Rep. Longdon

Status: Referred to House Rules April 30th, 2019.

HB2224: Procurement; Arizona Bidders; Preference

Summary: For procurement contracts awarded by competitive sealed bid, a purchasing agency is required to give preference to an "Arizona bidder" (defined) over nonresident bidders if there are two or more low, responsive offers from responsible bidders that are identical in price.

Sponsor: Rep. Blanc

Status: Referred to House Rules May 1st, 2019.

HB2226: Family Leave

Summary: An employee is entitled to a total of 12 workweeks of leave during any 12 month period for the birth of a child of the employee, the placement of a child with the employee for adoption or foster care, to care for a family member with a serious health condition, or because of a serious health condition that makes the employee unable to perform the functions of the employee's position. Employees are authorized to take intermittent leave or leave on a reduced leave schedule under specified conditions. If an employer provides paid leave for fewer than 12 weeks, the additional weeks of leave may be provided without compensation. Establishes requirements for notice for foreseeable leave, spouses employed by the same employer, certification of serious health conditions, restoration of employment after leave, and employment benefits during leave. Specifies a list of prohibited acts and provides penalties for violations.

Sponsor: Rep. Blanc

Status: Referred to House Rules April 22nd, 2019.

HB2227: Employment: Employee Work Scheduling

Summary: Adds a new chapter to Title 23 (Labor) regulating employee scheduling. Employers are required to pay an employee for a minimum of four hours or the number of hours in the employee's scheduled work shift, whichever is less, on any day that the employee either reports for duty but does not work the entire shift due to the actions of the employer or is notified less than 24 hours before a shift that the employee does not need to report to work or that the hours have been reduced. Employees have the right to request not to be scheduled for work shifts during certain times or at certain locations and the right to identify certain preferences. Employers are required to provide a new employee with a written good faith estimate of the employee's work schedule at the time of hire, and are required to provide an employee with a work schedule in writing at least 14 calendar days before the first day of the work schedule.

Sponsor: Rep. Blanc

Status: Referred to House Rules May 1st, 2019.

HB2257: Civil Liability: Gun-Free Zones

Summary: A person, organization or entity or an agency, commission, board or political subdivision of the state that establishes a "gun-free zone" (defined) is liable for any damages claimed by a person who was harmed by criminal conduct in the gun-free zone if a reasonable person would believe that possession of a firearm could have helped the person defend against the criminal conduct. The court is authorized to award treble damages to the person who was harmed if the criminal conduct is found to be a terrorist attack or the person harmed is disabled, a member of a minority group, under 16 years of age or over 65 years of age at the time of the criminal conduct.

Sponsor: Rep. Thorpe

Status: Referred to House Rules May 1st, 2019.

HB2314: Consular Identification Cards; Permitted Use

Summary: The state and its political subdivisions are required, instead of prohibited, to accept a consular identification card issued by a foreign government as a valid form of identification.

Sponsor: Rep. Chavez

Status: Referred to House Rules May 2nd, 2019.

HB2335: Student Loans Servicers; Licensure

Summary: Adds a chapter to Title 6 (Banks & Financial Institutions) requiring a person acting as a "student loan servicer" (defined) to obtain a license from the Superintendent of Financial Institutions. Some exceptions. Establishes license application requirements and fees. Student loan servicer licenses expire on September 30 of each odd-numbered year and may be biannually renewed. Establishes requirements and prohibited practices for licensees as well as penalties for violations. Establishes a student loan ombudsman in the Department of Financial Institutions to

attempt to resolve complaints from student loan borrowers and establish a student loan borrower education course by October 1, 2019. Due to a potential increase in state revenue, this legislation requires the affirmative vote of at least 2/3 of the members of each house of the Legislature for passage, and becomes effective on signature of the Governor.

Sponsor: Rep. Salman

Status: Referred to House Regulatory Affairs & House Appropriations January 30th, 2019.

HB2450: Real Estate Trust Accounts

Summary: If the legal name of a party involved in a real estate transaction includes the word "trust," statutes prohibiting a corporate name from including the word "trust" do not apply.

