



**ARIZONA BANKERS**  

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**ASSOCIATION**

# **2021 Legislative Review**

First Regular Session of the 55<sup>th</sup> Arizona Legislature

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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 pragmatic, thoughtful policies that will foster sustainable economic growth where Arizona financial institutions and businesses can thrive and grow. In addition, the Association has also been the first line of defense against needless, over-burdensome regulations that create a hostile environment for the State's financial institutions. I am proud to announce that in 2021 The Arizona Bankers Association was again successful in both arenas.

Attached is a comprehensive 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-enacted legislation, as well as vetoed bills. Please keep in mind that these are bill summaries designed to alert you to significant provisions and are not complete 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, legislation approved by the Legislature and signed by the Governor will have gone into effect **Wednesday, September 29th, 2021.**

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 and the Arizona Bankers Association Political Action Committee and our friends at Veridus. They devote a significant amount of time to serving the industry in this very important endeavor.

Thank you for your continued support and please contact me or [Steven Killian](#) if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Paul".

Paul Hickman  
President & CEO

## **55<sup>th</sup> Arizona Legislature, 1<sup>st</sup> Regular Session**

One of the longest (and strangest) legislative sessions in Arizona state history has ended.

The 1<sup>st</sup> Regular Session of the 55<sup>th</sup> Arizona Legislature adjourned Sine Die today, clocking in at 171 days. A record 1,774 bills (plus 125 memorials and resolutions) were introduced, with 473 measures receiving final passage. To date, the Governor has signed 412 bills into law and has issued 27 vetoes. He has until July 12 to act on remaining legislation on his desk; any measure not acted upon after that time will become law automatically. The general effective date for new laws is September 29.

The session began in early January amid Arizona's worst wave of the pandemic, and COVID-19 restrictions necessitated a mostly remote session. Governor Doug Ducey's State of the State address was conducted via video, and early legislative hearings were frequently held via Zoom or with limited in-person public participation. More recently – with the bulk of lawmakers and staff members vaccinated, and nearly all state mitigation measures relaxed – legislative proceedings began to feel more normal, though numerous lawmakers continued to participate remotely.

Even against the backdrop of a once-in-a-century pandemic – and despite a host of significant legislative accomplishments over the past four months – this session may be best remembered for a high-profile (and ongoing) audit of the 2020 election. The Arizona Senate ordered the review of Maricopa County ballots and election machinery, which has now become the focus of national attention.

Lest we let the achievements and intrigue of this session be overshadowed by those sneaky [Cyber Ninjas](#) and their quest for [bamboo ballots](#). . . let's take a look at some of the major legislative fights and feats that defined the 2021 Legislative Session:

### **State Budget**

Priority No. 1 of every legislative session is the passage of a state budget, and lawmakers got it done just under the wire.

After weeks of contentious, stop-and-go budget negotiations, the Legislature (well. . . the Republicans) narrowly passed on a nearly party-line vote a \$12.8 billion spending plan for fiscal 2022. Included in the plan is a historic package of tax cuts that will reduce income taxes for every Arizona family and cap at 4.5% the rate paid by high earners (individuals earning over \$250,000, or \$500,000 for joint filers). Democrats objected to the tax reductions, the bulk of which will benefit wealthier Arizonans, and a coalition of liberal and education-related groups are reportedly



preparing a voter referendum on the issue.

In addition to the tax cut, believed to be the largest in Arizona history, the budget package pays down a significant amount of state debt and invests heavily in [K-12](#) and [higher education](#), [public safety](#), [transportation](#) and [more](#).

### **Wildfire Special Session**

While a deadlocked Legislature quarreled over the state budget, communities in rural Arizona and the high country were fighting an even bigger battle: a pair of wildfires raging through Pima and Gila Counties, destroying property and forcing the evacuation of local residents.

As a result, [Gov. Ducey called the Legislature into a special session](#) to boost funding to address the fires and support suppression and recovery efforts. In a rare moment of bipartisanship, lawmakers quickly approved – and the Governor signed – a [\\$100 million relief plan](#) to aid in containment and prevention efforts and mitigate potential after-effects and related natural disasters.

### **Sports Betting**

In what many view as a legacy accomplishment of the Ducey Administration, Arizona this session became the latest state to legalize gambling on sporting events and online fantasy sports betting. Approval of [HB 2772](#) led to the signing of an amended tribal-state gaming compact that will modernize gaming in Arizona and provide additional revenues for the state and tribal nations. The move marked the culmination of a multi-year effort, and represents perhaps the most significant advancements to gaming in Arizona history.

### **Election Reform**

Not surprisingly, the issue of election integrity was a focal point of the 2021 legislative session. Among the several efforts to reform Arizona's election system was [SB 1485](#) – legislation that, among other things, will remove a voter from Arizona's Permanent Early Voting List (PEVL) if the individual fails to vote in primary and general elections for two consecutive cycles. The bill drew significant criticism from Democrats and voting rights groups, who argue the measure is meant to make it harder to participate in the democratic process. Proponents – including Gov. Ducey, who signed the legislation in May – see the measure as a modest step toward ensuring accuracy of the voting list and trust in the election process.

### **COVID-19 Liability Protection**

The session also saw the passage of [SB 1377](#), a priority for Arizona's business community. The bill established civil liability standards aimed at protecting businesses, schools, and health care providers against frivolous lawsuits in the wake of COVID-19. The measure – approved along party

lines – raises the bar for winning a pandemic-related lawsuit by requiring plaintiffs to prove “gross negligence” or “willful misconduct” by clear and convincing evidence.

### **Policy Potpourri**

Additional legislative accomplishments include measures to: [expand telehealth in Arizona](#) and provide greater opportunities for accessible medical services; make permanent the pandemic-era practice of allowing bars, liquor stores, and restaurants to sell [to-go booze](#); a [criminal justice reform measure](#) that modifies Arizona’s civil asset forfeiture system by requiring that a property owner be convicted of an offense before law enforcement can seize their assets; and give Arizona public schools [greater flexibility to offer more personalized learning](#) by enabling them to take into account learning that occurs outside the classroom.

So long, farewell . . . and see you next session.

-The Veridus Team

## **KEY LEGISLATION**

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

### **I. BUDGET BILLS**

#### **S1827/H2899: Revenue; budget reconciliation; 2021-2022**

Among other provisions, this year's revenue BRB included language capping Arizona effective individual income rates at 4.5%. This provision is an important piece of the enacted tax package and is a direct response to the passage of Prop 208 in November 2020. If a taxpayer's combined tax rate exceeds 2.5% due to the newly-enacted surcharge, the Department of Revenue is required to reduce the taxpayer's state tax rate to keep the combined rate at 4.5% or less.

#### **S1828/H2900: Omnibus; taxation**

The taxation omnibus contained the major provisions of the FY22 tax package. These provisions include:

- Reducing the individual income tax rates down to two brackets of 2.55% and 2.98%.
- Further reducing the income tax rate to a 2.5% flat tax if certain revenue triggers are met.
- Reduces the Class One commercial property tax assessment ratio from 18% to 16% over four years.

#### **S1783: Small business; alternate income tax**

The third piece of the tax agreement, Senate Bill 1783 creates a new "Arizona small business tax" that pass-through filers can elect to pay in lieu of individual income tax. This new tax starts with a rate of 3.5%, reducing to a rate of 2.5% by tax year 2025.

### **II. PROACTIVE LEGISLATION**

#### **S1494: Income Tax; Subtraction; FDIC Premiums**

Senate Bill 1494 was introduced at the request of the Association. The intent was to address the unintentional elimination of the state tax deduction for FDIC premiums resulting from the 2017 federal tax package. Arizona did not decouple from the federal tax package's elimination of the federal tax deduction for FDIC premiums. The effect was a state tax increase on banks. Unfortunately, reversing this policy has been burdened by a fiscal impact to the state, estimated to \$2M or more. This year's tax policy focus was on personal income taxes and the effects of the passage of the "education surcharge" in Prop 208. The Association remains hopeful that corporate tax policy may receive a greater focus in the 2022 legislative session, creating an opportunity to pass this law.

Summary: For the purpose of computing Arizona taxable income for a corporation for any tax year beginning with 2020, the amount of any Federal Deposit Insurance Corporation premiums paid or incurred by the taxpayer that is disallowed as a deduction for federal income tax purposes is subtracted from Arizona gross income. Retroactive to tax years beginning with 2020.

Sponsor: Senator Livingston

Status: Referred to House ways-means March 2<sup>nd</sup>, 2021

### III. TECHNOLOGY

#### **H2005: Digital Application Distribution Platforms; Prohibitions (Tech Correction; Education; Federal Funds)**

HB2005 was an effort by a coalition of software and app developers to prohibit app stores such as Apple and Google from only allowing a single payment source. The measure was opposed by the larger tech companies as well as the payments industry who described it as an attempt to “regulate business-to-business agreements.”

