



ARIZONA BANKERS
ASSOCIATION

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

2020 Legislative Review

Second Regular Session of the 54th Arizona Legislature



October 1, 2020

Dear Members:

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

The Association and its partners have worked tirelessly to advocate for intelligent, thoughtful policies that will foster sustainable economic growth where Arizona financial institutions and businesses can thrive and grow. 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 institutions. I am proud to announce that in 2020, The Arizona Bankers Association was again successful in both arenas.

Attached is a summary 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 non-legislation, as well as vetoed bills. Due to the unprecedented nature of the Novel Coronavirus, Governor Ducey issued several executive orders that had major impacts on Arizona employers and Arizona citizens. A summary of those orders is also included in this report. Please keep in mind that these bill summaries are 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 for all bills passed in 2020 is Tuesday, August 25th, 2020.

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 Arizona's financial services businesses. I would like to extend a special thank you to the members of the AzBA Government Relations Committee and the Arizona Bankers Association Political Action Committee and our valued friends at Veridus.

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

Sincerely,

A handwritten signature in cursive script that reads 'Paul Hickman'.

Paul Hickman
President & CEO

TABLE OF CONTENTS

SESSION IN REVIEW

PAGE 3

KEY LEGISLATION

PAGES

| | | |
|--------------|---|-----------|
| I. | Proactive Legislation | 5 |
| II. | Credit Freeze | 5 |
| III. | Data Privacy | 5 |
| IV. | Economic Development | 7 |
| V. | Elections | 7 |
| VI. | Housing | 8 |
| VII. | Investments | 10 |
| VIII. | Labor & Employment | 12 |
| IX. | Legal | 16 |
| X. | Lending | 21 |
| XI. | Miscellaneous | 23 |
| XII. | Operations | 27 |
| XIII. | Tax | 34 |
| XIV. | Unclaimed Property | 38 |
| XV. | Governor Ducey COVID-19 Executive Orders | 39 |

SESSION IN REVIEW

54th Arizona Legislature, 2nd Regular Session

The Arizona Legislature ended the strangest session in recent memory in a fittingly unusual way on May 26th. After the Senate moved to adjourn sine die on May 8th, the House continued its work to consider a few remaining pieces of legislation. The Senate returned to work on May 26th, and despite posting a Third Read calendar, the Senate was in session for all of three minutes before a motion to sine die was made, carried and the 2020 regular session came to a close.

All in all, while the Legislature was officially in session for 135 days, it spent far fewer days assembled and at work. Of the 1607 bills and 127 resolutions introduced, only 90 bills and one resolution received final passage. The Governor signed all 90 bills. The general effective date for all non-emergency measures is August 25th, 2020; bills containing an emergency clause take effect upon signature.

In the months leading up to the 2020 legislative session, there was noticeable optimism among legislators and the broader Capitol community – Arizona’s economy was booming, the state was flush with cash and there was much discussion of a short, productive session breaking early enough to give legislators plenty of time to run for re-election. While the beginning of session was not without hiccups – the plan to have a legislative budget proposal in place by January never materialized – the first couple months of session saw an efficient legislature on track to adjourn earlier than normal. And then came March.

With the novel coronavirus, or COVID-19, sweeping the nation and world in March, it was only a matter of time until it affected policymaking at the Arizona Capitol. While at first legislators tried to continue their work with galleries and hearing rooms closed to the public, it soon became apparent the Legislature would have to suspend its activities. After Governor Ducey issued a Declaration of Emergency on March 11th, the Legislature suspended session indefinitely on March 23rd. The Governor then issued his “Stay Home, Stay Healthy, Stay Connected” order on March 30th.

In April, the Legislature’s Finance Advisory Committee met remotely to discuss the state’s fiscal position in light of the pandemic and the associated shut down. In January, Arizona had a \$1 billion budget surplus. By April, the state was looking at a budget shortfall of about \$1 billion. This dramatic change in Arizona’s financial fortunes ended many members’ dreams of spending increases, whether on education, transportation or other priorities.

Before the Legislature suspended session, a few key pieces of legislation were enacted. The Legislature’s only constitutional responsibility each session is to pass a budget, and it soon became clear the best option was to pass a “skinny budget,” or a budget that only funds baseline growth with no discretionary spending. Despite some grumbling from legislators, this \$11.8 billion baseline budget was the most politically expedient way to ensure the state has an enacted budget for fiscal year 2021 that reflects a changing revenue environment. As part of the limited

budget package, the Legislature also passed a bill expanding state unemployment benefits and appropriated \$50 million to the Governor to use for COVID-19 relief.

After an extended period at recess — and after the Senate made its first attempt to sine die on May 8th — the House reconvened on May 18th to consider some remaining bills that had already passed the Senate. This included what became a major debate in the waning days of session: whether or not to shield businesses from COVID-related liability. Rep. John Kavanagh (R-Fountain Hills) pushed a liability shield bill that narrowly passed the House but faced an uphill battle with opposition from Democrats and skepticism from the Governor’s office.

Another of the bills passed by the House in the final week of session was SB1510, the Association’s legislation allowing money market and demand deposit accounts to be used to meet construction retainage requirements. That bill passed the House with bipartisan support and was signed by Governor Ducey.

With the House’s week of work finished and the Senate abruptly adjourning, the 2020 regular session ended on May 26th at 11:21 a.m. Almost immediately there was discussion of when a special session (or two) would be called to pass more COVID-related legislation and address the state’s precarious fiscal situation. However, with subsequent revenue reports showing Arizona in slightly better financial situation and with the worst of the pandemic hopefully behind us, desire for a special session appears to be waning.

Last year’s session report ended with “maybe we’ll be glad for that rainy day fund, after all.” It’s fair to say most people around the Capitol are happy to have \$1 billion in reserve while facing a potential billion-dollar shortfall. While the state’s revenue picture may not be as dire as once thought, it’s clear the state’s budget and economic recovery will dominate policy discussions for the foreseeable future.

KEY LEGISLATION

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

I. PROACTIVE LEGISLATION

SB1510: Public Contract; Payment Methods – Chapter 87

The Association, with the support of the Arizona General contractors Association, advanced a bill to clarify the allowable use of money market and demand deposit accounts for meeting contractor retention obligations. This bill was inspired by whether these accounts were allowed under the law.

Summary: In lieu of retaining ten percent of an estimate, a government "agent" (defined elsewhere in statute) entering into a contract with a contractor, at the option of the contractor, is required to accept as a substitute an assignment of money market accounts or demand deposit accounts. The amount deposited in a money market account or demand deposit account in lieu of the retention cannot be released by the financial institution to the contractor except on written authorization of the agent. AS SIGNED BY GOVERNOR.

Sponsor: Senator Livingston

Status: Signed by the Governor June 10th, 2020. Chapter 87, Laws 2020.

II. Credit Freeze

HB2506: 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 & House Commerce January 29th, 2020.

III. Data Privacy

Data privacy continues to be a key issue of interest at the Arizona State Capitol. In recent years the Association has worked closely with legislators, stakeholders and the broader business community to bring about sensible policies in the area of data privacy. To date, these efforts have been successful and Arizona has not passed the troubling approaches put forward elsewhere. All businesses thrive when there is a consistent and predictable set of laws and regulations governing their industry, banking is no different. In recognition of the very stringent federal guidelines that Banks must follow, The Association has pursued a GLB exemption in state legislation.

HB2728: Biometric Identifiers; Commercial Purpose; Consent

Summary: A person is prohibited from enrolling an individual's "biometric identifier" (defined) in a database for a commercial purpose unless the person provides a mechanism to prevent the subsequent use of a biometric identifier for a commercial purpose, or unless the person provides notice to the individual of the enrollment and obtains consent from the individual. 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. Some exceptions. Violations are an unlawful practice enforced by the Attorney General.

Sponsor: Rep. DeGrazia

Status: Amended in House Technology February 12th, 2020.