Sponsor: Rep. Griffin

Status: Referred to House Rules May 6th, 2019.

HB2502: Counties; Municipalities; Contracts; Small Business

Summary: If a county or municipality anticipates a contract for services will total more than \$5,000, the county or municipality is required to first solicit bids from "small businesses" (defined).

Sponsor: Rep. Blackman

Status: From House State & International Affairs February 21st, 2019.

HB2511: Student Loan Ombudsman; Loan Services

Summary: Adds a chapter to Title 6 (Banks & Financial Institutions) requiring a person acting as a "student loan servicer" (defined) to obtain a license from the Superintendent of Financial Institutions. Some exceptions. Establishes license application requirements and fees. Student loan servicer licenses expire on September 30 of each odd-numbered year and may be biannually renewed. Establishes requirements and prohibited practices for licensees as well as penalties for violations. The Superintendent is required to designate a Student Loan Ombudsman within the Department of Financial Institutions to provide timely assistance to any student loan borrower. Duties of the Ombudsman are established, including to establish a student loan borrower education course by October 1, 2022. Appropriates \$500,000 from the general fund in FY2019-20 to the Dept. for implementation. Due to a potential increase in state revenue, this legislation requires the affirmative vote of at least 2/3 of the members of each house of the Legislature for passage, and becomes effective on signature of the Governor.

Sponsor: Rep. A. Hernandez

Status: Referred to House Regulatory Affairs & House Appropriations January 30th, 2019.

HB2530: Call Center Relocation; Notice; Penalty

Sponsor: Employers intending to relocate a "call center" (defined) from Arizona to another state or a foreign country are required to notify the Department of Economic Security at least 120 days before the relocation. Violations are subject to a civil penalty of up to \$10,000 for each day. The Dept. is required to compile a semiannual list of all employers that relocate a call center to another state or a foreign country. These employers are not eligible for direct or indirect state grants or state guaranteed loans for five years, with some exceptions. Effective November 1, 2019.

Sponsor: Rep. Andrade

Status: Referred to House Commerce & House Regulatory Affairs February 4th, 2019.

HB2675: Unambiguous Contract Provisions Validity

Summary: An unambiguous provision in a contract is valid and enforceable if the contract was freely negotiated between parties who are each represented by an attorney during the formation or negotiation of the contract unless another statute applies and otherwise renders the provision invalid or unenforceable.

Sponsor: Rep. Roberts

Status: Referred to House Judiciary February 12th, 2019.

HB2732: Property; Recorded Documents; Notice

Summary: Beginning with documents recorded from and after December 31, 2019, the county recorder must require each person who records a document to present that person's identification that includes a photograph before recording the document and must maintain a record of the identification. The recorder is required to notify by mail the owner of any parcel of real property that is affected by any instrument recorded, and is required to collect a fee of \$5 per instrument for providing notice to the owner of record.

Sponsor: Rep. Campbell

Status: Referred to House Commerce & House Government February 13th, 2019.

SB1058: State Procurement; Identical Bids

Summary: For state contracts awarded through competitive sealed bidding, if there are two or more low, responsive offers from responsible bidders, an "Arizona bidder" (defined) must be given preference over a nonresident bidder by increasing the nonresident's bid by five percent.

Sponsor: Sen. Quezada

Status: From Senate Commerce February 21st, 2019.

SB1130: Employees; School Conferences; Leave

Summary: Employers are required to grant an employee school conference or activity leave of up to a total of 16 hours during any school year, not more than 4 hours of which may be taken during one day, to attend school conferences or activities related to the employee's child if a list of specified conditions applies.

Sponsor: Sen. Mendez

Status: Referred to Senate Commerce & Senate Education January 22nd, 2019.

SB1133: Employment Practices; Consumer Reports; Limitation

Summary: An employer is prohibited from discharging, refusing to hire or promote, or otherwise discriminating against an individual with respect to compensation or a term, condition or privilege of employment because of the individual's "consumer report" or "credit history" (both defined). An employer is prohibited from inquiring about an applicant's or employee's consumer report or credit history. Violations are a class 3 (lowest) misdemeanor.