Summary: A provider of a "digital application distribution platform" (defined) for which cumulative downloads of software applications from the platform to Arizona users exceed 1 million downloads in the previous or current calendar year is prohibited from requiring a developer domiciled in Arizona to use a particular in-application payment system as the exclusive mode of accepting payments, from requiring exclusive use of a particular in-application payment system as the exclusive mode of accepting payments from Arizona users, and from retaliating against a developer that is domiciled in Arizona or an Arizona user for using an in-application payment system or digital application distribution platform that is not owned by, operated by or affiliated with the provider. Does not apply with respect to a "special-purpose digital application distribution platform" (defined). The Attorney General is authorized to receive complaints and investigate violations, and to bring an action in any court of competent jurisdiction to obtain legal or equitable relief on behalf of a person aggrieved by the violation. Any person aggrieved by a violation is allowed to commence a civil action in any court of competent jurisdiction to obtain legal or equitable relief.

Sponsor: Rep. Cobb

Status: Held in Senate Commerce on March 24<sup>th</sup>, 2021

#### **H2544: Blockchain and Cryptocurrency Study Committee**

Summary: Establishes a 19-member Blockchain and Cryptocurrency Study Committee to review data on the scope of blockchain and cryptocurrency throughout the country, and solicit ideas and opinions of industry experts on legislation. The Committee is required to submit a report of its findings and recommendations to the Speaker of the House of Representatives by December 31, 2021 and by December 31, 2022. The Committee self-repeals October 1, 2023.

Sponsor: Rep. Wilmeth

Status: Signed by governor on May 5<sup>th</sup>, 2021. Chap. 339, Laws 2021.

#### IV. INVESTMENT

##### **H2028: 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: signed by governor on February 12<sup>th</sup>, 2021. Chap. 8, Laws 2021.

##### **S1135: Income Tax Subtraction; 529 Contributions**

##### **2918: Taxes; 529 Contributions; ABLE Contributions**

Summary: The subtraction from Arizona gross income for the purposes of individual income taxes for contributions to college savings plans established under section 529 of the federal Internal Revenue Code is modified to allow taxpayers to subtract up to \$2,000 per beneficiary, instead of \$2,000 total, for a single individual or head of household, and to subtract up to \$4,000 per beneficiary, instead of \$4,000 total, for a married couple filing jointly. For tax years beginning with 2021, the list of subtractions from Arizona gross income for the purposes of individual income taxes is expanded to include the amount contributed during the tax year to an Achieving a Better Life Experience (ABLE) Account on behalf of the designated beneficiary to the extent that the contributions were not deducted in computing federal adjusted gross income. The maximum amount of the subtraction is \$2,000 per beneficiary for a single individual or head of household, and \$4,000 per beneficiary for a married couple filing jointly. Retroactive to tax years beginning with 2021.

Sponsor: Senator Livingston

Status: Substituted Senate Bill on Third Reading

Please note, an identical version of this bill (SB1135) was vetoed by Governor Ducey along with 21 other bills on May 28, 2021. In his veto message, the Governor stated that his priority is passing a budget, and that he does not intend to sign any additional bills until that happens.

##### **S1217: 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 \$75 million, including up to \$22.5 million offered by all selling security holders that are affiliates of the issuer.

Sponsor: Senator Pace

Status: signed by governor on April 9<sup>th</sup>; Chap. 125, Laws 2021.

### **S1236: College Savings Program; Name Change**

Summary: The Family College Savings Program is renamed "AZ529, Arizona's Education Savings Plan."

Sponsor: Senator Livingston

Status: signed by governor on April 7<sup>th</sup>, 2021. Chap. 188, Laws 2021.

## **V. PANDEMIC RELIEF**

The COVID pandemic brought the 2021 legislative session to an abrupt end and the political turmoil that boiled over during the pandemic resulted in the introduction of a record number of bills. Many of the introduced bills pertained to the pandemic and continued the political debate around masking, vaccinations, and emergency declarations. In general, the more “extreme” legislation was not approved.

### **H2190: Vaccines; Governments; Businesses (Criminal Justice Case Information; Reporting)**

Summary: Prohibits the state, a county or local government entity or official or a public university from conditioning a government benefit or service on disclosure of whether a person has received a COVID-19 vaccine and prohibits a business entity from conditioning a service, product or admission on disclosure of whether a person has received a COVID-19 vaccine.

Sponsor: Rep. Roberts

Status: Senate COW approved with amend #4980 and flr amend #5143. Note short title change. Failed Senate 13-16

### **H2570: Licenses; Pandemics; Revocation Prohibition**

Summary: State agencies, counties, and municipalities are prohibited from permanently revoking any license that is used to operate a business for not complying with an order issued by the Governor due to a state of emergency proclaimed by the Governor for an epidemic or pandemic disease, unless the agency, county or municipality can demonstrate by clear and convincing evidence that the business was the actual cause of transmission of the disease that is the subject of the order due to the business's willful misconduct or gross negligence. Before a state agency, county or municipality suspends or permanently revokes a business license, the agency must provide written notice of noncompliance and written notice of intent to suspend or permanently revoke the license at least 30 days after the notice of noncompliance. Any dispute relating to the suspension or permanent revocation of a business license must be resolved by a court of

competent jurisdiction. The Department of Liquor Licenses and Control (DLLC) is prohibited from assessing or collecting a civil penalty of more than \$500 for a violation of an executive order issued pursuant to the state of emergency related to COVID-19 that was proclaimed on March 11, 2020. DLLC is required to refund any amount collected in excess of this cap by the 10th business day after the effective date of this legislation.

Sponsor: Rep. Hoffman

Status: signed by governor on May 19<sup>th</sup>, 2021. Chap. 367, Laws 2021.

### **H2770: Mask Mandates; Business Exception**

Summary: A business in Arizona is not required to enforce on its premises a mask mandate that is established by the state, a city, town or county or any other jurisdiction of this state. As signed by Governor. In his signing statement, the Governor expressed concern about unintended consequences relating to make requirements that are not related to the spread of COVID-19, and thanked the bill's sponsor for agreeing to fix this oversight in a future bill this session.

Sponsor: Rep. Chaplik

Status: signed by governor on April 9<sup>th</sup>, 2021. Chap. 201, Laws 2021.

### **S1084: State Of Emergency; Automatic Termination**

A reaction to frustration felt by members of the legislature regarding Gov. Ducey's pandemic response, SB1084 reforms and limits the Governor's power to declare states of emergency.

Summary: A state of emergency declared by the Governor terminates 90 days after the date on which the state of emergency is proclaimed, unless the Legislature extends the state of emergency in whole or in part by concurrent resolution. The Legislature is authorized to extend the state of emergency as many times as necessary by concurrent resolution, but any extension is limited to a period of 90 days. A state of emergency may be terminated earlier than the 90-day period by proclamation of the Governor or by concurrent resolution of the Legislature. If a state of emergency is terminated by the Legislature, the Governor is prohibited from proclaiming a new state of emergency based on the same conditions without the passage of a concurrent resolution by the Legislature consenting to the new state of emergency. If the Governor fails to comply with this prohibition, any citizen is authorized to apply to the superior court for a writ of mandamus to compel the Governor to comply.

Sponsor: Rep. Chaplik

Status: signed by governor on April 9<sup>th</sup>, 2021. Chap. 201, Laws 2021.

### **S1377: Civil Liability; Public Health Pandemic**

A major policy goal for much of the Arizona business community, SB1377 protects businesses and other organizations operating in good faith from liability related to the COVID-19 pandemic. Drafted and supported by the Arizona Chamber of Commerce, the bill faced opposition from

labor groups that claimed the bill was too focused on employers and didn't include worker protections.

Summary: If the Governor declares a state of emergency for a public health pandemic, a person or "provider" (defined) that acts in good faith to protect a person or the public from injury from the pandemic is not liable for damages in any civil action for any injury, death or loss to person or property that is based on a claim that the person or provider failed to protect the person or the public from the effects of the pandemic, unless it is proven by clear and convincing evidence that the person or provider failed to act or acted with willful misconduct or gross negligence. A person or provider is presumed to have acted in good faith if the person or provider adopted and implemented reasonable policies related to the pandemic. If the Governor declares a state of emergency for a public health pandemic, a health professional or health care institution that acts in good faith is not liable for damages in any civil action for an injury or death that is alleged to be caused by the health professional's or health care institution's action or omission while providing health care services in support of Arizona's response to the state of emergency declared by the Governor, unless it is proven by clear and convincing evidence that the professional or institution failed to act or acted with willful misconduct or gross negligence. A health professional or health care institution is presumed to have acted in good faith if the professional or institution relied on and reasonably attempted to comply with applicable published guidance relating to the pandemic that was issued by a federal or state agency. Applies to all claims filed before or after the effective date of this legislation for an act or omission that occurred on or after March 11, 2020 relating to a pandemic that is the subject of the state of emergency declared by the Governor. Does not apply to workers' compensation claims. Retroactive to March 11, 2020. Severability clause.

Sponsor: Senator Leach

Status: signed by governor on April 5<sup>th</sup>, 2021. Chap. 179, Laws 2021.