HB2729: Personal Data; Processing; Security Standards

Summary: Adds a new article to Title 18 (Information Technology) relating to security standards for personal data. Establishes a list of consumer rights relating to the consumer's personal data. Requires a "controller" to disclose to each consumer the right to request the deletion of the consumer's personal data, and to correct inaccurate personal data or delete the consumer's data upon request. Some exceptions. A consumer is permitted to object to the processing of his/her personal data and request the controller to restrict processing of personal data in specified circumstances. The Attorney General is authorized to bring an action in the name of the state or on behalf of state residents to enforce these requirements. Does not serve as the basis for a private right of action. Applies to a legal entity with an annual gross revenue of at least \$25 million that conducts business in Arizona or produces products or services that are intentionally targeted to Arizona residents and that either controls or processes data of at least 100,000 consumers or derives over 35 percent of gross revenue from the sale of personal information and processes or controls personal information of at least 25,000 consumers.

Sponsor: Rep. DeGrazia

Status: Passed House Technology February 19th, 2020.

HCR2013: Consumer Data; Privacy; Federal Standard

Summary: The members of the Legislature oppose the enactment of laws, the adoption of regulations or the imposition of out-of-state standards that would restrict or otherwise dictate standards related to consumer data privacy, absent a clear nexus with consumer harm, and believe a single federal standard for comprehensive consumer data privacy regulation is preferable to a state-by-state approach.

Sponsor: Rep. Bolick

Status: Passed House Rules February 26th, 2020.

SB1614: Consumer Data; Privacy

Summary: A consumer is allowed to request that a business that collects personal information about the consumer or that sells the consumer's personal information disclose to the consumer the types of information collected and the purpose for collecting or selling the information. A consumer is allowed to request that a business delete any personal information about the consumer that the business has collected, and a business is required to comply with the request unless specified conditions apply. A consumer is allowed to direct a business that sells personal information about the consumer to third parties not to sell the consumer's personal information. Establishes requirements for business to provide notification to consumers of these rights. Any consumer whose nonencrypted or nonredacted personal information is subject to an unauthorized access and exfiltration, theft or disclosure as a result of a business's violation of the duty to implement and maintain reasonable security procedures and practices is authorized to institute a civil action for recovery of \$100 to \$750 in damages per incident or actual damages, whichever is greater, injunctive or declaratory relief, and any other relief the court deems proper. Factors the court must consider when assessing the amount of statutory damages. More. Contains legislative findings.

Sponsor: Senator Bowie

Status: Referred to Senate Commerce February 5th, 2020.

IV. Economic Development

HB2409: Small Business Investment credit; Extension

Summary: The termination date for the income tax credit for a "qualified investment" in a "qualified small business" (both defined) is extended ten years, to June 30, 2031.

Sponsor: Rep. Cobb

Status: Passed House COW March 9th, 2020.

V. Elections

HB2718: Out of States Contributions; Prohibition

Summary: A person who is a resident of another state or whose corporate or organizational domicile, residence or place of incorporation is in another state is prohibited from making a contribution to any candidate committee, political action committee or political party located in Arizona or any person or candidate for office in Arizona.

Sponsor: Rep. Thorpe

Status: Referred to House Rules May 19th, 2020.

VI. Housing

Affordable housing has received increased attention at the Arizona Legislature; from both sides of the political aisle. Funding for additional resources at the Department of Housing and efforts to enhance low-income housing tax credits (LIHTC) have garnered the most attention. After disagreements among the key industry players doomed previous versions of the LIHTC legislation, proponents returned to the capitol this year with a unified approach and its prospects looked promising before the COVID pandemic led to an abbreviated session and a reversal of budget surpluses.

HB2504: Appropriations; Affordable Housing

Summary: Appropriates \$30 million from the general fund in each of FY2020-21, FY2021-22 and FY2022-23 to the Housing Trust Fund.

Sponsor: Rep. Salman

Status: Referred to House Health & Human Services and House Appropriations January 29th, 2020.

HB2583: 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: Rep. Powers-Hannley

Status: Referred to House Rules May 19th, 2020.

HB2732: Tax Credit; 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, 2021. 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 Department of Revenue is required to allocate a total of \$8 million of affordable housing tax credits in any calendar year. Establishes a 9-member Affordable Housing Tax Credit Review Committee to review the tax credits on the fifth year after the effective date of the credit and every five years thereafter and submit a report to the Governor and the Legislature. Effective January 1, 2021. Self-repeals January 1, 2028. AS PASSED HOUSE.

Sponsor: Rep. Weninger

Status: Passed Senate Appropriations March 11th, 2020.

SB1320: 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: Senator Alston

Status: Referred to Senate Appropriations January 28th, 2020.

SB1343: 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: Senator Mendez

Status: Referred to Senate Finance January 28th, 2020.

SB1394: Unclaimed Property; Housing Trust Fund

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, 2021. The credit is equal to at least 50 percent of 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. The Department is required to allocate a total of \$8 million of affordable housing tax credits in any calendar year. 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 Department of Revenue is required to allocate a total of \$8 million of affordable housing tax credits in any calendar year. Establishes a 9-member Affordable Housing Tax Credit Review Committee to review the tax credits on the fifth year after the effective date of the credit and every five years thereafter and submit a report to the Governor and the Legislature. The credits become effective January 1, 2021 and self-repeal January 1, 2028. Also, 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. AS PASSED SENATE.

Sponsor: Senator Carter

Status: Referred to House Rules May 20th, 2020.

SB1435: Death Benefit; Transitional Housing Benefit

Summary: In addition to any other death benefit, if a law enforcement officer or firefighter is killed in the line of duty, the state will pay to the decedent's surviving spouse or surviving dependent a transitional housing benefit payment that covers the cost of a residential mortgage loan or lease agreement for one year for a primary residence. The benefit payments cannot exceed \$5,000 and must be deposited into a third-party managed escrow account. Appropriates \$500,000 from the general fund in FY2020-21 to the newly established Transitional Housing Benefit Fund to pay for the benefit established by this legislation.

Sponsor: Senator Gowan

Status: Passed House Public Safety with amendment May 20th, 2020.

VII. Investments

SB1229: Securities; Exempt Transactions

Summary: The list of classes of transactions that are exempt from specified securities regulations is expanded to include transactions by an issuer, its parent or subsidiary companies, and their respective directors, managers, general partners, officers and employees acting as such to offer or sell securities of the issuer pursuant to specified federal code, in which the sum of the aggregate offering price and aggregate sales does not exceed \$50 million including up to \$15 million offered by all selling security holders that are affiliates of the issuer.

Sponsor: Senator Pace

Status: Passed House Commerce March 11th, 2020.

SB1557: Annuity Transactions; Requirements – Chapter 90

Summary: Numerous changes to statutes relating to annuity transactions. Annuity transaction statutes do not create a private cause of action for a violation or subject an insurance producer to civil liability under the best interest standard of care or under standards that govern the conduct of a fiduciary or fiduciary relationship. The authority to enforce compliance with these statutes is vested exclusively with the Director of the Department of Insurance and Financial Institutions. Statute governing the duties of insurers and producers relating to annuity transactions are repealed and replaced. When a producer makes a recommendation of an annuity, the producer is required to act in the best interest of the consumer under the circumstances known at the time the recommendation is made, without placing the producer's or the insurer's financial interest ahead of the consumer's interest. In making a recommendation, the producer is required to exercise reasonable diligence, care and skill to know the consumer's financial situation, insurance needs and financial objectives, understand the available recommendation options, and have a reasonable basis to believe that the recommended option effectively addresses the consumer's financial situation. Establishes disclosure requirements and record keeping requirements for annuity transactions. An insurer is prohibited from issuing an annuity recommended to a consumer unless there is a reasonable basis to believe the annuity would effectively address the particular consumer's financial situation, insurance needs and financial objectives based on the consumer's "consumer profile information" (defined). An insurance producer who, before the effective date of this legislation, has completed an annuity training course is required to complete, within six months after the effective date of this act, either a new four credit hour annuity training course approved by the Department after the effective date or an additional onetime one credit hour annuity training course approved by the Department on appropriate sales practices, replacement and disclosure requirements as established by this legislation. More. Effective January 1, 2021. AS SIGNED BY GOVERNOR.

