



ARIZONA BANKERS
ASSOCIATION

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

2022 Legislative Review

Second Regular Session of the 55th Arizona Legislature

TABLE OF CONTENTS

SESSION IN REVIEW

PAGE 4

KEY LEGISLATION

PAGES

I.	Proactive Legislation	7
II.	Key Bills	7
III.	Budget Bills	9
IV.	Investment	10
V.	COVID-19/States of Emergency	11
VI.	Affordable Housing	17
VII.	Labor and Employment	20
VIII.	Tax	23
IX.	Lending	28
X.	Regulatory	31
XI.	Data Security	33
XII.	Cryptocurrency	33
XIII.	Digital Services	35
XIV.	Trusts	35
XV.	Homestead Exemptions	35
XVI.	Miscellaneous	36



Dear Members:

For more than 100 years, the Arizona Bankers Association has been the preeminent voice of Arizona Banks before the Arizona State Legislature. At the heart of that effort is unparalleled government relations advocacy. The Association and its partners have worked tirelessly to advocate for intelligent, thoughtful policies that will foster sustainable economic growth where Arizona financial institutions and business can thrive and grow. In addition, the Association has also been the first line of defense against needless, over burdensome regulations that will create a hostile environment for the State's financial institutions. I am proud to announce that in 2022 The Arizona Bankers Association was again successful in both arenas.

Attached is a summary of the substantive bills that the Association tracked along with a brief description of each piece of legislation. Please keep in mind that these are bill summaries designed to alert you to significant provisions and are not comprehensive recitations of each bill. Additionally, nothing in this report should be viewed as a legal opinion. If you have legal questions on any bill, you should contact your bank's legal counsel. Unless otherwise specified, the general effective date for all bills was September 24th, 2022.

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 serve the industry in this very important endeavor. Without their help and commitment none of this would have been possible.

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

Sincerely,

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

Paul Hickman
President & CEO

55th Arizona Legislature, 2nd Regular Session

Shortly after midnight, on the 166th day of a marathon regular session, the 55th Arizona Legislature adjourned sine die. A record 1,851 bills were introduced. So far, 305 bills have been signed into law and just one vetoed, though both numbers will certainly grow as Governor Doug Ducey and his staff review a flurry of bills passed in the waning days of session.

Thus concludes Governor Ducey's eighth regular session, a rare feat in Arizona. Not since Governor Jack Williams five decades ago has Arizona seen its Governor complete two full terms in elective office. Sparring this session between Gov. Ducey and GOP legislators gave credence to the axiom about familiarity and contempt.

This also marked the Capitol's first fully in-person legislative session since the Before Times ... aka 2019. Things were business-as-usual at the Capitol for all but a couple of Democratic legislators – Rep. Athena Salman and Sen. Juan Mendez – **who said they were staying away** in order to safeguard their newborn.

Of course, the specter of the 2020 election hung over Capitol proceedings – most notably with the Senate-assigned audit of Maricopa County's results. A multitude of election-related bills were introduced, including **one piece of legislation** that would give lawmakers power to overturn elections. It earned the dubious distinction of being assigned to a record 12 House committees and was never heard. The Governor did sign a bill requiring that voters **prove their citizenship** prior to casting a ballot. A similar 2013 bill was struck down by the U.S. Supreme Court, though the new high court may view it differently.

The session was also the first since the **Arizona Supreme Court** required the budget to follow the Arizona Constitution's "single subject rule." That meant the popular strategy to include non-budgetary provisions in the budget in order to leverage lawmakers and win votes was no longer available to House and Senate leaders. Combine the narrowest of GOP majorities, a Governor in his last year and members running for election – it was a recipe for legislative log

Jam. Yet ... here we are – with the first truly bipartisan budget since 2008 and major achievements in areas ranging from education to water to border security. Let's review.

Make it Rain (Budget Edition):

Lawmakers reached bipartisan agreement on an \$18 billion General Fund spending plan, a record. The deal includes over \$525 million additional for K-12 schools, \$335 million for border security and wall construction, \$1.5 billion to pay down state debt, and \$2 billion for water, roads and other infrastructure.

Call it the Goldilocks Budget. Some legislators on the far-right said it spends too much; some legislators on the far left said it spends not enough; but a coalition of Republicans and Democrats came together to get done what is the Legislature's only constitutional obligation.