## VI. LEGAL

### **H2242: Agency Actions; Procedures; Fee Awards**

Summary: Modifies statutes governing fees and other expenses the court awards to a party that prevails in an action against the state or a county or municipality by an adjudication on the merits. An award of fees against the state or a county or municipality cannot exceed \$125,000, increased from \$75,000, for fees incurred at each level of judicial appeal. The maximum rate for attorney fees awarded is \$350 per hour for any awards of attorney fees against the state or a county or municipality, instead of only for specified cases, and the maximum rate of \$75 per hour for all other cases is deleted. A person is entitled to have an agency not base a decision regarding any filing or other matter submitted to an agency on a requirement or condition that is not specifically authorized by statute, rule or state tribal gaming compact, and an agency is prohibited from doing so. A determination by an agency that an application is not administratively complete is an appealable agency action, with some exceptions. Changes



relating to expenses awarded by the court apply to all proceedings that are pending on or filed after the effective date of this legislation.

Sponsor: Rep. Grantham

Status: signed by governor on April 1<sup>st</sup>, 2021. Chap. 161, Laws 2021.

### **H2579: Limited Jurisdiction Courts; Judgment Assignment**

Summary: The prevailing party in a small claims action is authorized to assign a monetary judgment to another person that is licensed in Arizona to collect debts and that may appear in the small claims court as the prevailing party only for the purpose of enforcing the judgment. A person that is assigned a judgment for collection does not represent the prevailing party but must be treated by the justice court as the prevailing party for all actions that relate to enforcing the judgment.

Sponsor: Rep. Griffin

Status: signed by governor on April 5<sup>th</sup>, 2021. Chap. 172, Laws 2021.

### **S1221: Vulnerable Adults; Jurisdiction; Grand Juries**

Summary: Any violation of Title 13 (Criminal Code) or Title 46 (Welfare) where the victim is a "vulnerable adult" (defined elsewhere in statute) is added to the list of offenses or violations of law that the state grand jury's authority to investigate and return indictments for is limited to. Unless the parties waive trial by jury, in a civil action brought by or on behalf of the state for a violation of a statute that declares an act or practice unlawful, a jury is required to determine liability, willfulness, and the amount of any available monetary remedies.

Sponsor: Senator Gray

Status: signed by governor on April 9<sup>th</sup>, 2021. Chap. 206, Laws 2021.

## **VII. AFFORDABLE HOUSING**

Affordable housing has been a topic of discussion for many years in Arizona, however the pandemic recession and its disproportionate impact on low-income workers has brought renewed attention to the issue and some progress on the issue.

### **H2244: 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 ways-means, approp on January 21<sup>st</sup>, 2021

Low Income Housing Tax Credits (LIHTC): After years of capitol debate, legislation establishing a state program for LIHTC gathered support from a coalition of Republicans and Democrats interested in making progress on affordable housing. You will note that neither of the introduced LIHTC bills passed the legislature, however, the issue was taken up as part of the negotiated budget. **The final version passed in SB1124 will provide \$4 million in tax credits per year for an initial period of four years.**

### **H2562: 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, 2022. 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. Self-repeals January 1, 2029.

Sponsor: Rep. Cobb

Status: House COW approved with flr amend #4335 on February 18<sup>TH</sup>, 2021

### **S1327: 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, 2022. 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. Self-repeals January 1, 2028.

Sponsor: Senator Gowan

Status: referred to House Ways-means on March 1<sup>st</sup>, 2021

### **S1076: Low-Income Multifamily Housing; Valuation**

SB1076 ended a long-running dispute between county assessors and developers of low income housing projects by codifying into statute a tax court ruling regarding the valuation of low-income properties.

Summary: The owner of "low-income multifamily residential rental property" (defined) is authorized to elect a statutory income method for valuing the property. The calculation for this valuation method is established. Requirements for a property owner to elect this valuation method are specified, including documentation requirements. Low-income multifamily residential rental properties that are valued using this method are classified as class four property for property tax purposes.

Sponsor: Senator Livingston

Status: signed by governor on May 10<sup>th</sup>, 2021. Chap. 352, Laws 2021.

## VIII. FORECLOSURE

### **H2306: 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. Kavanagh

Status: House ways-means held on February 17<sup>th</sup>, 2021.

### **H2617: Judgments; Liens; Homestead (Judgment Liens)**

This bill was watched closely by the Association. The Association has not supported increases in the homestead exemption, however the proposed increase in the bill was moderate in comparison to the amounts originally proposed. The bill was also combined with policy to address recent legal decisions related to the application of judgment liens.

Summary: Increases the homestead exemption to \$250,000, from \$150,000. The homestead exemption does not attach to the person's interest in identifiable cash proceeds from refinancing the homestead property. Exempts real property subject to the homestead exemption from involuntary sale under a judgment or lien, rather than from process and sale under a judgment or lien. On the sale of homestead property that is subject to a judgment lien, the judgment creditor must be paid from the proceeds of the sale after the homestead exemption amount is paid to the judgment debtor and after payment of any liens that have priority over the judgment lien. If the anticipated amount to be paid to the judgment debtor is less than 80 percent of the amount of the homestead exemption, a title insurer may record a notice of partial release of judgment without prior notice to judgment creditors. If the anticipated payment to the debtor is 80 percent of the amount of the homestead exemption, the judgment creditor's lien is extinguished on compliance with specified requirements for notice to the judgment creditor and opportunity for the creditor to object to the notice. For any sale, transfer or refinance of a judgment debtor's homestead property that is completed before January 1, 2022, a judgment lien does not attach to the homestead property. A judgment lien is not created on the debtor's homestead property if a court of competent jurisdiction has discharged or enjoined enforcement of the judgment before January 1, 2022 or if there is a bankruptcy petition pending before January 1, 2022 for which a discharge is ultimately granted. For any sale, transfer or refinance that is completed after January 1, 2022, judgments that are recorded before January 1, 2022 and that are still valid attach to the homestead property are enforceable and create judgment liens. Establishes provisions for the priority of judgment liens created in this circumstance. 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. Effective January 1, 2022.

Sponsor: Rep. Toma

Status: signed by governor on May 19<sup>th</sup>, 2021. Chap. 368, Laws 2021.

## **IX. LABOR AND EMPLOYMENT**

### **H2338: 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. Salman

Status: referred to House com on January 26<sup>th</sup>, 2021.

### **H2805: Unemployment Insurance; Benefits; Tax Base**

Arizona has among the lowest weekly unemployment benefits among the states and this year saw bipartisan support to increase benefit amounts, however there was significant debate about the specific policies and implementation. Ultimately, the budget (HB/SB XXXX) would include an unemployment benefits increase to take effect when the certain economic conditions are met.

Summary: Beginning January 1, 2022, the taxable wage for unemployment insurance is in excess of \$8,000, increased from \$7,000. Beginning January 1, 2022, the weekly benefit amount for unemployment insurance is capped at \$300, increased from \$240.

Sponsor: Rep. Cook

Status: from Senate approps with amend #4988 on April 1<sup>st</sup>, 2021.

## **X. TAX**

### **H2429: Tax Corrections Act Of 2021**

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. 49 pages. An annual exercise.

Sponsor: Rep. Bolick

Status: signed by governor on April 9<sup>th</sup>, 2021. Chap. 196, Laws 2021.

### **H2879: DOR; Administrative Rulings; Procedures (Conformity; Internal Revenue Code; Exception)**

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. The court is required to decide all questions of law without deference to any determination that is made by DOR.

Sponsor: Rep. Toma

Status: signed by governor on May 7<sup>th</sup>, 2021. Chap. 342, Laws 2021.

### **S1113: Unused Tax Credit; Termination; Time**

Summary: The Department of Revenue is required to terminate the recognition and servicing of an individual or corporate income tax credit that was not claimed by or allowed to any individual or corporate taxpayer after three consecutive years of no use, decreased from four consecutive years. For this purpose, unused credits carried forward from prior years are not considered claimed or allowed in the year the credit carried forward is used. If the credit included for repeal in the tax corrections legislation has unused credits carried forward from prior years, the tax corrections legislation must include a savings clause to allow for the continued use of the carried forward amounts for the remainder of the carry forward period.

Sponsor: Senator Mesnard

Status: signed by governor on April 5<sup>th</sup>, 2021. Chap. 174, Laws 2021.

### **S1350: Income Tax; Returns; Filing Extension**

Summary: The due date for an income tax return for a taxpayer filing a corporate or exempt organization return that has been granted an extension or extensions is seven months after the initial due date provided for filing returns. Does not include small business corporation returns. Retroactive to tax years beginning with 2021.

Sponsor: Senator Leach

Status: signed by governor on April 5<sup>th</sup>, 2021. Chap. 178, Laws 2021.

## **XI. MISC**

### **H2446: Escrow Accounts; Manufactured Homes; Requirements**

Summary: The owner of a mobile home park that is also is or that owns a dealership is authorized to sell a manufactured home, mobile home, or factory-built building designed for use as a residential dwelling as a licensee if the home will be sited in a mobile home park owned by the park owner, the dealership has posted a dealer bond of at least \$150,000, and other specified conditions are met. At the time of sale, the dealer is required to either maintain a licensee's trust account or open an escrow account with an independent financial institution or escrow agent

located in Arizona. The dealer is required to deposit all earnest monies received for the sale of manufactured homes, mobile homes or factory-built buildings designed for use as residential dwellings in the trust or escrow account. The Department of Housing is required to conduct an audit of each dealer's trust or escrow account at least once every two years.

Sponsor: Rep. Dunn

Status: signed by governor on March 26<sup>th</sup>, 2021; Chap. 132, Laws 2021.