Sponsor: Senator Livingston

Status: Signed by the Governor May 10th, 2020. Chapter 90, Laws 2020.

VIII. Labor & Employment

HB2335: Employment; Conditions; Labor Organizations; 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. 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 ICA Division of Occupational Safety and 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 May 19th, 2020.

HB2336: Overtime Pay

Summary: On the effective date of this legislation, the ICA is required to set a salary amount at the 40th percentile of weekly earnings of full-time nonhourly workers in the lowest-wage census region in the 2nd quarter of the year immediately preceding the update published by the U.S. Department of Labor. To qualify as an individual who is exempt from the overtime pay requirements in the federal Fair Labor Standards Act of 1938 and related regulations, an individual must be compensated on a salary basis in an amount per week, exclusive of board, lodging or other facilities, that is not less than this amount set by the Commission. The Commission is authorized to adopt rules to implement these requirements.

Sponsor: Rep. Andrade

Status: Referred to House Rules May 19th, 2020.

HB2547: 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 May 19th, 2020.

HB2548: 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 May 19th, 2020.

HB2716: Antidiscrimination; Housing; Employment; Public Accommodations

Summary: The list of attributes for which a person cannot be discriminated against in employment practices, various housing related statutes, and in places of public accommodation is expanded to include "sexual orientation" and "gender identity" (both defined).

Sponsor: Rep. D. Hernandez

Status: Referred to House Rules May 19th, 2020.

HB2857: Paid Family Leave

Summary: Establishes the Family Leave Insurance Fund, to be administered by the ICA and used only for the purposes of providing family leave. Each "employer" (defined as any corporation, proprietorship, partnership, joint venture, limited liability company, trust, association, political subdivision of the state, individual or other entity acting directly or indirectly in the interest of an employer in relation to an employee, but excluding the State of Arizona or the United States) and employee is required to contribute to the Fund. The Director of the Commission is required to establish the contribution rate, and the employer and employee contribution rates must be identical. Contributions cannot be deducted, in whole or in part, from the wages of individuals in the employer's employ. An employer is required to allow an employee who has been employed by an employer that pays into the Fund and who has been employed for at least 12 months to take family leave from employment, for up to 12 weeks, for any reason that is covered under the federal Family and Medical Leave Act of 1993 without diminution of any privilege, benefit or right arising out of the employee's employment. The employer is required to provide an employee who takes family leave a weekly benefit equal to 80 percent of the employee's average weekly wages during the 12 months preceding the family leave. Establishes requirements for notifying an employer of the use of family leave. Requires employers to notify employees of various rights relating to family leave. Establishes penalties for violations. The ICA is required to investigate complaints of an employer violating family leave requirements. More. Effective June 1, 2021.

Sponsor: Rep. Terán

Status: Referred to House Commerce February 12th, 2020.

SB1321: Antidiscrimination; Employment; Housing; Public Accommodations

Summary: The list of attributes for which a person cannot be discriminated against in employment practices, various housing related statutes, and in places of public accommodation is expanded to include "sexual orientation" and "gender identity" (both defined).

Sponsor: Senator Brophy McGee

Status: Referred to Senate Rules May 8th, 2020.

SB1344: 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". 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: Senator Mendez

Status: Referred to Senate Commerce January 28th, 2020.

SB1603: Employers; Paid Family Leave

Summary: An employer is required to allow an employee who has been employed by an employer for at least 12 months to take family leave from employment, for up to 12 weeks, for any reason that is covered under the federal Family and Medical Leave Act of 1993 without loss of pay or diminution of any privilege, benefit or right arising out of the employee's employment. Establishes requirements for notifying an employer of the use of family leave. Requires employers to notify employees of various rights relating to family leave. Establishes penalties for violations. The ICA is required to investigate complaints of an employer violating family leave requirements. More. Effective June 1, 2021.

Sponsor: Senator Bowie

Status: Referred to senate Commerce February 5th, 2020.

SB1604: Employee Rights; Wage Disclosure

Summary: Employers are prohibited from requiring as a condition of employment that an employee refrain from inquiring about, discussing or disclosing the employee's wages or the wages of another employee and from requiring an employee to sign a waiver or other document that purports to deny the employee the right to disclose or discuss the employee's wages. Employers are prohibited from discharging, formally disciplining or otherwise discriminating against an employee for inquiring about, discussing or disclosing the employee's wages or the wages of another employee. An employee who has been discharged, discriminated against or retaliated against in violation may recover in a civil action reinstatement and reimbursement for lost wages and work benefits.

Sponsor: Senator Mendez

Status: Referred to Senate Commerce February 5th, 2020.

SB1605: Employers; Compensation History; Prohibitions

Summary: Employers are prohibited from screening applicants based on compensation history, and from seeking the compensation history from the applicant or any current or former employer. Does not prohibit an employer from seeking the applicant's compensation history after an offer of employment that includes terms of compensation has been extended to the applicant and accepted. Violations are subject to a civil penalty of \$1,000 to \$5,000 for a first violation and \$5,000 to \$10,000 for each subsequent violation.

Sponsor: Senator Mendez

Status: Referred to Senate Commerce February 5th, 2020.

SB1641: Employment and 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 ICA (ICA) is required to issue an equal pay certificate to a business that meets specified qualifications. The ICA is authorized to establish a negotiation skills training grant program, and the Negotiation Skills Grant Program Fund is established consisting of unspecified monies. Establishes the Pay Equity in the Workplace Grant Program in the ICA, and the Pay Equity in the Workplace Grant Program Fund is established consisting of unspecified monies. Beginning January 1, 2021, 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. By January 1, 2022, the ICA is required to conduct a study on the means available to eliminate pay disparities between men and women and a study on the gender pay gap in the teenage labor force. The Commission is required to submit a report of its findings and recommendations to the Governor and the Legislature by July 1, 2022.

Sponsor: Senator Quezada

Status: Referred to Senate Commerce February 5th, 2020.

IX. Legal

HB2085: Writs of Garnishment; Attorney Fees

Summary: Accrued attorney fees, including fees for garnishment, if allowed by a judgment or contract, are added to the amount that may be included in a writ of garnishment.

Sponsor: Rep. Allen

Status: Referred to Senate Judiciary February 27th, 2020.

HB2092: Federal Government; Land Acquisition; Consent

Summary: The consent of the state of Arizona to the acquisition, sale, gift or grant or any other transfer of an ownership interest in any privately owned real property within Arizona that is not in possession of any federal agency as of the effective date of this legislation, and that would remove the real property from state, county and municipal property tax rolls is prohibited from being given without the express, affirmative consent of the Legislature and the Governor through the signing of a joint resolution. On the opening of escrow for the sale of private real property to the federal government or a federal agency, the escrow agent or property owner is required to notify the Legislature and request approval of the sale. The state has the right of first refusal to purchase private real property that the federal government is contracting to acquire. Contains legislative findings. AS PASSED HOUSE.

Sponsor: Rep. Finchem

Status: Referred to Senate Rules May 8th, 2020.

HB2237: Actions for Debt; Spouses

Summary: In an action on a debt or obligation contracted by one spouse, a person is permitted, instead of required, to sue the spouses jointly. If only the spouse who contracted the debt or obligation is sued, a judgment entered on the debt or obligation must be satisfied from the community property that would have been that spouse's separate property if single, but not more than 1/2 of the total community property and that spouse's separate property. The other spouse who did not contract the debt or obligation cannot be sued in a separate lawsuit on the same debt or obligation. Effective January 1, 2021. AS PASSED HOUSE.