Sponsor: Sen. Mendez

Status: Referred to Senate Commerce January 22nd, 2019.

SB1208: Call Center Relocation; Notice; Penalty

Summary: Employers intending to relocate a "call center" (defined) from Arizona to another state or a foreign country are required to notify the Department of Economic Security at least 120 days before the relocation. Violations are subject to a civil penalty of up to \$10,000 for each day. The Dept. is required to compile a semiannual list of all employers that relocate a call center to another state or a foreign country. These employers are not eligible for direct or indirect state grants or state guaranteed loans for five years, with some exceptions. Effective November 1, 2019.

Sponsor: Sen. Mendez

Status: Referred to Senate Commerce January 28th, 2019.

SB1210: Temporary Services Employer; Employees; Rights

Summary: Establishes a temporary employee bill of rights. "Temporary services employers" (defined) are required to give various notices and disclosures to each temporary employee. Temporary employees cannot be paid less than the minimum wage and must be reimbursed for use of the employee's own vehicle for transportation to a work site. Temporary services employers and "work site employers" (defined) are prohibited from charging temporary employees for specified items or services. Only 20 percent of a work site employer's employees are permitted to be temporary workers. Establishes civil penalties for violations.

Sponsor: Sen. Mendez

Status: Referred Senate Commerce January 28th, 2019.

SB1324: Repeal; Right to Work

Summary: Statute prohibiting agreements denying employment because of nonmembership in labor organizations is repealed. Conditionally enacted on the state Constitution being amended by the voters at the 2020 general election to repeal the right to work or employment without membership in labor organizations.

Sponsor: Sen. Mendez

Status: Referred to Senate Commerce January 31st, 2019.

SB1326: Family Leave

Summary: An employee is entitled to a total of 12 workweeks of leave during any 12 month period for the birth of a child of the employee, the placement of a child with the employee for adoption or foster care, to care for a family member with a serious health condition, or because of a serious health condition that makes the employee unable to perform the functions of the employee's position. Employees are authorized to take intermittent leave or leave on a reduced leave schedule under specified conditions. If an employer provides paid leave for fewer than 12 weeks, the additional weeks of leave may be provided without compensation. Establishes requirements for notice for foreseeable leave, spouses employed by the same employer, certification of serious health conditions, restoration of employment after leave, and employment benefits during leave. Specifies a list of prohibited acts and provides penalties for violations.

Sponsor: Sen. Mendez

Status: Referred to Senate Commerce January 31st, 2019.

SB1327: Employment; Employee Work Scheduling

Summary: Adds a new chapter to Title 23 (Labor) regulating employee scheduling. Employers are required to pay an employee for a minimum of four hours or the number of hours in the employee's scheduled work shift, whichever is less, on any day that the employee either reports for duty but does not work the entire shift due to the actions of the employer or is notified less than 24 hours before a shift that the employee does not need to report to work or that the hours have been reduced. Employees have the right to request not to be scheduled for work shifts during certain times or at certain locations and the right to identify certain preferences. Employers are required to provide a new employee with a written good faith estimate of the employee's work schedule at the time of hire, and are required to provide an employee with a work schedule in writing at least 14 calendar days before the first day of the work schedule.

Sponsor: Sen. Mendez

Status: Referred to Senate Commerce January 31st, 2019.

SB1425: State Contracts; Preference; AZ Businesses

Summary: The Director of the Department of Administration is required to adopt rules to grant preference in awarding state contracts involving the procurement of materials, services or construction or the disposal of materials to businesses that are headquartered in Arizona.

Sponsor: Sen. Quezada

Status: Referred to Senate Government February 5th, 2019.