### **S1463: DIFI; Omnibus**

Summary: Numerous changes to statutes relating to the Department of Insurance and Financial Institutions (DIFI). The Superintendent of Financial Institutions is renamed the Deputy Director of the Financial Institutions Division of DIFI. The uniform standards of professional appraisal practice as published by the Appraisal Standards Board are the standards for the appraisal practice in Arizona unless the Deputy Director objects. Repeals the chapter of statute regulating deferred presentment companies. Allows the Deputy Director to contract for the testing of applicants for mortgage broker licenses and to allow the contractor to charge a reasonable testing fee. Eliminates fees for approving articles of incorporation and changing responsible persons or active managers on financial institution licenses. Establishes a fee of \$300 plus \$300 for each branch office for a premium finance company. Changes the definition of "control" to increase the direct or indirect ownership or voting shares to 25 percent, from 15 percent. States that a consumer loan made under a consumer lender license is not a secondary motor vehicle finance transaction. Retroactive to July 1, 2020.

Sponsor: Senator Livingston

Status: signed by governor on May 5<sup>th</sup>, 2021. Chap. 356, Laws 2021.

## **XII. OPERATIONS**

### **H2458: Schools; Universities; Consular Identification Cards**

Just a few years ago the resistance to the allowable use of consular identification cards was immense and there were regular bill eliminating their use (including by banks), but this year saw support for the use of consular identification grow.

Summary: School districts and charter schools are required to accept a consular identification card to show verifiable documentation of Arizona residency. Community colleges and universities under the jurisdiction of the Arizona Board of Regents are required to accept a consular identification card as a valid form of identification. The state and political subdivisions are required to accept a consular identification card that is issued by a foreign government as a valid form of identification if the foreign government uses "biometric identity verification techniques" (defined) in issuing the card, instead of being prohibited from accepting a consular identification card as a valid form of identification.

Sponsor: Rep. Cook

Status: House COW approved with flr amend #4485 on February 24<sup>th</sup>, 2021.

### **H2508: 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. Licensed money transmitters are no longer required to prominently display the money transmitter license in the principal place of business and each branch office.

Sponsor: Rep. Bolick

Status: signed by governor. Chap. 263, Laws 2021.

### **H2651: Kratom Products; Enforcement; Financial Institutions**

Bills requiring banks to service kratom businesses were just one more example of legislators and government attempting to regulate a bank's determination of who to do business with. These and similar laws are strongly opposed by the Association. The Association was successful in defeating the problematic portions of these bills affecting banks and financial institutions.

Summary: A state agency is prohibited from taking any enforcement action, including seizure of product, against a person that sells products containing kratom or its constituent alkaloids when the products are offered for sale as a food or dietary ingredient, unless the U.S. Drug Enforcement Administration classifies kratom or its constituent alkaloids as a schedule I substance. A financial institution, service or entity, including a bank, credit union, credit card network or credit card processing company, cannot refuse or terminate service to a retailer because the retailer engages in preparing, distributing or selling kratom products.

Sponsor: Rep. Biasiucci

Status: referred to House gov-elect on February 2<sup>nd</sup>, 2021.

### **H2827: Businesses; Firearms; Unlawful Acts**

Based on federal legislation regarding requirements on banks to service firearms entities, this law would have included a state requirement. The Association strongly opposed this legislation as it would be damaging to the freedom of banks to manage their institutions, but also because it would have set a very negative political precedent for mandates on private businesses in response to political pressures. The Association defeated this legislation.

Summary: A government entity or financial institution is prohibited from discriminating against a "firearm entity" (defined) because the firearm entity supports or is engaged in the lawful commerce of firearms, firearm accessories or ammunition products. A person who is injured by a



violation of this prohibition is authorized to bring a civil action against the government entity or financial institution.

Sponsor: Rep. Carroll

Status: retained on House COW calendar on February 24<sup>th</sup>, 2021.

### **S1115: 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. Effective July 1, 2022.

Sponsor: Senator Ugenti-Rita

Status: signed by governor on March 18<sup>th</sup>, 2021. Chap. 66, Laws 2021.

### **S1324: Strike-Everything; Financial Services; Fees**

Introduced as a strike-everything amendment this bill would have severely impacted bank operations. The Association quickly mobilized opposition and was successful in keeping the bill from getting even an initial committee vote.

Summary: Prohibits a bank that operates in Arizona from charging or collecting: a) a fee to open a savings or checking account; or b) a monthly service or maintenance fee, regardless of the customer's account balance, if the sole purpose of the fee is to allow a customer to maintain a savings or checking account.

Sponsor: Senator Gowan

Status: Senate approp held on February 23<sup>rd</sup>, 2021.

**S1339: Kratom Products; Enforcement; Financial Institutions (Kratom; Enforcement; Financial Institutions)**

See notes at H2651

Summary: A state agency is prohibited from taking any enforcement action, including seizure of product, against a person that sells products containing kratom or its constituent alkaloids when the products are offered for sale as a food or dietary ingredient, unless the U.S. Drug Enforcement Administration classifies kratom or its constituent alkaloids as a schedule I substance.

Sponsor: Senator Borrelli

Status: from House mil-pub safety with amend #4892 on March 23, 2021.

**XIII. LENDING**

**S1527: 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, 2022, the Authority is required to study the factors related to increasing the number of microfinance lenders in Arizona. By July 1, 2022, the Authority is required to submit a report of its findings and recommendations to the Governor and the Legislature. The Program terminates on July 1, 2031.

Sponsor: Senator Navarrete

Status: from Senate rules on February 16<sup>th</sup>, 2021.

## **MONITORED LEGISLATION**

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### **H2104: DIFI; Director; Report; Surprise Billing**

Summary: The Director of the Department of Insurance and Financial Institutions is required to produce a report on "surprise billing" (defined) by January 1, 2022 and submit the report to the Governor and the Legislature. Information that must be included in the report is specified. The Director is authorized to contract with one or more entities to produce the report.

Sponsor: Rep. Jermaine

Status: referred to House HHS on January 20<sup>th</sup>, 2021

### **H2192: 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 Chief Executive Officer of the Arizona Commerce Authority (ACA) at least 120 days before the relocation. Violations are subject to a civil penalty of up to \$10,000 for each day. The ACA 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.

Sponsor: Rep. Andrade

Status: referred to House com on January 20<sup>th</sup>, 2021

### **H2196: Overtime Pay**

Summary: On the effective date of this legislation, the Industrial Commission is required to set a salary amount at the 40th percentile of weekly earnings of full-time non-hourly 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 com on January 20<sup>th</sup>, 2021

### **H2511: Auto Title Loans; Title; Interest**

Summary: A seller, bailor, lender or lessor may not enter into a secondary motor vehicle finance transaction unless the borrower holds a clear title to the motor vehicle that the borrower uses to secure the loan. The maximum "finance charge" (defined) for secondary motor vehicle finance transactions is 36 percent.

Sponsor: Rep. Butler  
Status: Referred to House Com on January 28<sup>th</sup>, 2021.

**H2549: Probable Cause Hearing; Pandemic Liability**

Summary: Subject to Arizona rules of court, the court is required to conduct a probable validity hearing for every civil action that is filed and that claims a party is liable for damages based on contracting an illness that is also the subject of a public health pandemic. At the probable validity hearing, the plaintiff has the burden of proof to demonstrate that there is sufficient evidence to establish that the injury exists and that the defendant is likely a cause of the injury. On a finding of probable validity, the court may proceed to a trial on the merits.

Sponsor: Rep. Kavanagh  
Status Referred to Senate JUD on March 3<sup>rd</sup>, 2021.

**H2587: Motor Vehicle Title Loans; Prohibition**

Summary: Secondary motor vehicle finance transactions with individuals in Arizona are prohibited. A secondary motor vehicle finance transaction made in violation of this prohibition is void, constitutes an unlawful practice, and is subject to enforcement as consumer fraud.

Sponsor: Rep. Bolding  
Status: Referred to House COM and TRANS on February 2<sup>nd</sup>, 2021.

**H2612: Retirement Systems; Investment Fees; Disclosures**

Summary: Each "alternative investment manager" (defined) that receives capital commitments for an "alternative investment vehicle" (defined) from the governing board of a public retirement system is required to file a disclosure on each alternative investment vehicle at least annually with the State Treasurer. The disclosure must include a list of specified information, including the fees and expenses incurred, and compensation for the alternative investment manager's named executive officers. Applies to all new, amended, renewed or extended contracts beginning January 1, 2021. Retroactive to January 1, 2021.

Sponsor: Rep. Salman  
Status: Referred to House Gov-Elect on January 28<sup>th</sup>, 2021.

**H2197: Eviction Prevention; Study Committee**

Summary: Establishes a 19-member Study Committee on Statewide Eviction Prevention and Housing Affordability to conduct a comprehensive study on reducing eviction filings, review related policies and statutes, conduct research on housing affordability issues, and propose legislation to address these issues. The Committee is required to submit a report of its activities and recommendations to the Governor and the Legislature by December 1, 2021, and self-repeals November 1, 2022.