Sponsor: Rep. Allen

Status: Referred to Senate Rules May 8th, 2020.

HB2445: Right to Redeem; Lien; Sale

Summary: A real property tax lien cannot be redeemed after the entry of a judgment of foreclosing the right to redeem. When the court enters judgment foreclosing the right to redeem, the court must direct the county treasurer to sell the property and deliver the deed to the purchaser after the purchaser pays, instead of to deliver the deed to the party in whose favor the judgment was entered. The foreclosure of the right to redeem does not extinguish the property owner's or another lienholder's interest in the surplus proceeds from the sale of the property. The treasurer is required to sell the property at public auction. An auction must be held within 6 months after the entry of a judgment foreclosing the right to redeem. Requirements for notice of the auction and conducting the auction are established, including requiring the county treasurer to set the minimum bid at the property's limited cash value. After deducting and distributing interest, penalties, fees and costs charged against the parcel, the county treasurer is required to post a public list of the remaining monies that any party that had a legal interest in the property before the judgment foreclosing the right to redeem or the issuance of the tax deed to this state may claim. The county treasurer is required to continuously post a list of properties sold in the past five years in the treasurer's office and on the treasurer's official website. After receiving full payment for the property, the county treasurer is required to notify by mail the former property owner and any person with a recorded interest in the property, and information that must be included in the notice is listed. Any portion of the surplus monies that remains unclaimed after five years must be treated as unclaimed property. More. Emergency clause.

Sponsor: Rep. Kern

Status: Passed House COW March 3rd, 2020.

HB2495: State Judgments; Liens; Homestead; Enforcement

Summary: A civil judgment in favor of the state becomes a lien on the real property of the judgment debtor, including the judgment debtor's homestead property, that is located in the county in which the judgment is recorded, whether the property is then owned by the judgment debtor or is later acquired, from the time of recording until satisfied or lifted. Applies retroactively to all judgments in favor of the state without regard to when the judgment was recorded. Civil judgments obtained by the state that are entered on or after September 13, 2013, or that were entered before September 13, 2013 and that were current and collectible under the laws applicable on that date are exempt from statute allowing a writ of execution or other process to be issued to enforce a judgment. Previously, all civil judgments obtained by the state were exempt.

Sponsor: Rep. Toma

Status: Passed Senate Finance March 12th, 2020.

HB2607: State Contractors; Bidders; Lobbying Prohibition

Summary: A person or firm that responds to a solicitation for the procurement of materials, services or construction is prohibited from engaging in "lobbying" (defined elsewhere in statute) beginning on signature of the first nondisclosure agreement pertaining to a particular solicitation or at the time of request for a sole source procurement or competition impracticable procurement and ending at the time of contract award. A person or firm that is awarded a state contract for materials, services or construction may not engage in lobbying beginning at the time of contract award and ending at the expiration of the contract.

Sponsor: Rep. Rivero

Status: Referred to House Government January 30th, 2020.

SB1132: Vulnerable Adult; Theft Inferences; Jurisdiction

Summary: The acts that may give rise to an inference that a person intended to deprive a vulnerable adult of property, which intent is part of the commission of theft, is expanded to include any inter vivos transfer of money or property valued in excess of \$10,000 at the time of the transfer by a vulnerable adult to a nonrelative whom the transferor knew for less than two years and for which the transferor did not receive the reasonably equivalent financial value in goods or services. Some exceptions. The list of offenses that state grand jury is required to investigate and return indictments for is expanded to include any violation of Title 13 (Criminal Code) or Title 46 (Welfare) if the victim is a vulnerable adult.

Sponsor: Senator Gray

Status: Referred to Senate Judiciary January 16th, 2020.

SB1306: Limitations of Actions; Payments; Acknowledgements

Summary: When an action for debt has accrued but is not yet barred by limitation and any payment is made toward the debt, the limitation period begins anew from the date of the last payment made. Applies to all payments made toward a debt on or after January 1, 2012.

Sponsor: Senator Leach

Status: Referred to House Judiciary March 5th, 2020.

SB1428: Probate; Mediation; Trials

Summary: Unless a party has previously been informed of the right to a jury and has waived that right in writing, the right to a jury still exists. Litigants are encouraged to engage in mediation as the initial method of dispute resolution, and evidence of mediation must be placed in the court record. If mediation is unsuccessful or not pursued, a bench trial proceeds and a judge is permitted to issue an order or orders on the matters litigated. If a litigant believes the litigant's rights have been substantially violated by the order of a judge following a bench trial, within 30 days after the order is issued, the litigant may demand a jury trial, and a jury trial must be scheduled within 45 days after the litigant's request. The standard of evidence for a jury trial is clear and convincing. A verdict may be rendered by a 3/4 vote of the jury. Previous matters adjudicated without a jury may be reexamined using this process.

Sponsor: Senator D. Farnsworth

Status: Referred to Senate Judiciary January 29th, 2020.

SB1664: Civil Liability; Gun-Free Zones

Summary: A government entity 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, or over 65 years of age at the time of the criminal conduct.

Sponsor: Senator Gowan

Status: Failed in Senate March 5th, 2020.

SB1677: Marital Issues; Actions; Juries; Requirements

Summary: For the purpose of marital relations statutes, mediation is the preferred manner of settling property disputes. If mediation fails, the court is required to hold a bench trial without a jury. Disputes must be resolved first by mediation, then bench trial, then jury trial only if deemed necessary by the litigants. A party cannot waive the right to have a jury make the final decision on matters involving amounts greater than \$2,500. The court is required to disclose to all parties the right to a jury. Unless a person waives the person's right to a jury in writing, that right still exists. The standard of evidence to decide property disputes is the preponderance of the evidence. The jury has final authority over orders for child support, including back child support, the monthly amount to be paid, to whom the payment must be made and the amount of accumulated interest to be paid. The jury has final authority for a monetary award and a parenting time order. If a party believes that the party's rights have been substantially violated by the orders of the court, the court is required to set a new hearing before a jury within 30 days.

Sponsor: Senator D. Farnsworth

Status: Referred to Senate Judiciary February 5th, 2020.

X. Lending

HB2512: 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 and House Military & Veterans Affairs January 27th, 2020.

HB2513: Financial Institutions; Examinations; Military Lending

Summary: The Superintendent of the Financial Institutions Division of the Department of Insurance and Financial Institutions is required to examine or cause to be examined enterprises, consumer lenders and premium finance companies at least once every five years 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 and House Military & Veterans Affairs January 27th, 2020.

SB1002: Retail Installment Contracts; Font Size

Summary: Increases the required font sizes for the printed portion of retail installment contracts and specified disclosures in the contract.

Sponsor: Senator D. Farnsworth

Status: Referred to Senate Finance January 13th, 2020.

SB1003: Auto Title Loans; Clear Title

Summary: A secondary motor vehicle finance transaction is prohibited unless the borrower holds a clear title to the motor vehicle used to secure the loan.

Sponsor: Senator D. Farnsworth

Status: Referred to Senate Finance January 13th, 2020.

SB1004: Interest Rates; Auto Title Loans

Summary: The maximum finance rates for secondary motor vehicle finance transactions are increased. For an original principal amount of \$3,000 or less, the maximum finance rate is 36 percent, and for an original principal amount of more than \$3,000, the maximum finance rate is 36 percent on the first \$3,000 and 24 percent on additional principal, or a single blended finance rate that is equivalent assuming the transaction will be paid according to the terms. Previously, the maximum finance rates were between 10 percent and 17 percent, depending on the original principal amount.

Sponsor: Senator D. Farnsworth

Status: Referred to Senate Finance January 13th, 2020.

SB1005: Auto Title Loans; Interest Rate

Summary: The maximum finance rates for secondary motor vehicle finance transactions are increased to 36 percent. Previously, the maximum finance rates were between 10 percent and 17 percent, depending on the original principal amount.