Make it Rain (Drought Remix):

Lawmakers saved arguably the biggest crisis facing the state for the end of session when they approved a Water Infrastructure Finance Authority. The entity will oversee development of water projects, possibly including desalination, necessary to confront falling water supplies across the region.

What Could Be Controversial About Schools?

Vouchers, that's what. Legislators gave the nod to a massive expansion of the Empowerment Scholarship Account (ESA) program, which means every K-12 student will now receive "backpack funding" they can use to attend the school of their choice – public or private. The issue has been the subject of repeated skirmishes in recent years between GOP policymakers and the teachers union and Save Our Schools Arizona. Expect another big fight in 3...2...1...

ESA aside, lawmakers and the Governor approved a one-year lifting of the Aggregate Expenditure Limit, a 1980 voter-approved provision that threatened to artificially cap school funding. The need to find a permanent fix to the AEL will await the next Governor and Legislature, beginning in January.

Social Conservatives Rejoice:

Governor Ducey signed into law several social conservative bills this session, including a ban on gender-reassignment surgeries for minors and prohibition against biological males competing against teenage girls in at athletics.

Timely, in light of this year's SCOTUS decision, the Governor also signed [SB 1164](#), which bans abortion after 15 weeks of gestation. The measure will supersede [a 1901 Arizona statute](#) that outlaws abortion in all instances except when the woman's life is endangered – but not for 90 days, when the new law takes effect. In the meantime, it appears we will be governed by the territorial statute. Watch for an opinion from Attorney General Mark Brnovich on this, as well as likely legal action.

Vacation Rentals: Peace in our Time

A cease fire appears to have been reached in the years-long cold war between the short-term rental industry and Arizona League of Cities & Towns. Compromise legislation – [SB 1168](#) – gives local authorities new power to license and permit short-term rentals, as well as to revoke those permits for a period of up to 1 year for repeat offenders. In exchange, the League has agreed to a multi-year moratorium on pursuing any additional regulatory legislation governing vacation rentals. This is among the bills Governor Ducey will be weighing in the days ahead.

Best,

The Veridus Team

KEY LEGISLATION

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

I. PROACTIVE LEGISLATION

H2112: Income Tax; Subtraction; FDIC Premiums Classroom Instruction; Race; Ethnicity; Sex

The Association continues to pursue decoupling the FDIC premiums from Arizona's conformity with the IRS code. Unfortunately, doing so results in a fiscal impact to the state's General Fund and to some appears to be a special interest tax break for the banking industry. We continue to characterize the bill as allowing for the deduction of a typical business expense and an issue that will improve our competitiveness with our surrounding states. The bill enjoyed bipartisan support in committee and the Senate Floor but stalled in House Ways and Means.

Summary: Requires, retroactive to taxable years beginning January 1, 2020, the amount of any Federal Deposit Insurance Corporation (FDIC) premiums paid or incurred by a taxpayer that is disallowed as a deduction for federal income tax purposes to be subtracted when computing a corporation's Arizona gross income.

Sponsor: Representative Udall

Status: Held in Senate after Finance Committee 3/23/2022.

S1363: Foreign-Country Judgements; Applicability

A recent Arizona Supreme Court decision pointed out the need to amend the Foreign Country Money Judgments Act to include a savings clause. The lack of a savings clause was discussed in both the prevailing and dissenting opinions as a change that would add much needed clarity to the Act.

Summary: States that the Uniform Foreign-Country Money Judgments Recognition Act does not prevent the recognition under principles of comity or otherwise of a foreign-country judgment that is not within the scope of the Act.

Sponsor: Senator Mesnard

Status: Signed by the Governor on 4/19/2022, Chap. 161, Laws 2022.

II. KEY BILLS

S1093: Equalization Assistance; Class One Property

Arizona's property tax system places a disproportionate burden on commercial property taxpayers. Over the last several years steps have been taken to reduce this disparity and improve Arizona's economic competitiveness. This bill will further reduce the assessment ratio to 15%

over the next several years, bringing it much closer to the 10% assessment ration enjoyed by residential property.

Summary: Reduces the assessed valuation percentage on all class one properties over two years to 15% by 2027 and sets the state equalization assistance tax rate for Tax Year 2022 through TY 2027.

Sponsor: Senator Mesnard

Status: Signed by the Governor on 4/22/2022, Chap. 171, Laws 2022.