Sponsor: Rep. Cano  
Status: Referred to House HHS on January 25<sup>th</sup>, 2021

**H2243: Occupational and Professional Licensure; Notice**

Summary: A regulating entity under Title 32 (Professions and Occupations) is required to prominently print a specified notice regarding reciprocity on all license and certificate applications and regulating entity websites.

Sponsor: Rep. Grantham  
Status: From House rules Okay on February 2<sup>nd</sup>, 2021.

**H2245: Taxation; Repeal; Selected Exemptions**

Summary: Eliminates various exemptions from taxation, including the exemptions from the retail classification of transaction privilege taxes for sales of warranty or service contracts and sales of stocks and bonds. For tax years beginning with 2022, the income tax rate for corporations is increased to 5.5 percent, 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. Powers Hannley  
Status: referred to House ways-means on January 21<sup>st</sup>, 2021.

**H2272: Consumer Credit; Military; Federal Law**

Summary: Establishes a new chapter in Title 6 (Banks & Financial Institutions) regulating the terms of consumer credit extended to military members and dependents. Creditors that extend "consumer credit" to a "covered member" (both defined in federal law) or dependent of the covered member are required to comply with specified federal law. Violations are an unlawful act or practice, subject to investigation and appropriate enforcement action by the Attorney General.

Sponsor: Rep. Butler  
Status: referred to House COM and MPS on January 25<sup>th</sup>, 2021.

**H2313: Information Technology; Authorization; State Treasurer**

Summary: For the purpose of statutes regulating government information technology, the State Treasurer is excluded from the definition of "budget unit."

Sponsor: Rep. Kavanagh  
Status: From Senate rules okay on March 16<sup>th</sup>, 2021.

### **H2331: Property Tax; Mobile Homes; Delinquency**

Summary: For a mobile home for which an affidavit of affixture has not been recorded, that is not placed on the real property roll and that is used as the owner's primary residence, delinquent taxes may be collected only after the tax is delinquent for one year and the person liable for paying the tax has not redeemed the property within six months after the end of the one-year period.

Sponsor: Rep. Griffin

Status: signed by governor on February 20<sup>th</sup>, 2021. Chap. 28, Laws 2021.

### **H2333: Energy; Water; Savings Accounts**

Summary: The maximum length of a contract between a county or municipality and an energy or water services company to pay for the incremental cost of energy or water savings measures in facilities owned by the county or municipality is increased to 25 years, from 15 years. Other costs and revenue are included in the estimated impact to be achieved by a county or municipality through energy or water savings measures or services. Reports on school district contracts for guaranteed energy cost savings must be filed with the Department of Administration, instead of the Governor's Office of Energy Policy.

Sponsor: Rep. Pratt

Status: House add'l COW approved with flr amend #4247 on February 15<sup>th</sup>, 2021.

### **H2337: 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. Salman

Status: Referred to House com on January 26<sup>th</sup>, 2021.

### **H2340: Student Loan 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 (DIFI). 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 DIFI to attempt to resolve complaints from student loan borrowers and establish a student loan borrower education course by October 1, 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: Rep. Salman

Status: referred to House com on January 26<sup>th</sup>, 2021.

### **H2341: Income Tax; Credits; Subtraction**

Summary: A taxpayer that is allowed a tax credit under statutes governing the transaction of insurance business or an individual or corporate income tax credit is prohibited from selling or transferring the tax credit to another taxpayer. Any income tax credit enacted beginning January 1, 2022 is not refundable. Retroactive to January 1, 2021, for the purpose of computing Arizona adjusted gross income for income tax purposes, the subtraction from Arizona gross income for 25 percent of the net long-term capital gain included in federal adjusted gross income does not apply to any net long-term capital gain from the sale of a charter school.

Sponsor: Rep. Salman

Status: Referred to House ways-means on January 26<sup>th</sup>, 2021.

### **H2353: Tax Expenditures; Review; Sunset**

Summary: The Joint Legislative Income Tax Credit Review Committee is renamed the Joint Legislation Tax Expenditure Review Committee. The Committee is required to adopt and review the “tax expenditures” (defined as any exemption from the impact of established taxes and tax classifications) for transaction privilege and affiliated excise taxes according to a 10-year review schedule, and the Committee is required to compile and adopt the schedule by December 15, 2021. After a review, the Committee is required to recommend the tax expenditures to be amended, repealed or retained. The Committee is required to report its recommendations to the Legislature and the Governor by December 15 of the year the tax expenditure is reviewed. If the tax expenditure is recommended to be retained or amended, the next review year must be no later than the 10th full calendar year following the date the tax expenditure was reviewed. Modifies the income tax credit review schedule.

Sponsor: Rep. Epstein

Status: Referred to House ways-means on January 26<sup>th</sup>, 2021.

### **H2354: Income Tax Subtraction; Capital Gains**

Summary: For the purpose of computing Arizona adjusted gross income for individual income tax purposes, the subtraction from Arizona gross income for an amount of any net capital gain included in federal adjusted gross income derived from an investment in a qualified small business is repealed. 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. Epstein

Status: Referred to House ways-means on January 26<sup>th</sup>, 2021.

### **H2389: State Of Emergency; Automatic Termination**

Summary: A state of emergency declared by the Governor terminates 21 days after the date on which the state of emergency is proclaimed, unless the Legislature extends the state of emergency by concurrent resolution. A state of emergency may be terminated earlier than the 21-day period by proclamation of the Governor or by concurrent resolution of the Legislature. If a state of emergency is not extended by the Legislature, the Governor is prohibited from proclaiming a new state of emergency based on the same or substantially similar facts and circumstances without the passage of a concurrent resolution by the Legislature consenting to the new state of emergency. If the Governor fails to comply with this prohibition, any citizen is authorized to apply to the superior court for a writ of mandamus to compel the Governor to comply.

Sponsor: Rep. Griffin

Status: Referred to House gov-elect on January 26<sup>th</sup>, 2021.

### **H2423: Immunizations; Exemption; Requirements**

Summary: A person who is required to receive an immunization for any purpose, including as a condition of employment, school attendance or obtaining any license, certification or degree, is allowed to claim an exemption from the immunization requirement if there is not a vaccine that has been approved by the U.S. Food and Drug Administration available to fulfill the requirement that also meets all of a list of specified criteria, including that the risk of permanent disability or death from the vaccine has been proven to be less than that caused by the infection it is intended to prevent. A person may claim the exemption on the person's own behalf or on behalf of the person's child or dependent.

Sponsor: Rep. Carroll

Status: Referred to House HHS on January 26<sup>th</sup>, 2021.

### **H2427: Schools; Open Enrollment; Attendance Boundaries (Unused Tax Credit; Termination; Time)**

Summary: The Department of Revenue is required to terminate the recognition and servicing of an individual or corporate income tax credit that was not claimed by or allowed to any individual or corporate taxpayer after three consecutive years of no use, decreased from four consecutive years. For this purpose, unused credits carried forward from prior years are not considered claimed or allowed in the year the credit carried forward is used. If the credit included for repeal in the tax corrections legislation has unused credits carried forward from prior years, the tax



corrections legislation must include a savings clause to allow for the continued use of the carried forward amounts for the remainder of the carry forward period.

Sponsor: Rep. Bolick

Status: Senate COW approved with amend #4940 and flr amend #5071 on March 22<sup>nd</sup>, 2021.

### **H2489: Appropriation; Affordable Housing**

Summary: Appropriates \$25 million from the general fund in FY2021-22 to the Housing Trust Fund.

Sponsor: Rep. Chavez

Status: From House approps. with amend #4424. From House rules okay on February 23<sup>rd</sup>, 2021.

### **H2642: 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. Shah

Status: Referred to House jud, gov-elect on February 2<sup>nd</sup>, 2021.

### **H2685: 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. Chavez

Status: from House rules okay on February 22, 2021.

### **H2726: Unclaimed Property Locators; Registration**

Summary: A locator is authorized to register with the Department of Revenue (DOR) in a manner determined by DOR and pay a fee to be deposited in the newly established Locator Registration Fund. DOR is required to use monies in the Fund to register and monitor locators. On written request, DOR is required to provide all unclaimed property account information for all unclaimed accounts to a registered locator. DOR is authorized to charge a fee for each request. DOR 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 DOR 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, DOR 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 DOR. Also modifies requirements for agreements entered into by an owner with another person to locate unclaimed property.

Sponsor: Rep. Carroll

Status: referred to House ways-means on February 3<sup>rd</sup>, 2021.

#### **H2744: 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 only on May 24<sup>th</sup>, 2021.

#### **H2746: Workers' Rights; Public Health Emergency**

Summary: Employers are prohibited from discriminating or retaliating against any worker based on the worker raising any reasonable concern about workplace violations of government health and safety rules related to a public health emergency or based on the worker voluntarily wearing at the workplace the worker's own personal protective equipment if the personal protective equipment meets a list of specified requirements. Some exceptions. Establishes civil penalties for violations and authorizes a person to seek relief for violations by filing a complaint or bringing an action in court. Appropriates an unspecified amount (blank in original) from the general fund in FY2021-22 to the newly established Employment Support Fund to administer these requirements. Applies to conduct occurring from and after the effective date of this legislation. Emergency clause.

Sponsor: Rep. Andrade

Status: Referred to House com, approps on February 2<sup>nd</sup>, 2021.