Sponsor: Senator D. Farnsworth

Status: Referred to Senate Finance January 13th, 2020.

SB1417: Dealerships; Loan Payoff; Trade-In Vehicles

Summary: If a motor vehicle dealer purchases or obtains a vehicle in trade in a retail sale or lease transaction and the vehicle is subject to a prior credit or lease balance, the dealer is required tender either the amount as provided in a written agreement or the amount necessary to discharge the prior credit or lease balance owing on the vehicle within 21 calendar days after purchasing or obtaining the vehicle in trade. The time period may be shortened if the parties agree to a shorter time period in writing. A motor vehicle dealer is prohibited from selling, consigning for sale or transferring an ownership interest in the vehicle purchased or obtained in trade until an amount necessary to discharge the prior credit or lease balance owing on the vehicle is tendered to the lessor, the owner or the lessor's or owner's designee. Some exceptions.

Sponsor: Senator D. Farnsworth

Status: Held in Senate Commerce February 6th, 2020.

SB1630: Microbusiness Loans; Commerce Authority

Summary: Establishes the Microbusiness Revolving Loan Fund Program and the Microbusiness Revolving Loan Fund, to be administered by the Arizona Commerce Authority and used to provide low-interest loans to community development financial institutions for funding "microbusinesses" (defined) that are located in Arizona, that generate economic growth and job creation in Arizona but that are unable to obtain adequate credit or adequate terms for credit. Program loans to microbusinesses must be targeted and marketed to minority-owned and women-owned enterprises and other microbusinesses that are having difficulty accessing traditional credit markets. Program loans to microbusinesses must be used for the creation and retention of jobs, as defined by the Authority. Establishes additional requirements for Program loans. By January 1, 2021, the Authority is required to study the factors related to increasing the number of microfinance lenders in Arizona. By July 1, 2021, the Authority is required to submit a report of its findings and recommendations to the Governor and the Legislature.

Sponsor: Senator Navarrete

Status: Passed Senate Rules February 25th, 2020.

XI. Miscellaneous

HB2010: Personal Finance Course; Requirement; Appropriation

Summary: The State Board of Education is required, instead of permitted, to require a separate personal finance course for students to graduate from high school. School district governing boards are required to approve a personal finance course that would fulfill a mathematics course required to high school graduation, instead of being permitted to do so. Appropriates \$1 million from the general fund in FY2020-21 to the Department of Education for distribution to school districts and charter schools to provide personal finance courses.

Sponsor: Rep. Fillmore

Status: Referred to House Education & House Appropriations January 13th, 2020.

HB2264: Procurement; Veterans; Arizona 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 May 19th, 2020.

HB2695: TANF: Financial Literacy Education – Chapter 23

Summary: The Department of Economic Security is authorized to allow a course in financial literacy and personal finance to qualify as a work activity for the purposes of Temporary Assistance for Needy Families eligibility. AS SIGNED BY GOVERNOR.

Sponsor: Rep. Nutt

Status: Signed by the Governor March 23rd, 2020. Chapter 23, Laws 2020.

SB1072: State Board of Investment; Continuation – Chapter 33

Summary: The statutory life of the State Board of Investment is extended eight years to July 1, 2028. Retroactive to July 1, 2020. AS SIGNED BY GOVERNOR.

Sponsor: Senator Leach

Status: Signed by the Governor June 10th, 2020. Chapter 33, Laws 2020.

SB1142: Nonhealth Professionals; Occupations; Regulations

Summary: The state may regulate a profession or occupation only if there is credible evidence of harm that the unregulated practice threatens the public health, safety or welfare. Regulation cannot be imposed for the exclusive purpose of protecting a profession or occupation from economic competition. Each committee of reference (COR) that reviews an agency that administers an "occupational regulation" (defined elsewhere in statute) is required to consider a specified list of factors in determining the need for continuation or termination of the agency, including the extent to which failure to regulate a profession or occupation will result in the loss of insurance, an impact to the ability to practice as required by federal law, or the loss of constitutionally afforded practices. The list of possible recommendations that the sunset review report from the COR is required to include is expanded to include recommendations that the Legislature repeal the occupational license, convert the license to a less restrictive regulation, or instruct the state agency to seek legislation or adopt rules to reflect the COR's recommendation to impose less restrictive regulations, change the requisite personal qualifications, or redefine the scope of practice. AS PASSED SENATE.

Sponsor: Senator Pace

Status: Passed House Regulatory Affairs March 9th, 2020.

SB1292: Financial Literacy; State Treasurer; Fund – Chapter 76

Summary: The powers and duties of the State Treasurer are expanded to include promoting and raising awareness of financial literacy to Arizona residents. Establishes the State Treasurer's Financial Literacy Fund. AS SIGNED BY GOVERNOR.

Sponsor: Senator Allen

Status: Signed by the Governor June 10th, 2020. Chapter 76, Laws 2020.

SB1293: DOI; DFI; Omnibus – Chapter 37

Summary: Numerous changes to statutes relating to the Department of Insurance and Financial Institutions (DIFI). Conforms statutes to Laws 2019, Chapter 252, which becomes effective July 1, 2020 and which transfers the Department of Financial Institutions and the Automobile Theft Authority to the Department of Insurance and renames the Department of Insurance as the DIFI. The DIFI Director is required to be a person with business experience, including being well versed in insurance and financial institution matters. The DIFI Director is required to appoint a Deputy Director of the Insurance Division of DIFI, and the Superintendent of Financial Institutions is renamed the Deputy Director of the Financial Institutions Division of DIFI. The DIFI Director is required to appoint an individual to operate the Insurance Fraud Unit in conjunction with operating the Automobile Theft Authority. Deletes requirements for various fees and assessments to be adjusted to equal between 95 and 110 percent of the budget of DIFI or a specified division of DIFI. Requires DIFI to provide insurers with copies of any documents supporting or justifying various regulatory actions. Requires DIFI to adopt rules to establish fees relating to direct and indirect costs in connection with examinations. An insurance administrator is authorized to collect charges in accordance with the written agreement between the administrator and the insurer. The written agreement is required to prescribe the applicable standards for the permissible collection of charges by the administrator. Unless the administrator is licensed as a collection agency, the administrator is prohibited from collecting charges that have remained unpaid on an account that has been inactive for more than 12 months. Licensed insurance administrators that collect charges in accordance with the written agreement are exempt from licensure as a collection agency. Repeals the Insurance Consumer Advisory Board, the Accountable Health Plan Uniform Employee Health Status Questionnaire Committee, and the Continuing Education Review Committee. Retroactive to July 1, 2020. AS SIGNED BY GOVERNOR.

Sponsor: Senator Livingston

Status: Signed by the Governor March 24th, 2020. Chapter 37, Laws 2020.

SB1294: Insurance and Financial Institutions; Continuation – Chapter 38

Summary: The statutory life of the Department of Insurance and Financial Institutions is extended five years to July 1, 2025. Repeals the Department on January 1, 2026 if the voters approve a constitutional amendment repealing the authority for the Department of Insurance. Retroactive to July 1, 2020. AS SIGNED BY GOVERNOR.

Sponsor: Senator Mesnard

Status: Signed by the Governor March 24th, 2020. Chapter 38, Laws 2020.

SB1330: Mechanics' and Materialmen's Liens; Interest

Sponsor: A lien for labor, professional services or materials used in construction, alteration or repair may include interest on the amount owed as provided by law. The information that must be included on the notice and claim of lien is expanded to include a statement of the rate of interest applicable to the lienor's demand and the legal basis for that rate of interest.

Sponsor: Senator Livingston

Status: Referred to Senate Commerce January 28th, 2020.