SB1345: Employment Omnibus

Summary: Various changes related to employment regulations. Employers are prohibited from relying on salary history information of an applicant for employment as a factor in determining whether to offer employment or what salary to offer an applicant, seeking salary history information about an applicant for employment, and taking retaliatory action against an employee because the employee either inquired about or disclosed the wages of the employee or another employee. On request, an employer is required to provide the pay scale for a position to an applicant for employment. Employers are prohibited from discharging or discriminating against an employee that has lodge a complaint with or participated in any manner with law enforcement in an investigation of prohibited acts or practices. Employers are required to establish equitable compensation relationships between female-dominated, male-dominated and balanced classes of employees. The Industrial Commission is required to issue an equal pay certificate to a business that has at least 40 full-time employees in Arizona or the state where the business's primary place of business is located and that submits to the Commission an application and supporting documentation that states that the business complies with the federal Civil Rights Act and the federal Equal Pay Act and meets other specified requirements related to equal pay. The Commission is authorized to establish an application and application fee by rule for the equal pay certificates. The State is prohibited from executing a contract or agreement in excess of \$500,000 with a business unless the business submits an equal pay certificate.

Sponsor: Sen. Quezada

Status: Referred to Senate Commerce February 5th, 2019.

SB1514: Employment & Labor Omnibus

Summary: Various changes related to employment regulations. Employers are prohibited from taking adverse employment action against an employee because the employee discloses his/her wages, and from requiring an employee to sign a waiver or other document that prohibits such disclosure. Statute prohibiting employers from paying any employee at wage rates less than the rates paid to employees of the opposite sex are modified to require equal wage rates for substantially similar work when viewed as a composite of skill, effort and responsibility and performed under similar working conditions, unless the employer demonstrates that the wage differential is based on specified factors. In addition to the wages the employee is deprived by reason of a violation, an employer in violation is liable to the employee affected for interest on the wages, and an amount equal to the wages as liquidated damages. An employer is prohibited from discharging or discriminating or retaliating against an employee who takes action to invoke or

assist in the enforcement of these regulations. The Industrial Commission is required to issue an equal pay certificate to a business that meets specified qualifications, including that the average compensation for female employees is no consistently below the average compensation for male employees within each job category. Beginning January 1, 2019, a business that has at least 40 full-time employees in Arizona or in the state where the business's primary place of business is located is required to have an equal pay certificate or a waiver in order to be eligible to contract with any purchasing agency in Arizona for a procurement of more than \$500,000. Employees are authorized to request a change in the terms and conditions of employment related to a list of specified factors, and the employer is required to engage in a timely, good-faith interactive process with the employee to discuss potential changes to meet the employee's needs. Establishes requirements for pay and schedule notice for retail, food service or cleaning employees.

Sponsor: Senator Quezada

Status: Referred to Senate Commerce February 6th, 2019.

SCR1012: Right to Work; Repeal

Summary: The 2020 general election ballot is to carry the question of whether to amend the state Constitution to repeal the right to work or employment without membership in labor organizations.

Sponsor: Sen. Mendez

Status: Referred to Senate Commerce January 31st, 2019.

X. Small Dollar Lending

HB2214: Motor Vehicle Title Loans Prohibition

Summary: A person, whether located in Arizona or another state, is prohibited from making, offering or arranging a secondary motor vehicle finance transaction to or with an individual in Arizona. A transaction made in violation is void as to principal and all charges, constitutes an unlawful practice and is subject to enforcement procedures and penalties under consumer fraud statutes.

Sponsor: Rep. Terán

Status: Status: Referred to House Rules April 30th, 2019.

HB2458: Consumer Credit Lending; Military Members

Summary: Establishes a new chapter in Title 6 (Banks & Financial Institutions) regulating the terms of consumer credit extended to military members and dependents. Establishes requirements for interest, maximum annual percentage rates, mandatory loan disclosures, and penalties for violations.

Sponsor: Rep. Butler

Status: Referred to House Commerce & House Military and Veteran Affairs February 4th, 2019.

HB2459: DFI; Examinations; Military Lending Act

Summary: The Superintendent of Financial Institutions is required to examine or cause to be examined enterprises, consumer lenders and premium finance companies to ensure compliance with federal law regulating the terms of consumer credit extended to military members and dependents.

Sponsor: Rep. Butler

Status: Referred to House Commerce & House Military and Veteran Affairs February 4th, 2019.