#### **H2756: Employees; 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 Industrial Commission is required to investigate complaints of an employer violating family leave requirements. More. Effective June 1, 2022.

Sponsor: Rep. Chavez  
Status: Referred to House Com. On February 2<sup>nd</sup>, 2021.

**H2788: Paid Sick Leave; Covid-19**

Summary: The state, school districts, and charter schools are required to provide all eligible employees with an additional amount of paid sick leave if the eligible employee is unable to work or telework due to quarantine or isolation related to COVID-19, experiencing COVID-19 symptoms, caring for an individual subject to quarantine or isolation related to COVID-19, caring for a child whose school or place of care is closed or whose child care provider is unavailable for reasons related to COVID-19, or any substantially similar condition. Establishes requirements for the duration of paid sick leave for full-time employees and part-time employees based on the length of time that employee has been employed by that employer. Establishes requirements for sick leave pay amounts.

Sponsor: Rep. Butler

**H2828: Remote Online Notaries; Fees**

Summary: A notary public is authorized to charge any fee for each remote online notarial act.

Sponsor: Rep. Pawlik  
Status: Referred to Senate Gov on March 4<sup>th</sup>, 2021.

**H2857: Employee Protections; Public Health-Related Pandemic**

Summary: If the Governor proclaims a state of emergency for a public health-related pandemic, an employer is required to adopt and implement reasonable policies or practices to protect its employees and customers in accordance with applicable published guidance relating to the pandemic issued by a federal or state agency. An employer is required to supply appropriate personal protective equipment to each employee it employs at no cost to the employee. Establishes whistleblower protections for employees during a pandemic. The Industrial Commission is authorized to enforce and implement this legislation.

Sponsor: Rep. Teran  
Status: Referred to Com. and HHS on February 10<sup>th</sup>, 2021.

**H2858: Family and Medical Leave; Paid**

Summary: Beginning January 1, 2024, family and medical leave insurance benefits are payable to a "covered individual" (defined) who meets one of the following requirements: is caring for a new child during the first year after the birth, adoption or foster care placement of that child; is caring for a family member with a "serious health condition" (defined); has a serious health condition that makes the covered individual unable to perform the functions of their position; qualifies for "qualifying exigency leave" (defined) due to being on active duty or having been

notified of an impending call or order to active duty in the armed forces; or is in need of "safe leave" (defined) due to domestic violence or abuse. Family and medical leave insurance benefits are payable for up to 24 weeks, except that benefits for the employee's own serious health condition are payable for up to 26 weeks. Establishes a formula for determining the amount of benefits and a formula for payroll contributions to finance the payment of benefits. Any covered individual who exercises the right to family and medical leave insurance benefits is entitled, on the expiration of that leave, to be restored by the employer to the position held by the covered individual when the leave commenced, or to a position with equivalent terms and conditions. Prohibits retaliatory personnel actions for exercising specified rights. Establishes civil penalties for violations. More. Severability clause. Emergency clause.

Sponsor: Rep. Teran

Status: Referred to Com. and HHS on February 10<sup>th</sup>, 2021.

### **H2860: Appropriation; Financial Surveillance Fund**

Summary: Appropriates \$300,000 from the general fund in FY2021-22 to the Financial Surveillance Fund.

Sponsor: Rep. Butler

Status: Referred to House Approps on February 10<sup>th</sup>, 2021.

### **H2865: 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: Referred to House Com on February 11<sup>th</sup>, 2021.

### **H2867: Employers; Covid-19 Exposure; Notification**

Summary: If an employer, including a "qualified marketplace platform" (defined elsewhere in statute), in Arizona becomes aware that a person who has been on the employer's premises has

tested positive for COVID-19, the employer is required to notify in a timely manner all employees and contractors, including "qualified marketplace contractors" (defined elsewhere in statute), who may have come into contact with the person who tested positive of a potential exposure, and within one week make a reasonable effort to notify all other persons who may have come into contact with the person who tested positive of a potential exposure.

Sponsor: Rep. Powers Hannley

Status: Referred to House Com on February 11<sup>th</sup>, 2021.

### **HCR2006: State of Emergency Declaration; Termination**

Summary: The Legislature declares that the Declaration of Emergency issued by the Governor on March 11, 2020 due to the COVID-19 outbreak is terminated. The Secretary of State is directed to transmit a copy of this resolution to the Governor.

Sponsor: Rep. Roberts

Status: Referred to House Gov-Elect on January 26<sup>th</sup>, 2021.

### **HCR2017: Automatic Termination; State of Emergency**

Summary: The 2022 general election ballot is to carry the question of whether to amend state statute to terminate a state of emergency declared by the Governor 21 days after the date on which the state of emergency is proclaimed, unless the Legislature extends the state of emergency by concurrent resolution. A state of emergency may be terminated earlier than the 21-day period by proclamation of the Governor or by concurrent resolution of the Legislature. If a state of emergency is not extended by the Legislature, the Governor is prohibited from proclaiming a new state of emergency based on the same or substantially similar facts and circumstances without the passage of a concurrent resolution by the Legislature consenting to the new state of emergency. If the Governor fails to comply with this prohibition, any citizen is authorized to apply to the superior court for a writ of mandamus to compel the Governor to comply.

Sponsor: Rep. Griffin

Status: Referred to House Gov-Elect

### **S1038: Landlord Tenant; Rent; Fifteen Days**

Summary: A landlord is authorized to terminate a rental agreement if rent is not paid within 15 days, increased from 5 days, after written notice by the landlord of nonpayment and the landlord's intention to terminate the rental agreement.

Sponsor: Senator Engel

Status: Referred to Senate Com on January 11<sup>th</sup>, 2021.

### **S1039: Eviction Prevention; Study Committee**

Summary: Establishes a 19-member Study Committee on Statewide Eviction Prevention and Housing Affordability to conduct a comprehensive study on reducing eviction filings, review related policies and statutes, conduct research on housing affordability issues, and propose legislation to address these issues. The Committee is required to submit a report of its activities and recommendations to the Governor and the Legislature by December 1, 2021, and self-repeals November 1, 2022.

Sponsor: Senator Engel

Status: Referred to Senate Com on January 11<sup>th</sup>, 2021.

### **S1108: 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 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, 2020. 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 \$0.4263 in tax year 2021, \$0.3430 in tax year 2022, and \$0.2745 in tax year 2023, from \$0.4426 in tax year 2020. Lowers the tax rate for class one property taxes to 17.5 percent for tax year 2022 and 17 percent for tax years beginning with 2023, from 18 percent in 2021. 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 2022 and \$3.50 per \$100 of assessed valuation for tax year 2023 and each tax year after, from \$3.25 per \$100 of assessed valuation. Retroactive to July 1, 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. Income tax revisions are retroactive to tax years beginning January 1, 2021.

Sponsor: Senator Mesnard

Status: Referred to House Ways-means on March 9<sup>th</sup>, 2021.

### **S1109: Individual Income Tax; Rate Adjustment**

Summary: For each fiscal year beginning with FY2021-22, the Joint Legislative Budget Committee (JLBC) is required to follow a specified formula to compute an individual income tax rate reduction. For each tax year beginning January 1, 2022 and after, the Department of Revenue is required to reduce for the current taxable year each individual income tax rate by an equal percentage such that the total amount of the rate reduction is equal to the amount calculated by the JLBC. If the amount calculated by the JLBC is equal to or less than zero, the

individual income tax rates shall be the same as the rates for the immediately preceding taxable year. Applies to taxable years beginning with 2022.

Sponsor: Senator Mesnard

Status: Senate COW approved with flr amend #4524 on February 24<sup>th</sup>, 2021.

**S1134: Energy Measuring; Reporting; Prohibition; Repeal**

Summary: Repeals statutes prohibiting counties and municipalities from requiring an owner, operator or tenant of a business, commercial building or multifamily housing property to measure and report energy usage and consumption.

Sponsor: Senator Engel

Status: Referred to Senate Nat Res-Energy-Water on January 20<sup>th</sup>, 2021.

**S1146: Motor Vehicle Dealers; TPT Exemption (~~Electronic Certificates of Title~~)**

Summary: The list of exemptions from the tax base for the retail classification of transaction privilege taxes (TPT) and use taxes, including municipal TPT, is modified to include all sales of motor vehicles to nonresidents of Arizona for use outside of Arizona, instead of only those that the dealer ships or delivers to a destination outside of Arizona.

Sponsor: Senator Shope

Status: House COW approved with amend #4818. Note short title change. Passed House 31-28; returned to Senate for concurrence in House amendments on March 18<sup>th</sup>, 2021.

**S1173: 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: Senator Bowie

Status: Referred to Senate Com on January 19<sup>th</sup>, 2021.

**S1204: 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 2022. 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 Fin on January 19<sup>th</sup>, 2021.

### **S1211: 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: Senator Mendez

Status: Referred to Senate Fin on January 19<sup>th</sup>, 2021.

### **S1216: 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: Senator Borrelli

Status: From Senate rules okay on February 2<sup>nd</sup>, 2021.