SB1528: Family College Savings Program; Treasurer – Chapter 88

Summary: Responsibility for the Family College Savings Program is transferred to the State Treasurer and the State Board of Investment, from the Commission for Postsecondary Education and the Family College Savings Program Oversight Committee. The Oversight Committee is repealed. The State Treasurer is required to appoint a Family College Savings Program Advisory Committee to assist and make recommendations regarding promotional and informational activities relating to the Program. Session law provides for the transfer of all administrative matters, contracts and judicial and quasi-judicial actions, personnel, property and records relating to the Program to the State Treasurer. Also, the definition of "qualified higher education expenses" for the Program is expanded to include expenses for fees, books, supplies and equipment required for a designated beneficiary to participate in an apprenticeship program, and to include amounts paid as principal or interest on any qualified education loan of the designated beneficiary or a sibling of the designated beneficiary. Contains a legislative intent section. Effective October 1, 2020. AS SIGNED BY GOVERNOR.

Sponsor: Senator Leach

Status: Signed by the Governor May 10th, 2020. Chapter 88, Laws 2020.

SM1001: Glass-Steagall Act; Urging Congress

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: Senator Mendez

Status: Referred to Senate Finance January 23rd, 2020.

XII. Operations

HB2011: Schools; Bank Accounts; Vendor Payments

Summary: School district governing boards are authorized to establish clearing accounts to the county in a manner that protects against potential fraud. Deposits from other accounts are permitted to be transferred to the bank account in amounts equal to the amount of each vendor payment.

Sponsor: Rep. Fillmore

Status: Referred to House Education January 13th, 2020.

HB2057: Consular Identification Cards; Allowed Use

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

Sponsor: Rep. Chavez

Status: Referred to House State & International Affairs February 3rd, 2020.

HB2065: Recorder; Recording Fees; Lien Fees

Summary: Establishes a fee of \$9 for the county recorder to record liens.

Sponsor: Rep. Kavanagh

Status: Failed in the House March 4, 2020.

HB2077: Telephone Solicitations Calls; Do-Not-Call List

Summary: Expands the list of information that a seller or solicitor is required to disclose to the consumer before beginning a solicitation or sales presentation over the telephone, to include that the consumer may request that the consumer's telephone number be added to the seller's or solicitor's entity specific do-not-call list. If the consumer makes this request, the seller or solicitor is required to immediately end the call and add the number to the list. A seller or solicitor who violates these requirements is subject to a civil penalty of up to \$1,000 for each violation.

Sponsor: Rep. Kavanagh

Status: Referred to House Rules May 19th, 2020.

HB2096: Security Guard registration; Discharged Veterans – Chapter 13

Summary: Before the required background screening for a security guard registration applicant are complete, the Department of Public Safety is authorized to issue a 45-day security guard registration certificate or a 45-day armed security guard registration certificate to an applicant who is an honorably discharged veteran of the U.S. military and who was discharged no more than three years before application. The applicant who receives a 45-day registration may only work for an agency licensee that provides the applicant preassignment training. AS SIGNED BY GOVERNOR.

Sponsor: Rep. Lawrence

Status: Signed by the Governor March 23rd, 2020. Chapter 13, Laws 2020.

HB2242: Treasurer; Investment of Trust Funds

Summary: Deletes authorization for securities owned by the permanent endowment funds to be loaned to the financial or dealer community under certain circumstances. Deletes authorization for permanent endowment securities to be sold at a price below par or cost if the proceeds of the sale are reinvested in securities whose incremental yield will recover the dollar loss.

Sponsor: Rep. Kavanagh

Status: Passed Senate Rules March 17th, 2020.

HB2312: Financial Institutions; Insurance; Licenses

Summary: Various changes to statutes relating to the Department of Insurance and Financial Institutions. Deletes various requirements for licensees to return the license to the Department after termination or revocation of the license, and requirements for licensees to prominently display or conspicuously post the license in the office or place of business. The Department is no longer required to approve changes in address on licenses. The Department is authorized to make the information contained on a license, permit, registration, certification or other similar authorization available electronically. AS PASSED HOUSE.

Sponsor: Rep. Grantham

Status: Passed Senate Finance March 5th, 2020.

HB2406: State Treasurer; Financial Services – Chapter 19

Summary: The State Treasurer is required to contract for all "financial services" (defined) required by any state agency, instead of only banking services, and state agencies are prohibited from contracting for financial services except with the written permission of the State Treasurer. A merchant servicer or payment service provider is authorized to provide "payment processing and gateway services" (defined). AS SIGNED BY GOVERNOR.

Sponsor: Rep. Cobb

Status: Signed by the Governor March 23rd, 2020. Chapter 19, Laws 2020.

HB2444: Security Guards; Training Instructors; Qualifications

Summary: Revises the qualifications for a security guard registration certificate to prohibit an applicant from being found guilty except insane, found incompetent under the Arizona Rules of Criminal Procedure Rule 11, or found to have a persistent or acute disability or a grave disability. Revises the qualifications for a security guard training instructor to prohibit an applicant from being found to have a persistent or acute disability or a grave disability.

Sponsor: Rep. Kern

Status: Referred to Senate Commerce February 27th, 2020.

HB2505: 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 the Financial Institutions Division of the Department of Insurance and 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 to attempt to resolve complaints from student loan borrowers and establish a student loan borrower education course by October 1, 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. Salman

Status: Referred to House Rules May 19th, 2020.

HB2604: 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 if the foreign government uses "biometric identity verification techniques" (defined) in issuing the consular identification card.

Sponsor: Rep. Rivero

Status: Referred to Senate Government March 5th, 2020.

HB2645: Insurers; Insolvency; Administration

Summary: A "federal home loan bank" (defined) cannot be stayed, enjoined or prohibited from exercising or enforcing any right or cause of action against collateral pledged by an "insurer member" (defined) under any federal home loan bank security agreement or any pledge, security, collateral or guarantee agreement or other similar arrangement or credit enhancement relating to a security agreement to which that federal home loan bank is a party. A receiver, rehabilitator, liquidator or conservator cannot void any transfer of, or any obligation to transfer, money or other property arising under or in connection with any federal home loan bank security agreement with an insurer member, or any pledge, security, collateral or guarantee agreement or any other similar arrangement or credit enhancement relating to a federal home loan bank security agreement with an insurer member unless the transfer was made with actual intent to hinder, delay or defraud either existing or future creditors.

Sponsor: Rep. Weninger

Status: Passed Senate Rules March 10th, 2020.

HB2688: Call Center Relocation

Summary: Employers intending to relocate a "call center" (defined) from Arizona to another state or a foreign country are required to notify the Arizona Commerce Authority at least 120 days before the relocation. Violations are subject to a civil penalty of up to \$10,000 for each day. The Authority 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 after the date the list is published.

Sponsor: Rep. Andrade

Status: Referred to House Commerce & House Regulatory Affairs February 3rd, 2020.

HB2809: Professional Licensure Fees; Waiver; Reduction

Summary: By September 1 of each year, each regulatory board and agency is required to review the costs it incurs, the monies it has in its funds and the fee revenues it collects to determine whether the regulatory board or agency expects ending balances in its licensing fund to exceed 50 percent of the appropriations from that fund in the current fiscal year. If so, the regulatory board or agency is required to provide a onetime waiver or reduction from licensure or certification renewal fees to reduce the balance in its licensing fund to below 50 percent of its appropriation from that fund in the upcoming fiscal year, or within the board's or agency's normal schedule for renewing licenses or certificates if longer than one year.

Sponsor: Rep. Grantham

Status: Passed Senate Commerce with amendment March 16th, 2020.

HB2852: Money Transmitters; Exemptions; Authorized Delegates

Summary: A person that provides money transmitter services for a bank, credit union or savings and loan association under a written agreement where the entity remains responsible for providing the money transmitter services to its customers is exempt from statutes regulating money transmitters, but is subject to statute requiring reporting of suspecting money laundering to the Attorney General.

Sponsor: Rep. Bolick

Status: Passed Senate Rules March 17th, 2020.