XI. Tax

HB2098: Delinquent Property Taxes; Payment Plans

Summary: A county treasurer is authorized to enter into a payment plan agreement with a taxpayer for a period of up to 36 months for paying delinquent business personal property taxes of more than \$1,000. The county treasurer is permitted to charge a fee of up to \$150 for the administrative costs of processing a payment plan agreement. AS PASSED HOUSE.

Sponsor: Rep. Cook

Status: From Senate Appropriations March 13th, 2019.

HB2258: Film; Media Office; Incentives; Procurement

Summary: Establishes the Governor's Office of Film and Media to promote film and media production in Arizona. By December 31 of each year, the Office is required to report to the Joint Legislative Budget Committee specified information relating to film and media production in Arizona. The Office terminates on July 1, 2025. The Arizona Commerce Authority is required to establish a program to recruit film and media production businesses to create jobs and make capital investment in Arizona. For the purpose of tax credits for qualified capital investments made in qualified small businesses in Arizona, the definition of "qualified small business" is expanded to include a film or digital media production company.

Sponsor: Rep. Thorpe

Status: Referred to House Technology February 13th, 2019.

HB2296: Corporate Income Tax; Rate Increase

Summary: Increases the corporate income tax rate for tax years beginning January 1, 2020 to 5.5 percent of net income, from 4.9 percent. Due to a potential increase in state revenue, this legislation requires the affirmative vote of at least 2/3 of the members of each house of the Legislature for passage, and becomes effective on signature of the Governor.

Sponsor: Rep. Frieze

Status: Referred to House Ways & Means January 28th, 2019.

HB2297: Corporate Minimum Income Tax

Summary: The minimum income tax levied on the entire Arizona taxable income of every corporation is increased to \$500, from \$50. Applies to tax years beginning with 2020. Due to a potential increase in state revenue, this legislation requires the affirmative vote of at least 2/3 of the members of each house of the Legislature for passage, and becomes effective on signature of the Governor.

Sponsor: Rep. Friese

Status: Referred to House Rules May 2nd, 2019.

HB2360: TPT; Estimated Payments; Liability Threshold – Chapter 290

Summary: The threshold after which a business entity is required to file an estimated transaction privilege tax payment in June is increased to an annual total tax liability of \$1.6 million or more in 2020, \$2.3 million or more in 2021, \$3.1 million or more in 2022, and \$4.1 million or more in 2023 and each year after, from \$1 million or more. AS PASSED SENATE.

Sponsor: Rep. Toma

Status: Signed by the Governor June 7th, 2019. Chapter 290, Laws 2019.

HB2363: Tax Lien Sales; Procedures – Chapter 31

Summary:

Various changes relating to tax lien sales. The county treasurer is required to continue the annual tax lien sale until the tax lien on each parcel has been offered for sale and no more bids are offered by purchasers, instead of until the tax lien on each parcel has been sold. The purchaser of a tax lien is required to pay the purchase price in cash at a time within 15 days after the close of the sale as determined by the county treasurer, instead of at the time of sale. If the sale has been closed, the county treasurer is authorized to prohibit a purchaser who failed to pay the amount due from purchasing tax liens from any county in Arizona for up to one year. AS SIGNED BY GOVERNOR.

Sponsor: Rep. Toma

Status: Signed by the Governor March 22nd, 2019. Chapter 31, Laws 2019.

HB2522: Conformity; Internal Revenue Code; Rates

Summary: For the purpose of computing income tax for tax year 2018, the definition of "Internal Revenue Code" is updated to mean the U.S. Internal Revenue Code in effect on January 1, 2018. For tax year 2018, the Department of Revenue is required to reduce the income tax rates provided in statute by 0.11 percentage points. Retroactive to tax years beginning January 1, 2018. Emergency clause.

Sponsor: Rep. Toma
Status: Amended in House COW January 31st, 2019.