H2473: Firearms; Contracts; Prohibited Practices

This bill would eliminate the ability of a public entity to contract with a financial institution that is unable to certify that they do not “discriminate” against a firearms business. Similar legislation in other states has proven to be disruptive and costly to the municipal bond market and state servicing bank contracts. The Association was able to defeat this legislation in the current political environment.

Summary: Prohibits a public entity from entering into a contract of \$100,000 or more with a company to acquire or dispose of services, supplies, information technology or construction unless the contract includes a written certification that the company does not, and will not, “discriminate” against a firearm entity or firearm trade association.

Sponsor: Representative Carroll

Status: Held in Senate Rules.

2472: Businesses; Firearms; Unlawful Acts

The Association’s opposition to forced access legislation continued through the entirety of the session. Legislation designed to eliminate “discrimination” against firearms business proved most difficult despite the proponents’ inability to identify a firearms business that was ultimately unable to secure a banking relationship. With a narrow Republican majority, a few Republican champions were enough to keep the bill from moving forward this session. However, the larger Republican majority expected in 2022 may make it more difficult to defeat this legislation.

Summary: A government entity or financial institution is prohibited from “discriminating” against a "firearm entity" 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: Representative Carroll

Status: Held in House Committees.

H2637: Government Investments; Products; Fiduciaries; Plans Divestment; K-12; Abortion; Explicit Material

This session saw an aggressive effort to eliminate the use of “environmental, social and governance” (ESG) factors by banks and financial institutions. Fueled by an extraordinary misunderstanding of ESG and a litany of “what-if” scenarios, proponents of the legislation fought hard for passage. The Association pushed back hard and was ultimately successful in convincing just enough legislators to defeat the bills. Since that time, Republican Attorney General Brnovich has continued the assertion that banks are inappropriately utilizing ESG factors to discriminate against businesses. We anticipate seeing renewed effort next year to advance these misguided bills.

Summary: Requires a fiduciary to take into account only pecuniary factors when evaluating an investment or discharging the fiduciary's duties with respect to a plan and outlines plan voting of ownership interests and proxy voting. Prescribes requirements and prohibitions relating to the State Treasurer's investments.

Sponsor: Representative Hoffman
Status: Failed Senate 3rd Read 6/23/2022

H2656: Certain Affiliations; Banks; Prohibitions

Summary: Prohibits banks from discriminating against people based on certain affiliations or values. Allows banks to offer investments and services which include subjective standards.

Sponsor: Representative Hoffman
Status: Failed in House on Third Reading on Reconsideration on 3/8/2022.

III. BUDGET BILLS

S1729/H2862: General Appropriations Act; 2022-2023

The "feed bill" for FY2022-23 Makes session law changes relating to general appropriations necessary to implement the FY 2023 state budget.

The Arizona Constitution prohibits substantive law from being included in the general appropriations, capital outlay appropriations and supplemental appropriations bills. However, it is often necessary to make statutory and session law changes to effectuate the budget. Thus, separate bills called budget reconciliation bills (BRBs) are introduced to enact these provisions. Because BRBs contain substantive law changes, the Arizona Constitution provides that they become effective on the general effective date, unless an emergency clause is enacted. The Joint Legislative Budget Committee (JLBC) Baseline includes an estimate of spending necessary to meet requirements of statutory formulas and other obligations.

The remaining budget bills include:

H2863/1730: Healthcare; 2022-2023

H2864/S1731: Higher Education; 2022-2023
H2865/S1732: Human Services; 2022-2023
H2866/S1733: K-12 Education; 2022-2023
H2867/1734 Local Government; 2022-2023
H2868/S1735: State Buildings; Management; 2022-2023
H2869/S1736: Procurement; 2022-2023
H2870/ S1737: Public Retirement Systems; 2022-2023
H2871/S171738: Tax; Revisions; Distributions; 2022-2023
H2872/S1739: Transportation; 2022-2023
H2873/S1740: Water Infrastructure Financing; Supply; Augmentation

IV. INVESTMENT

S1250: Divestment; Boycott; Israel; Public Entities

Summary: Requires a public entity to sell, redeem, divest or withdraw all direct holdings from companies that boycott Israel. Extends public entity prohibitions and requirements to state universities and community college districts by including state universities and community college districts in the definition of public entity.

Sponsor: Senator Gowan

Status: Signed by the Governor on 3/23/2022, Chap. 39, Laws 2022.