### **S1326: Property Tax; Mobile Homes; Delinquency**

Summary: For a mobile home for which an affidavit of affixture has not been recorded, that is not placed on the real property roll and that is used as the owner's primary residence, the delinquent taxes may be collected only after the tax is delinquent for one year and the person liable for paying the tax has not redeemed the property within six months after the end of the one-year period.

Sponsor: Senator Gowan

Status: From Senate rules okay on February 9<sup>th</sup>, 2021.

### **S1349: Procurement; Final List; Number**

Summary: For the purpose of the procurement code, a request for qualifications is required to state that in a procurement of multiple contracts for professional services to be awarded to a single person or firm, that there will be a single final list of no more than ten persons or firms, instead of at least three and not more than five persons or firms. The maximum number of persons or firms on the single final list for a procurement for multiple contracts that are awarded to separate persons or firms is increased to ten, from five. If the purchasing agency will hold



interviews as part of the selection process, the maximum number of interviews held is increased to ten.

Sponsor: Senator Gray

Status: Signed by governor on May 5<sup>th</sup>, 2021. Chap. 331, Laws 2021.

### **S1392: Net Operating Loss; Carryback; Carryover**

Summary: For taxable years beginning with 2018, the list of additions to Arizona gross income for the purpose of individual income taxes is expanded to include the amount of net operating losses taken under a specified section of the federal Internal Revenue Code to the extent the amount is not included in computing federal adjusted gross income. For taxable years beginning with 2018, the list of subtractions from Arizona gross income for the purpose of individual income taxes is expanded to include the amount of the net operating loss deduction that would have been disallowed under a specified section of the federal Internal Revenue Code. To the extent not already excluded from Arizona gross income, for any taxable year the taxpayer has a net operating loss, the net operating loss is a net operating loss carryover for each of the 20 succeeding taxable years for net operating losses arising in taxable periods beginning with 2021, and is a net operating loss carryback for each of the 5 taxable years preceding the taxable year of the net operating loss for net operating losses arising in taxable periods beginning January 1, 2018 through December 31, 2020, and for each of the 2 taxable years preceding the taxable year of the net operating loss for net operating losses arising in taxable periods beginning with 2021. Establishes a formula for the net operating loss carryover and the net operating loss carryback. Retroactive to tax years beginning with 2018.

Sponsor: Senator Leach

Status: Retained on House COW calendar on April 1<sup>st</sup>, 2021.

### **S1397: 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, 2021. For the purpose of Title 43 (Taxation of Income), the definition of "Internal Revenue Code" for tax year 2021 means the U.S. Internal Revenue Code in effect on January 1, 2021. 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, including those provisions of the Coronavirus Aid, Relief, and Economic Security Act, the Paycheck Protection Program Flexibility Act of 2020, and the Consolidated Appropriations Act of 2021 that are retroactively effective during tax year 2020.

Sponsor: Senator Livingston

Status: January 27<sup>th</sup>, 2021.

### **S1425: 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: Senator Bowie

Status: referred to Senate com on January 27<sup>th</sup>, 2021.

**S1440: Appropriation; Financing Agreement; Defeasance; Retirement**

Summary: Appropriates \$65.75 million from the general fund in FY2021-22 to the Department of Administration to pay for the retirement or defeasance of the financing agreement entered into to generate savings on the Department of Corrections' cost of housing prisoners authorized by the FY2016-17 budget.

Sponsor: Senator Livingston

Status: From House approps do pass on March 31<sup>st</sup>, 2021.

**S1441: Financing Agreement; Retirement; Defeasance; Appropriation**

Summary: Appropriates \$171.55 million from the general fund in FY2021-22 to the School Facilities Board to pay for the retirement or defeasance of the financing agreement entered into to generate savings on the school facilities board's lease purchase payments authorized by the FY2016-17 budget.

Sponsor: Senator Livingston

Status: From House approps do pass on March 31<sup>st</sup>, 2021.

**S1445: Prohibited Discrimination; Sex**

Summary: The information on criminal offenses that criminal justice agencies are required to provide to the Department of Public Safety (DPS) and that DPS is required to collect in the central state repository is modified to include criminal offenses that manifest evidence of prejudice based on sex. Various statutes prohibiting discrimination are expanded to prohibit discrimination on the basis of sex. Due to voter protection, several sections of this legislation require the affirmative vote of at least 3/4 of the members of each house of the Legislature for passage.

Sponsor: Senator Steele

Status:

**S1455: Lending; Credit Support Programs; Report**

Summary: The Department of Administration (DOA) is required to prepare a report for the prior fiscal year that includes a list of each "lending program" and "credit support program" (both defined) and specified information about each program. DOA is required to provide the report to the Governor and the Legislature by December 15 of each year. As passed senate.

Sponsor: Senator Livingston

Status: from House Gov-Elect do pass on March 29<sup>th</sup>, 2021.

**S1471: ALTCS; Trusts**

Summary: The information that a trustee is required to provide to the Arizona Health Care Cost Containment System (AHCCCS) Administration when submitting trust documents for Arizona Long-Term Care System (ALTCS) approval is modified to include specific trust language that provides that on termination of the trust or on death of the beneficiary, any state Medicaid agency that is a remainder beneficiary will receive its proportionate share of all amounts remaining in the trust equal to the total amount of medical assistance paid on behalf of the trust beneficiary under the state plan. For a trust qualified by the AHCCCS Administration, the list of disbursements the trustee is authorized to make from the trust is expanded to include distributions to an account established for or by the trust beneficiary under specified federal code related to qualified ABLE program distributions.

Sponsor: Senator Engel

Status: Referred to Senate HHS on January 28<sup>th</sup>, 2021.

**S1484: 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, 2021. For the purpose of Title 43 (Taxation of Income), the definition of "Internal Revenue Code" for tax year 2021 means the U.S. Internal Revenue Code in effect on January 1, 2021. 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, including those provisions of the Coronavirus Aid, Relief, and Economic Security Act, the Paycheck Protection Program Flexibility Act of 2020, and the Consolidated Appropriations Act of 2021 that are retroactively effective during tax year 2020.

Sponsor: Senator Mesnard

Status: Referred to Senate Fin. On January 28<sup>th</sup>, 2021.

**S1534: County Treasurer; Investment Earnings; Operation**

Summary: The county treasurer 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 Alston

Status: Senate fin no action on February 10<sup>th</sup>, 2021.

**S1574: 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: Senator Mendez

Status: Referred to Senate Com on February 1<sup>st</sup>, 2021.

### **S1576: 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 Com on February 1<sup>st</sup>, 2021.

### **S1577: 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 Com on February 1<sup>st</sup>, 2021.

### **S1580: Repeal; Right to Work**

Summary: Statute prohibiting agreements denying employment because of non-membership in labor organizations is repealed. Conditionally enacted on the state Constitution being amended by the voters at the 2022 general election to repeal the right to work or employment without membership in labor organizations.

Sponsor: Senator Mendez

Status: Referred to Senate Com on February 1<sup>st</sup>, 2021.

### **S1607: Landlord Tenant; Covid Rent Freeze**

Summary: For any residential rental property, a landlord is prohibited from increasing a tenant's rental amount during the period of a proclaimed state of emergency due to COVID-19 and for 30 days after the proclaimed state of emergency terminates.

Sponsor: Senator Quezada

Status: Referred to Senate Com on February 1<sup>st</sup>, 2021.

### **S1608: Landlord; Tenant; Moratorium; Grace Period**

Summary: For any tenant who has received relief from eviction as the result of federal law, presidential executive order or state executive order, the tenant has a six-month grace period to pay any unpaid rent after the federal or state relief from eviction expires.

Sponsor: Senator Quezada

Status: Referred to Senate Com on February 1<sup>st</sup>, 2021.

### **S1609: Home Buyer Assistance Program**

Summary: The Arizona Department of Housing is required to establish and administer the Home Buyer Assistance Program to assist home buyers by providing low-interest mortgage loans, with down payment and closing cost assistance options, for the purchase of homes, and to coordinate with and provide matching monies for similar programs that are offered by private employers and county and municipal governments so as to maximize the total amount that home buyers can receive under the Program. The Dept. is required to adopt rules to implement the Program. The Program terminates on July 1, 2031.

Sponsor: Senator Quezada

Status: Referred to Senate Com on February 1<sup>st</sup>, 2021.

### **S1610: Rental Housing; Income Source Discrimination**

Summary: A landlord is prohibited from using the "source of income" (defined) of an otherwise eligible prospective or current tenant to take any of a list of actions, including refusing to rent, eviction, or in any other manner denying a rental unit. For a landlord who requires that a prospective or current tenant meet a certain threshold level of income, any source of income in the form of a rent voucher or subsidy must be subtracted from the total of the monthly rent before calculating whether the income criteria have been met. Violations are an unlawful practice subject to enforcement by the Attorney General.

Sponsor: Senator Quezada

Status: Referred to Senate Com on February 1<sup>st</sup>, 2021.

### **S1611: Landlord Tenant; Rent Increase Limitation**

Summary: The maximum amount of a permissible rent increase for a tenant is the lesser of either 10 percent of the lowest rental rate charged during the 12 months immediately preceding the date on which the rental increase takes effect, or 5 percent of the lowest rental rate charged during the 12 months plus the rate of inflation as determined by the gross domestic product price deflator index published by the U.S. Department of Commerce.