HB2526: Conformity; Internal Revenue Code; Exceptions

Summary: For the purpose of computing income tax for tax year 2018, the definition of "Internal Revenue Code" is updated to mean the U.S. Internal Revenue Code in effect on January 1, 2018. For tax year 2018, in computing Arizona adjusted gross income for a taxpayer that elects to itemize deductions, specified amounts are required to be added to Arizona gross income. In computing taxable income for tax year 2018, at the election of the taxpayer and in lieu of the standard deduction, the taxpayer may take itemized deductions as allowed by statute and may also deduct a list of specified amounts. Other additions and subtractions to taxable income for tax year 2018 are specified. Retroactive to tax years beginning January 1, 2018. Emergency clause.

Sponsor: Rep. Toma
Status: From House Ways & Means February 20th, 2019.

HB2583: Internal Revenue Code; Conformity

Summary: For the purpose of Title 42 (Taxation), the definition of "Internal Revenue Code" is updated to mean the U.S. Internal Revenue Code in effect as of January 1, 2019. For the purpose of Title 43 (Taxation of Income), the definition of "Internal Revenue Code" for tax years beginning January 1, 2019 means the U.S. Internal Revenue Code in effect on January 1, 2019. For the purpose of Title 43 (Taxation of Income), the definition of "Internal Revenue Code" for tax year 2018 includes those provisions of the federal Bipartisan Budget Act of 2018 and the Consolidated Appropriations Act of 2018 that are retroactively effective during tax year 2018.

Sponsor: Rep. Epstein
Status: Referred to House Ways & Means February 5th, 2019.

HB2633: Digital Goods and Services; TPT

Summary: For the purpose of transaction privilege taxes, the definition of "tangible personal property" is expanded to include "computer software" (defined) that is not "custom computer programming" (defined), regardless of the method by which title, possession or right to use the software is transferred to the user, including a perpetual or subscription license to remotely access the software. For the purpose of use taxes and municipal transaction privilege taxes, computer software that is not custom computer programming is deemed to be tangible personal property, regardless of the method by which title, possession or right to use the software is transferred to the user, and is subject to tax. For the purpose of the exemption from the retail classification of transaction privilege taxes, "custom computer programming" (defined) is deemed to be a personal service. For the purpose of sourcing retail sales of tangible personal property, the billing address of a purchaser or lessee of "specified digital goods," "prewritten computer software" (both defined), video,

audio or data service that is "remotely accessed," "transferred electronically" (both defined) or otherwise delivered to the customer through the internet or an equivalent or successor protocol is the taxable situs of the transaction. The list of exemptions from the telecommunications classification of transaction privilege taxes is expanded to include over-the-top services consisting of audio or video programming services received by the end user customer by means of an internet connection that are generally considered comparable to programming provided by a radio or television broadcast station regardless of whether the services are provided independently or packaged with other audio or video programming.

Sponsor: Rep. Engel

Status: Referred to House Ways & Means February 12th, 2019.

HB2703: Filing Deadlines; Taxable Year 2018

Summary: Establishes income tax return filing deadlines for tax year 2018 as follows: June 15, 2019 for returns made on the basis of the calendar year, the 15th day of the 6th month following the close of the fiscal year for returns made on the basis of a fiscal year, and the 15th day of the 5th month following the close of the taxable year for partnership returns. Emergency clause.

Sponsor: Rep. Toma

Status: From House Ways & means February 20th, 2019.

HB2737: Exempt Property; Proceeds; Tax Credits

Summary: The list of property of a debtor exempt from execution, attachment or sale on any process issued from any court is expanded to include up to \$1,000 from the refundable portion of any federal personal income tax credit from the federal earned income tax credit and up to \$1,000 from any additional refundable portion of the federal child tax credit. To calculate the amount of this exemption, income tax withholding, tax payments and deposits and any nonrefundable tax credit must first be applied to the income tax obligation of the debtor.

Sponsor: Rep. Toma

Status: Referred to House Ways & Means February 13th, 2019.

HCR2020: State Income Tax; Repeal

Summary: The 2020 general election ballot is to carry the question of whether to amend the state Constitution to declare that the income of individuals, corporations and other legal entities is not subject to taxation by the state, counties, municipalities or other political subdivisions beginning January 1, 2031.