S1375: Study Committee; Retirement Savings Programs ~~Retirement Savings Program;~~ State Treasurer

Summary: The strike-everything amendment establishes the Public-Private Partnerships Retirement Savings Programs Study Committee (Study Committee) and requires the Study Committee to report its activities and recommendations for legislative or administrative action by December 31, 2022.

Sponsor: Senator Gray

Status: Signed by the Governor on 5/2/2022, Chap. 214, Laws 2022.

S1589: AZ529; Baby Scholars Fund; Appropriations

Summary: Establishes the AZ529, Arizona's Education Savings Plan Baby Scholars Program, to be administered by the State Treasurer. The State Treasurer is required to deposit \$25 in the account of a designated beneficiary who is an Arizona resident, who is born or legally adopted on or after January 1, 2023, and who satisfies income eligibility requirements established by the

State Treasurer. Appropriates \$1.25 million from the general fund in FY2022-23 and each FY after to the newly establishes AZ529, Arizona's Education Savings Plan Baby Scholars Program Fund for the Program.

Sponsor: Senator Quezada

Status: Held in Senate Committees.

V. COVID-19/STATES OF EMERGENCY

The COVID-19 pandemic has inspired a great deal of proposed legislation relating to vaccinations, labor practices and states of emergency. Many of the proposed bills would have a direct impact on Arizona banks and financial industry employers. Unfortunately, in many circumstances the proposed legislation would also be in conflict with federal regulations. The majority of these bills were defeated or satisfactorily amended.

HB2020: Vaccination Mandates; Exemptions

Summary: A person is eligible for an exemption from any vaccination requirement for COVID-19 or any variant of COVID-19 that is being enforced in the state of Arizona if the person can produce documented test results that demonstrate the person has antibodies to COVID-19 or any variant of COVID-19, a positive test for COVID-19 or any variant of COVID-19, or a positive T-cell immune response to COVID-19 or any variant of COVID-19. Also repeals statute prohibiting vaccine passports or vaccine requirements, which was deemed unconstitutional by the Arizona Supreme Court in Arizona School Boards Association et al v. State of Arizona.

Sponsor: Representative Kaiser

Status: Held in the House.

H2022: Health Emergencies; Treatment; Vaccinations; Repeal

Summary: During a state of emergency in which there is an occurrence or the imminent threat of a highly contagious and highly fatal disease, the Governor no longer has the authority to mandate treatment or vaccination of persons who are diagnosed with an illness resulting from exposure or who are reasonably believed to have been exposed or who may reasonably be expected to be exposed.

Sponsor: Representative Finchem

Status: Held in the House.

H2029: Vaccinations; Evidence of Immunity; Prohibitions

Summary: The state, its "governmental entities," and its "business affiliations" are prohibited from requiring any person to receive a vaccination for COVID-19 or any variant or to possess an immunity passport or other evidence certifying vaccination or immunity status and are prohibited from discriminating against any person on such basis. The state and its governmental entities are prohibited from entering into a contract or giving a loan or grant of taxpayer monies to a

business affiliation that requires so. A business affiliation that violates these requirements materially breaches its contract with the state or a governmental entity, rendering the contract voidable. Does not apply to health care institutions that are treating patients with COVID-19 or any variant and that determine that a "direct threat" exists that cannot be eliminated or reduced by reasonable accommodation. Factors that must be considered to determine a direct threat are listed. Requires the provisions of this legislation to be construed liberally. Includes a severability clause. Also repeals statute prohibiting vaccine passports or vaccine requirements, which was deemed unconstitutional by the Arizona Supreme Court in Arizona School Boards Association et al v. State of Arizona.

Sponsor: Representative Blackman
Status: Held in the House.

H2043: Employer Liability; COVID-19 Vaccine Requirement

Summary: States an employer is liable for damages if the employer denies a religious exemption and requires a person to receive a COVID-19 vaccination and significant injury results from receiving the vaccine.

Sponsor: Representative Nguyen
Status: Held on House floor 2/24/2022.

H2107: Emergency Powers; Business Closure; Repeal.

Summary: Excludes, from the authority granted to the mayor of a city or town or chair of a county board of supervisors (county BOS) during a local emergency, the ability to order the closure of a business.