SB1021: Department of Revenue; Electronic Signatures – Chapter 60

Summary: An "electronic signature" (defined elsewhere in statute) is permitted to be used to sign a writing on a document that is submitted to the Department of Revenue, and has the same force and effect as a written signature. AS SIGNED BY GOVERNOR.

Sponsor: Senator Ugenti-Rita

Status: Signed by the Governor June 10th, 2020. Chapter 60, Laws 2020.

SB1114: Limited Liability Companies

Summary: Updates various references to statutes to reflect the repeal of the previous Limited Liability Company Act, which occurs on September 1, 2020, and the enactment of a new Limited Liability Company Act, which became effective on September 1, 2019. Effective September 1, 2020.

Sponsor: Senator Pace

Status: Referred to House Commerce March 4th, 2020.

SB1212: Board Licensure; Certification; Residents

Summary: Modifies the requirements for a person who is married to an active duty member of the U.S. armed forces who is accompanying the member to an official permanent change of station to a military installation in Arizona to be granted a reciprocal license to state that the person's licensure or certification by another state is proof that the person met the applicable requirements in that state, and to require the person to be a "resident" (defined) of Arizona instead of to "establish residence in Arizona." The requirement to be a resident applies without a minimum time required that the person must be present in Arizona, and applies even if the person is a resident before August 27, 2019. Retroactive to August 27, 2019.

Sponsor: President Fann

Status: Referred to House Regulatory Affairs March 9th, 2020.

SB1226: Revised Uniform Law; Notarial Act

Summary: Various changes to statutes relating to notarization. A "notarial officer" (defined) is authorized to perform a "notarial act" (defined) as authorized by state law, and to certify that a tangible copy of an electronic record is an accurate copy of the electronic record. A notarial officer who takes an acknowledgment of a record or a verification of a statement on oath or affirmation is required to determine, from personal knowledge or satisfactory evidence of the identity of the individual, that the individual appearing before the officer and making the acknowledgment has the identity claimed and that the signature on the record is the signature of the individual, and requirements for verification of identity are specified. If a notarial act relates to a statement made in or a signature executed on a record, the individual making the statement or executing the signature is required to appear personally before the notarial officer. A remotely located individual may use communication technology to appear before a notary public, and requirements for notarial acts performed using communication technology are specified. A notarial act may be performed by a notary public, a judge or clerk of a court, an individual who is licensed to practice law in Arizona, or any individual authorized to perform the specific act by state law. Establishes requirements for a notarial act performed in another state, under the authority of a federally recognized Indian tribe, under federal authority, and under authority of a foreign state or international governmental organization. Previous statute governing recognition of notarial acts performed outside Arizona is repealed. A notarial act is required to be evidenced by a certificate, and certificate requirements are listed, including standard short form certificates for specified purposes. A notary public is responsible for the security of the notary public's stamping device and cannot allow another individual to use the device to perform a notarial act. Establishes grounds to deny, refuse to renew, revoke, suspend or condition the commission of a notary public. Establishes a list of prohibited acts for a notary public. Requires the Secretary of State to adopt rules to implement this legislation by July 1, 2021, and provisions that may be included in the rules are listed. Requires the Secretary of State to maintain an electronic database of notaries public. Much more. Due to voter protection, one section of this legislation requires the affirmative vote of at least 3/4 of the members of each house of the Legislature for passage. Effective July 1, 2021. AS PASSED SENATE.

Sponsor: Senator Brophy McGee

Status: Passed House Government May 21st, 2020.

SB1254: 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 Department 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, 2020.

Sponsor: Senator Mendez

Status: Referred to Senate Commerce January 23rd, 2020.

SB1319: County Treasurer; Investment Earnings; Operation

Summary: The treasurer in a county with a population of more than 3 million persons (Maricopa County) is authorized to deduct monthly a management fee in an amount determined jointly by the treasurer and the board of supervisors from the pooled income earnings. Management fees must be used to operate the treasurer's office.

Sponsor: Senator Allen

Status: Referred to Senate Finance January 28th, 2020.

SB1440: Credit Service Organizations

Summary: Credit service organizations are prohibited from guaranteeing to remove information from a person's credit history without clearly disclosing that this can be done only if the information does not meet state or federal credit reporting requirements and from guaranteeing an extension of credit regardless of the buyer's previous credit history without clearly disclosing the eligibility requirements for obtaining the extension of credit. All written communications from a credit services organization to buyers, data furnishers, creditors and credit reporting agencies must include the complete name and address of the credit services organization, and a statement that the communication is from a credit services organization. Licensed collections agencies are required to treat a communication received from a credit services organization that complies with statutory requirements in the same manner as any communication received directly from a buyer and respond to all original credit disputes to both the debtor and the credit services organization. Applies only to communications sent from and after the effective date of this legislation. AS PASSED SENATE.

Sponsor: Senator Leach

Status: Referred to House Rules May 20th, 2020.

XIII. Tax

HB2151: Mobile Homes; Taxation; Delinquency

Summary: For a mobile home for which an affidavit of affixture has not been recorded and that is not placed on the real property roll, a process is established for the county treasurer to issue a tax bill warrant giving the county sheriff authority to seize the property, which the county treasurer must sell at public auction. The owner of the mobile home is permitted to redeem the property at any time before the actual sale by paying to the county treasurer the taxes, interest and costs or by making a partial payment and entering into a payment plan with the county treasurer. The right to redeem terminates after the property is sold, unless the mobile home was wrongfully seized or sold. If the county treasurer issues a tax bill warrant for a mobile home that is in the possession of a person other than the person listed on the tax bill warrant and who presents evidence of having purchased the mobile home from the person listed on the tax bill warrant after the taxes became delinquent, the sheriff is prohibited from seizing the property to collect the previous owner's delinquent taxes on the mobile home. The county treasurer may continue to collect the delinquent taxes on the mobile home from the previous owner as provided by law.

Sponsor: Rep. Thorpe

Status: Amended in House COW February 27th, 2020.

HB2494: Internal Revenue Code; Conformity – Chapter 24

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, 2020. For the purpose of Title 43 (Taxation of Income), the definition of "Internal Revenue Code" for tax years beginning January 1, 2020 means the U.S. Internal Revenue Code in effect on January 1, 2020. For the purpose of Title 43 (Taxation of Income), the definition of "Internal Revenue Code" for tax year 2019 includes those provisions of the federal Taxpayer First Act and the Further Consolidated Appropriations Act of 2020 that are retroactively effective during tax year 2019. AS SIGNED BY GOVERNOR.

Sponsor: Rep. Toma

Status: Signed by the Governor March 24th, 2020. Chapter 24, Laws 2020.

HB2681: DOR; Administrative Rulings; Procedures

Summary: The Department of Revenue (DOR) is authorized to issue draft rulings, procedures and other administrative announcements that apply to tax laws and regulations either generally or for a specific set of facts. DOR is required to establish and maintain a publicly accessible record of all draft and final rulings, procedures and administrative announcements on the DOR website and is required to prominently announce additions, modifications and other changes to this record on the website's home page. Establishes requirements for draft rulings, procedures and other administrative announcements to become final, including a required period for public comment. Does not apply to private taxpayer rulings, tax forms and instructions, routine notices that remind taxpayers of normal filing obligations and other routine DOR communications that do not substantively apply to and interpret tax laws and regulations. AS PASSED HOUSE.

Sponsor: Rep. Toma

Status: Referred to Senate Finance February 24th, 2020.

HB2771: Tax Credits; Qualified Facilities; Extension – Chapter 7

Summary: The termination date for income tax credits for expanding or locating a "qualified facility" in Arizona is extended 8 years to December 31, 2030, with the deadline for preapproval by the Arizona Commerce Authority extended to January 1, 2031. The deadline for completion of the minimum investment to qualify for the income tax credit for investment in new renewable energy facilities is extended 12 years to December 31, 2030. Beginning with a credit claimed for tax years 2022, the amount of the credit for increased research activities not used to offset taxes may be carried forward for up to 10 consecutive taxable years, decreased from 15 consecutive taxable years. AS SIGNED BY GOVERNOR.