Sponsor: Rep. Rivero

Status: Referred to House Appropriations February 18th, 2019.

SB1033: Employment Practices; Consumer Reports; Limitation

Summary: An employer is prohibited from discharging, refusing to hire or promote, or otherwise discriminating against an individual with respect to compensation or a term, condition or privilege of employment because of the individual's "consumer report" or "credit history" (both defined). An employer is prohibited from inquiring about an applicant's or employee's consumer report or credit history. Violations are a class 3 (lowest) misdemeanor.

Sponsor: Sen. Mendez

Status: Referred to Senate Commerce January 22nd, 2019.

SB1143: Conformity; Internal Revenue Code; Rates

Summary: For the purpose of computing income tax for tax year 2018, the definition of "Internal Revenue Code" would have been updated to mean the U.S. Internal Revenue Code in effect on January 1, 2018. For tax year 2018, the Department of Revenue would have been required to reduce the income tax rates provided in statute by 0.11 percentage points. Would have applied retroactively to tax years beginning January 1, 2018. AS VETOED BY GOVERNOR. In his veto message, the Governor stated that any bill with a fiscal impact should be considered as part of budget discussions.

Sponsor: Sen. Mesnard

Status: Vetoed by the Governor February 1st, 2019.

SB1166: Conformity; Internal Revenue Code; Exceptions

Summary: For the purpose of computing income tax for tax year 2018, the definition of "Internal Revenue Code" is updated to mean the U.S. Internal Revenue Code in effect on January 1, 2018. For tax year 2018, in computing Arizona adjusted gross income for a taxpayer that elects to itemize deductions, specified amounts are required to be added to Arizona gross income. In computing taxable income for tax year 2018, at the election of the taxpayer and in lieu of the standard deduction, the taxpayer may take itemized deductions as allowed by statute and may also deduct a list of specified amounts. Other additions and subtractions to taxable income for tax year 2018 are specified. Retroactive to tax years beginning January 1, 2018. Emergency clause.

Sponsor: Sen. Mesnard

Status: From Senate Finance February 14th, 2019.

SB1194: Corporate Tax Freeze; Educational Outcomes

Summary:

In lieu of the statutory income tax rates for corporations, a tax is levied on the entire Arizona taxable income of every corporation, unless specifically exempt by law, in an amount of 4.9 percent of net income or \$50, whichever is greater, unless the Superintendent of Public Instruction determines that the statewide high school graduation rate for the

preceding school year was at least 95 percent. Applies to tax years beginning January 1, 2020.

Sponsor: Sen. Mendez

Status: Referred to Senate Finance & Senate Education January 28th, 2019.

SB1236: Tax Liens; Fees; Certificate Expiration – Chapter 303

Summary: Any outstanding fees attached to a parcel are added to the amount for which a real property tax lien may be sold.

Sponsor: Sen Mesnard

Status: Signed by the Governor June 7th, 2019. Chapter 303, Laws 2019.

SB1248: Property Taxes; Valuation; Property Modifications – Chapter 306

Summary: The list of circumstances in which the limited property value is required to be established at a level or percentage of full cash value that is comparable to that of other properties of the same or a similar use or classification is modified so that for property that has been modified by construction, destruction or demolition, the requirement applies only if the total value of the modification is equal to or greater than 15 percent of the full cash value. AS PASSED HOUSE.

Sponsor: Sen. Leach

Status: Signed by the Governor June 7th, 2019. Chapter 306, Laws 2019.

SB1322: Interstate Compact; Company Tax Subsidies

Summary: Enacts an interstate compact to abolish company-specific subsidies, where each member state agrees to abolish any company-specific subsidy for any company currently located in or considering locating in any member state. Contains legislative findings.

Sponsor: Sen. Mendez

Status: Referred to Senate Commerce January 31st, 2019.

SB1366: Commerce Authority; Data Centers

Summary: The list of deductions from the tax base for the personal property rental classification of transaction privilege taxes is expanded to include "computer data center equipment" (defined) leased or rented to the owner, operator or "qualified colocation tenant" of a "computer data center" (both defined) that is certified by the Arizona Commerce Authority, or an authorized agent of one of those persons or entities, during the "qualification period" (defined) for use in the qualified computer data center. Retroactive to September 13, 2013. AS PASSED SENATE.