Sponsor: Senator Quezada

Status: Referred to Senate Com on February 1<sup>st</sup>, 2021.

### **S1612: Landlord Tenant; Eviction for Cause**

Summary: For any tenant who has maintained a tenancy of 12 months or more, a landlord is only permitted to terminate the rental agreement or refuse to renew the rental agreement if the tenant fails to pay rent, the tenant materially breaches the rental agreement, or the landlord or landlord's specified family member is to reside in the rental property or the landlord removes the rental property from the rental market. For any termination for removal from the rental market or the landlord or a family member to reside in the property, the landlord is required to waive one month of the tenant's rent or provide to the tenant one month's rent as relocation assistance.

Sponsor: Senator Quezada

Status: Referred to Senate Com on February 1<sup>st</sup>, 2021.

### **S1648: Covid-19 Vaccine; Condition of Employment**

Summary: A person cannot be required to take or receive or disclose whether the person has taken or received a COVID-19 vaccine as a condition of employment, entry into any business or "public space" (defined) or receipt of any service or good. Discrimination for refusing to take or receive a COVID-19 vaccine is prohibited.

Sponsor: Senator Barto

Status: Referred to Senate Com on February 3<sup>rd</sup>, 2021.

### **S1663: State; Emergency; Eviction Reporting; Prohibited**

Summary: The clerk of the court is required to immediately seal any filing, pleading or judgment in a forcible entry and detainer proceeding that is based on nonpayment of rent or a judgment rendered in a forcible entry and detainer proceeding in favor of the lessor or owner for reasons other than a violation by the lessee or occupant that occurred during the COVID-19 pandemic and declared state of emergency between the dates of March 11, 2020 and June 30, 2022. An application that is used to screen applicants for housing or credit and that seeks information concerning a previous forcible entry and detainer action or lessor action of the applicant is required to include a statement that an applicant for housing or credit with a sealed record is allowed to answer "no record" to an inquiry related to that sealed record.

Sponsor: Senator Engel

Status: Referred to Senate Jud on February 3<sup>rd</sup>, 2021.

**S1666: Affordable Housing; Appropriation**

Summary: Appropriates \$25 million from the general fund in FY2021-22 to the Housing Trust Fund. If a landlord receives monies from this as payment for rent owed to the landlord by a tenant, the landlord cannot file, finalize or enforce any action against the tenant for the unpaid rent.

Sponsor: Senator Engel

Status: Referred to Senate Approps. On February 3<sup>rd</sup>, 2021.

**S1703: 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 (DES) at least 120 days before the relocation. Violations are subject to a civil penalty of up to \$10,000 for each day. DES 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, 2021.

Sponsor: Senator Mendez

Status: Referred to Senate Com. on February 3<sup>rd</sup>, 2021.

**S1731: 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: Senator Rios

Status: Referred to Senate Gov on February 3<sup>rd</sup>, 2021.

**S1758: Minimum Wage; Increase**

Summary: Increases the minimum wage to \$20 per hour on and after the effective date of this legislation. Due to voter protection, this legislation requires the affirmative vote of at least 3/4 of the members of each house of the Legislature for passage.

Sponsor: Senator Quezada

Status: Referred to Senate Com. on February 3<sup>rd</sup>, 2021

**S1759: 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 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. The Industrial Commission is authorized to establish a negotiation skills training grant program, and the Negotiation Skills Grant Program Fund is established consisting of unspecified monies (blank in original). Establishes the Pay Equity in the Workplace Grant Program in the Industrial Commission, and the Pay Equity in the Workplace Grant Program Fund is established consisting of unspecified monies (blank in original). 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, 2023, the Industrial Commission 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, 2023.

Sponsor: Senator Quezada

Status: Referred to Senate Com. on February 3<sup>rd</sup>, 2021

### **S1760: Public Employees; Collective Bargaining**

Summary: Public employees may form, join and participate in, or refrain from forming, joining or participating in unions. A three-member Public Employee Labor Relations Board is formed to certify or decertify union representation and to hear complaints of prohibited practices. Local public employee labor relations boards are also authorized. State employees are forbidden from engaging in or encouraging a strike, and public employers cannot engage in an employee lockout. The Board terminates on July 1, 2029.



Sponsor: Senator Quezada

Status: Referred to Senate Com. on February 3<sup>rd</sup>, 2021.

**S1787: Unemployment Insurance; Benefits; Duration**

Summary: If Arizona's "average unemployment rate" (defined) is at or below 5.5 percent, the maximum amount of unemployment benefits an individual may receive in a benefit year is decreased to 12 times the individual's weekly benefit amount. If Arizona's "average unemployment rate" (defined) is above 5.5 percent but no more than 9 percent, the maximum amount of unemployment benefits an individual may receive in a benefit year is decreased to 12 times the individual's weekly benefit amount plus one additional week of benefits for each 0.5 percent increment in the average unemployment rate above 5.5 percent. Previously, the maximum amount of benefits was 26 times the individual's weekly benefit amount. Effective January 1, 2022.

Sponsor: Senator Leach

Status: Held in Senate Com on February 17<sup>th</sup>, 2021.

**S1796: Medical Debts; Homestead; Financial Assistance (Medical Debts; Homestead; Financial Assistance)**

Summary: For debt arising from receipt of medical services, products or devices, the homestead exemption applies to all of the person's equity in one of the properties listed in the exemption, and if a married couple divorces after living together in the homestead property, the unlimited homestead exemption applies to all of the equity for either or both persons. The maximum fair market value of household furniture and household goods and of equity in one motor vehicle that are exempt from process for collection of "medical debt" (defined) is increased to \$15,000, from \$6,000. For any process for collection of medical debt, the maximum part of the disposable earnings of a debtor for any workweek that is subject to process cannot exceed 10 percent of disposable earnings for that week or the amount by which disposable earnings for that week exceed 60 times the minimum hourly wage prescribed by federal law in effect at the time the earnings are payable, whichever is less. Each "large health care facility" (defined) is required to develop written financial assistance policies that must contain a list of specified provisions. Establishes income guidelines for patients to qualify for financial assistance under the plan. Establishes a list of steps that large health care facilities are required to take before seeking payment for any emergency or medically necessary care. During the one-year period immediately following the date on which a consumer first receives a bill for a medical debt, a medical creditor and a medical debt collector cannot communicate with or report any information to any consumer reporting agency regarding that medical debt.

Sponsor: Senator Mendez

Status: Referred to Senate Fin on February 3<sup>rd</sup>, 2021.

**SCR1003: Executive Orders; Emergencies; Reauthorization; Termination**

Summary: The 2022 general election ballot is to carry the question of whether to amend the state Constitution to terminate a state of emergency declared by the Governor 30 days after the date on which the state of emergency is proclaimed, unless the Legislature extends the state of emergency by concurrent resolution. Does not apply to a state of war emergency. A state of emergency may be terminated earlier than the 30-day period by proclamation of the Governor or by concurrent resolution of the Legislature. If a state of emergency is not extended by the Legislature, the Governor is prohibited from proclaiming a new state of emergency arising out of the same conditions.

Sponsor: Senator Petersen

Status: From House Gov-Elect do pass on March 25<sup>th</sup>, 2021.

### **SCR1014: Automatic Termination; State Of Emergency**

Summary: The 2022 general election ballot is to carry the question of whether to amend state statute to terminate a state of emergency declared by the Governor 21 days after the date on which the state of emergency is proclaimed, unless the Legislature extends the state of emergency by concurrent resolution. A state of emergency may be terminated earlier than the 21-day period by proclamation of the Governor or by concurrent resolution of the Legislature. If a state of emergency is not extended by the Legislature, the Governor is prohibited from proclaiming a new state of emergency based on the same or substantially similar facts and circumstances without the passage of a concurrent resolution by the Legislature consenting to the new state of emergency. If the Governor fails to comply with this prohibition, any citizen is authorized to apply to the superior court for a writ of mandamus to compel the Governor to comply.

Sponsor: Senator Ugenti-Rita

Status: from Senate rules okay on February 2<sup>nd</sup>, 2021.

### **SCR1037: Right to Work; Repeal**

Summary: The 2022 general election ballot is to carry the question of whether to amend the state Constitution to terminate a state of emergency declared by the Governor 30 days after the date on which the state of emergency is proclaimed, unless the Legislature extends the state of emergency by concurrent resolution. Does not apply to a state of war emergency. A state of emergency may be terminated earlier than the 30-day period by proclamation of the Governor or by concurrent resolution of the Legislature. If a state of emergency is not extended by the Legislature, the Governor is prohibited from proclaiming a new state of emergency arising out of the same conditions.

Sponsor: Senator Petersen

Status: From House Gov-Elect do pass on March 25<sup>th</sup>, 2021.

### **SCR1043: Increased Revenues; Supermajority Requirement; Repeal**

Summary: The 2022 general election ballot is to carry the question of whether to amend the state Constitution to repeal the requirement for any act that provides for a net increase in state revenue to receive the affirmative vote of at least 2/3 of the members of each house of the Legislature for passage.

Sponsor: Senator Mendez

Status: Referred to Senate Fin, Gov on February 3<sup>rd</sup>, 2021.

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