Sponsor: Rep. Toma

Status: Signed by the Governor March 13th, 2020. Chapter 7, Laws 2020.

HB2778: Taxation; Omnibus

Summary: Various changes to statutes relating to taxes. Establishes new lower individual income tax tables for tax years beginning with 2020. The list of additions to Arizona gross income for the purpose of computing Arizona adjusted gross income for individual and corporate income tax purposes is modified to remove the amount of any depreciation allowance allowed by specified federal code. The list of subtractions from Arizona gross income for the purpose of computing Arizona adjusted gross income for income tax purposes is modified to include 50 percent of the net long-term capital gain included in federal adjusted gross income for the tax year that is derived from an investment in an asset acquired after December 31, 2019. Repeals the highway safety fee determined by the Director of the Department of Transportation, which is set to terminate on June 30, 2021.

Sponsor: Rep. Toma

Status: Referred to Senate Finance & Senate Appropriations February 24th, 2020.

SB1099: Tax Deed Land Sales; Proceeds – Chapter 70

Summary: When land held by the state under tax deed is sold, any balance of monies remaining with the county treasurer after payment of taxes, interest, penalties, fees and costs must be paid to the owner of the property who was dispossessed by the sale. AS SIGNED BY GOVERNOR.

Sponsor: Senator Mesnard

Status: Signed by the Governor June 10th, 2020. Chapter 70, Laws 2020.

SB1113: Mortgaged Property; Tax Statements; Information – Chapter 11

Summary: The statement of taxes due that the county treasurer is required to mail to the mortgagor must separately list the amount of primary taxes and secondary taxes applicable to the property that is due to each taxing jurisdiction for the current and previous tax years. The county treasurer is required to mail the statement before November 1. AS SIGNED BY GOVERNOR.

Sponsor: Senator Leach

Status: Signed by the Governor March 20th, 2020. Chapter 11, Laws 2020.

SB1296: Internal Revenue Code; Conformity – Chapter 40

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, 2020. For the purpose of Title 43 (Taxation of Income), the definition of "Internal Revenue Code" for tax years beginning January 1, 2020 means the U.S. Internal Revenue Code in effect on January 1, 2020. For the purpose of Title 43 (Taxation of Income), the definition of "Internal Revenue Code" for tax year 2019 includes those provisions of the federal Taxpayer First Act and the Further Consolidated Appropriations Act of 2020 that are retroactively effective during tax year 2019. AS SIGNED BY GOVERNOR.

Sponsor: Senator Mesnard

Status: Signed by the Governor March 24th, 2020. Chapter 40, Laws 2020.

SB1348: Tax Corrections Act of 2020 – Chapter 43

Summary: Corrections to the tax code as recommended by the Department of Revenue and Legislative Council. Changes are for clarification or to blend conflicting statutes and are not intended to be substantive. 59 pages. An annual exercise. AS SIGNED BY GOVERNOR.

Sponsor: Senator Mesnard

Status: Signed by the Governor March 24th, 2020. Chapter 43, Laws 2020.

SB1364: 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 2021. 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: Senator Mendez

Status: Referred to Senate Finance January 29th, 2020.

SB1398: Tax Omnibus

Summary: Various changes to statutes relating to taxes. The list of additions to Arizona gross income for the purpose of computing Arizona adjusted gross income for individual and corporate income tax purposes is modified to remove the amount of any depreciation allowance allowed by specified federal code. The list of subtractions from Arizona gross income for the purpose of computing Arizona adjusted gross income for income tax purposes is modified to include 50 percent of the net long-term capital gain included in federal adjusted gross income for the tax year that is derived from an investment in an asset acquired after December 31, 2019. Increases the dependent tax credit to \$120 for each dependent who is under 17 years of age, from \$100, and to \$30 for each dependent who is at least 17 years of age, from \$25. Lowers the state equalization assistance property tax rate to \$0.3520 in tax year 2021 and \$0.2776 in tax year 2022, from \$0.4566 in tax year 2019. Lowers the tax rate for class one property taxes to 17.5 percent for tax year 2021 and 17 percent for tax years beginning with 2022, from 18 percent in 2020. The maximum additional tax rate that a county fire district board may levy is increased to \$3.375 per \$100 of assessed valuation for tax year 2021 and \$3.50 per \$100 of assessed valuation for tax year 2022 and each tax year after, from \$3.25 per \$100 of assessed valuation. The general budget limit for a minimum qualifying tax rate school district that has a total attending average daily membership count of at least 5,000 students must be increased by \$1.5 million above the amount that would otherwise be computed. Repeals the highway safety fee determined by the Director of the Department of Transportation, which is set to terminate on June 30, 2021. Establishes a tax on vehicles propelled only by electricity, natural gas or propane of \$110 per year, and a tax on hybrid vehicles of \$44 per year. Changes to motor fuel taxes and vehicle taxes become effective July 1, 2021. Income tax revisions are retroactive to tax years beginning January 1, 2020. AS PASSED SENATE.

Sponsor: Senator Mesnard

Status: Referred to House Ways & Means March 9th, 2020.

SB1482: 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: Senator Mendez

Status: Referred to Senate Finance February 3rd, 2020.

SCR1002: 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: 75 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, and 5 percent for community college trade and workforce development programs.

Sponsor: Senator Brophy McGee

Status: Passed Senate Rules February 25th, 2020.

XIV. Unclaimed Property

HB2856: Unclaimed Property Locators; Registration

Summary: A locator is authorized to register with the Department of Revenue in a manner determined by the Department and pay a fee to be deposited in the newly established Locator Registration Fund. The Department is required to use monies in the Fund to register and monitor locators. On written request, the Department is required to provide all unclaimed property account information for all unclaimed accounts to a registered locator. The Department is authorized to charge a fee for each request. The Department is required to provide on its website the unclaimed property account information in a searchable electronic or digital format. The unclaimed property account information must include a list of specified information about the property. A locator that receives unclaimed property account information from the Department is prohibited from distributing that information to other locators or persons for compensation. If an owner has entered into a written agreement that authorizes a registered locator to claim the unclaimed property on the owner's behalf or if the owner has sold the right to claim the unclaimed property to a locator, the Department is required to distribute the property or monies in accordance with that written agreement. The written agreement must be executed by the owner and filed with the Department. Also modifies requirements for agreements entered into by an owner with another person to locate unclaimed property.

Sponsor: Rep. Carroll

Status: Held in Senate Finance March 11th, 2020.

XV. Governor Ducey COVID-19 Executive Orders

[Executive Order 2020-07 Proactive Measures to Protect Against COVID-19](#)

Declaration of Emergency and an Executive Order to provide health officials and administrators with tools and guidance necessary to combat the continued spread of COVID-19 and to reduce financial burdens on Arizonans by lowering healthcare costs associated with the virus.

[Executive Order 2020-12 Prohibiting The Closures Of Essential Services](#)

Clarified business and operations that were deemed “essential” by the state. The order included Financial institutions: Banks, currency exchanges, consumer lenders, including but not limited to payday lenders, pawnbrokers, consumer installment lenders and sales finance lenders, credit unions, appraisers, title companies, financial markets, trading and futures exchanges, affiliates of financial institutions, entities that issue bonds, related financial institutions and institutions selling financial products.

[Foreclosure Mitigation:](#)

A cooperative agreement with state banks suspending evictions and foreclosures for at least 60 days, with the potential to extend that period for the duration of the state’s emergency declaration.

[Executive Order 2020-21 Prohibiting Small Business Evictions](#)

The order halts evictions for small businesses and nonprofits that unable to pay rent due to financial hardship caused by COVID-19. The order encourages commercial landlords to defer rent payments.

[Executive Order 2020-26 Remote Online Notarization](#)

Allows Arizona Secretary of State office to permit documents notarized remotely, while ensuring secure and effective verification processes.