Sponsor: Representative Biasiucci

H2198: Employee Termination; COVID-19 Vaccine; Compensation

Summary: Provides severance compensation or reemployment for employees who were terminated due to refusal to receive the COVID-19 vaccine as a condition of employment.

Sponsor: Representative Kaiser
Status: Held on the House floor.

H2266: Workers' Rights; Public Health Emergency

Summary: Prohibits employers 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 their own personal protective equipment if it 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 from the general fund in FY2022-23 to the newly established Employment Support Fund to administer

these requirements. Applies to conduct occurring from and after the effective date of this legislation. Includes an emergency clause.

Sponsor: Representative Andrade
Status: Held in House Committees.

H2356: Employers; Business; COVID-19 Vaccine Record

Summary: Requires a public or private employer or any business that requires employees or patrons to receive a COVID-19 vaccine as a condition of employment to accept either a COVID-19 vaccination record or antibody test.

Sponsor: Representative Biasiucci
Status: Held in House Committees.

H2371: Enforcement Prohibition; Vaccinations; Requirements State Agencies; Cash Payment; Acceptance

Summary: Prohibits the state and any political subdivision that receives and uses state tax revenues (governmental entity) from requiring any person under 18 years of age receive a vaccination for COVID-19 or a COVID-19 variant without the consent of a parent or guardian. Classifies, as a class 1 misdemeanor, a violation of the prohibition.

Sponsor: Representative Bolick
Status: Signed by the Governor on 5/27/2022, signed by governor. Chap. 263, Laws 2022.

H2452: Antidiscrimination; Employment; Vaccination Status

Summary: Expands the list of attributes for which a person cannot be discriminated against in employment practices, various housing related statutes, and in places of public to include "vaccination status".

Sponsor: Representative Carter
Status: Held in House.

H2475: Employers; COVID-19 Vaccine; Mandate; Prohibition

Summary: An employer is prohibited from requiring an employee to receive the COVID-19 vaccine as a condition or benefit of employment, promotion or any form of compensation. Does not prohibit any employer from providing a onetime financial incentive to employees who receive the COVID-19 vaccine. Any employee who has an interest that is or may be adversely affected may commence a civil action in superior court on the person's own behalf against an employer that violates this section. An employer that violates this section must pay statutory damages in the amount of \$20,000 per violation per employee, adjusted annually by the percentage change for the previous year in the average consumer price index.

Sponsor: Representative Carroll
Status: Held in House Committees.

H2611: Vaccinations; Masks; Requirements; Enforcement; Prohibition

Summary: The state, any political subdivision that receives and uses state tax revenues, or any person doing business in Arizona is prohibited from enforcing on a student without parental consent or on an employee any requirement that the person receive a vaccination for COVID-19 or any variant or wear a mask. Violations are a class 1 misdemeanor. The county attorney is authorized to prosecute violations.

Sponsor: Representative Burges
Status: Held in House Committees.

H2619: Postvaccine Injuries; COVID-19; Posting

Summary: Requires the Department of Health Services to post on the DHS public website's COVID-19 dashboard a syringe icon with a link entitled "vaccine injury data report" that contains publicly available national data from the vaccine adverse event reporting system regarding injuries reported postvaccination for the COVID-19 vaccines.

Sponsor: Representative Kaiser
Status: Strike-everything amendment adopted in the Senate related to Rainwater Harvesting. Held in Senate NREW.

H2623: Antidiscrimination; Vaccination Status; Immunity Passports

Summary: Expands 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 to include "vaccination status" and possession of an "immunity passport". Includes a severability and emergency clause.

Sponsor: Representative Blackman
Status: Held in House.

HCR2003: COVID-19 Mandates; Prohibition

Summary: The members of the Legislature express support for H.R. 5360 or any similar legislation that preserves the right of individuals to choose to remain unvaccinated against COVID-19.

Sponsor: Representative Chávez
Status: Held in the House.

S1009: State of Emergency; Executive Powers

Summary: Caps, beginning January 2, 2023, a Governor's initial state of emergency proclamation with respect to a public health emergency, at 30 days and allows the Governor to extend the state of emergency for up to 120 days in up to 30-day increments. Terminates a state of emergency proclamation by the Governor for a public health emergency after 120 days, unless extended by the Legislature. Allows the Legislature to extend the state of emergency as many times as necessary in up to 30-day increments.

Sponsor: Senator Ugenti-Rita

Status: Signed by the Governor on 5/6/2022, Chap. 220, Laws 2022.