Sponsor: Sen. Mesnard

Status: From House Ways & Means March 27th, 2019.

SB1460: TPT; Digital Goods & Services

Summary: For the purpose of transaction privilege and use taxes and local excise taxes, the gross income, gross receipts, gross proceeds, purchase price or sales price from selling, leasing, licensing, purchasing or using "digital services" (defined) is excluded from tax. Does not apply to an online lodging marketplace. Establishes the digital goods classification of transaction privilege taxes, which is comprised of the business of selling, leasing or licensing the use of "prewritten computer software" or providing "specified digital goods" (both defined). Establishes a list of exemptions from the digital goods classification. Levies an excise tax on using or consuming prewritten computer software and specified digital goods in Arizona as a percentage of the acquisition price, which applies to any purchaser that purchases these items for resale but that subsequently uses or consumes the items. Some exceptions. Prewritten computer software and specified digital goods must be sourced to the seller's business location if the seller receives the order at a business location in Arizona and the items are to be used in Arizona, and to the purchaser's location in Arizona if the seller receives the order at a business location outside Arizona but the items are to be used in Arizona. Contains a legislative intent section. Applies to taxable periods beginning on or after the first day of the month following the effective date of this legislation.

Sponsor: Sen. Ugenti-Rita

Status: From Senate Rules February 26th, 2019.

SB1517: Internal Revenue Code; Conformity

Summary: For the purpose of Title 42 (Taxation), the definition of "Internal Revenue Code" is updated to mean the U.S. Internal Revenue Code in effect as of January 1, 2019. For the purpose of Title 43 (Taxation of Income), the definition of "Internal Revenue Code" for tax years beginning January 1, 2019 means the U.S. Internal Revenue Code in effect on January 1, 2019. For the purpose of Title 43 (Taxation of Income), the definition of "Internal Revenue Code" for tax year 2018 includes those provisions of the federal Bipartisan Budget Act of 2018 and the Consolidated Appropriations Act of 2018 that are retroactively effective during tax year 2018.

Sponsor: Sen. Alston

Status: Referred to Senate Finance February 6th, 2019.

SB1543: Corporate Income Tax; Minimum

Summary: The minimum income tax levied on the entire Arizona taxable income of a corporation that has 50 or more employees and that is not otherwise exempt from tax is increased to \$1,000, from \$50. Applies to tax years beginning with 2020. Due to a potential increase in state revenue, this legislation requires the affirmative vote of at least 2/3 of the members of each house of the Legislature for passage, and becomes effective on signature of the Governor.

Sponsor: Sen. Mendez
Status: Referred to Senate Finance February 6th, 2019.

SCR1001: Education; TPT; Use Tax

Summary: The 2020 general election ballot is to carry the question of whether to amend the state Constitution to levy a separate 1 percent transaction privilege tax beginning July 1, 2021 for the purpose of raising revenues for education. The net revenues derived from the tax are appropriated as follows: 73 percent for primary and secondary classroom education purposes, 22 percent for maintaining an in-state tuition rate that is consistent with the state Constitutional requirement for tuition to be as nearly free as possible, and 5 percent for community college trade and workforce development programs.

Sponsor: Sen. Allen
Status: Amended in Senate COW March 4th, 2019.

SCR1011: TPT and Use Tax; Education

Summary: The 2020 general election ballot is to carry the question of whether to amend the state Constitution to levy a separate 1 percent transaction privilege tax beginning July 1, 2021 for the purpose of raising revenues for education. The net revenues derived from the tax are appropriated as follows: 70 percent for primary and secondary classroom education purposes, 20 percent for maintaining an in-state tuition rate that is consistent with the state Constitutional requirement for tuition to be as nearly free as possible, 5 percent for community college trade and workforce development programs, and 5 percent for oversight and accountability.

Sponsor: Sen. Brophy McGee
Status: Held in Senate Education February 19th, 2019.

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