S1048: Emergency Powers; Business Closure; Repeal

Summary: Excludes, from the authority granted to the mayor of a city or town or chair of a county board of supervisors (county BOS) during a local emergency, the ability to order the closure of a business.

Sponsor: Senator Petersen

Status: Held in House Military Affairs and Public Safety Committee on 2/28/2022.

S1052: Medical Procedures; Prohibitions

Summary: Prohibits government entities and persons doing business in Arizona from requiring a resident to submit to a medical procedure, including a vaccination, if a potential complication may be the individual's death.

Sponsor: Senator Townsend

Status: Held in Senate Health and Human Services Committee on 2/9/2022.

S1053: Religious Exemption; Vaccine; Violation; Classification

Summary: Subjects, to a class 2 misdemeanor, a person who knowingly violates the statutory requirement on an employer to provide a reasonable accommodation to an employee who notifies the employer of sincerely held religious beliefs, practices or observances that prevent the employee from taking the COVID-19 vaccination.

Sponsor: Senator Townsend

Status: Held in the House.

Status: Signed by Governor 3/30/2022, Chap. 86, Laws 2022

S1298: Government Mask Mandate; Prohibition

Summary: Prohibits the state or any political subdivision, including the judiciary, which receives or uses tax revenue (governmental entity) from imposing any requirement to wear a mask or face covering on any Arizona resident, except where long-standing workplace safety and infection control measures that are unrelated to COVID-19 may be required.

Sponsor: Senator Rogers
Status: Held in the House.

S1414: Vaccine Requirements; Employers; Prohibition

Summary: The state, political subdivisions that receive and use tax revenues, and any person doing business in Arizona are prohibited from requiring an employee to receive a vaccination for COVID-19 or any variant of COVID-19.

Sponsor: Senator Rogers
Status: Held in Senate Committees.

S1485: State; Emergency; Eviction Reporting; Prohibition

Summary: Requires the clerk of the court 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, 2023. 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 Stahl-Hamilton
Status: Held in Senate Committees.

S1494: COVID-19 Vaccine; Unemployment Insurance

Summary: Prohibits the Department of Economic Security (DES) from disqualifying an individual from receiving unemployment insurance (UI) benefits based on the individual's separation from employment if the individual was terminated from employment for not receiving the COVID-19 vaccine or booster shot required by the employer.

Sponsor: Senator Mesnard
Status: Signed by the Governor on 7/6/2022, 2021. Chap. 360, Laws 2022.

S1567: Employers; Vaccinations; Religious Exemption Vaccinations; Prohibitions; Evidence of Immunity

Summary: Prohibits employers from discriminating against an employee regarding employment, wages or benefits based on vaccination status and from inquiring into the veracity of an employee's religious beliefs. Requires employers to allow employees that complete a COVID-19 religious exemption form to opt out of vaccination requirements.

Sponsor: Senator Barto
Status: Held in the House

S1585: 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: Held in Senate Committees.

S1586: Landlord Tenant; Moratorium; Rent Regulation

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: Held in Senate Committees.

SCR1047: COVID-19 Vaccinations; Transparency

Summary: States that the members of the Legislature support transparency in COVID-19 vaccination information, consider every Arizonan who has died from and with COVID-19 a tragedy to be taken seriously and a reason for mourning, and agree with President Biden that health policy belongs to the states. The Secretary of State is directed to transmit copies of this memorial to the President of the U.S. Senate, the Speaker of the U.S. House, each member of Congress from Arizona, and each President of the Senate and Speaker of the House of Representatives of the other state legislatures.

Sponsor: Senator Barto
Status: Held in Senate Health and Human Services Committee on 2/9/2022.

VI. AFFORDABLE HOUSING

H2195: 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. Note: The adopted State Budget included an appropriation of \$60M to the Housing Trust Fund.

Sponsor: Representative Powers Hannley
Status: Held in House Committees.

H2457: 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, 2022, and self-repeals November 1, 2023.

Sponsor: Representative Cano
Status: Held in House.

H2719: Planning; Zoning; Building Permits

Summary: Counties and municipalities are prohibited from prohibiting or limiting a building product or material in the construction or alteration of a residential or commercial building if the building product or material is approved for use by a national model code published within the last three code cycles. Within 20 days after receiving a completed building permit application, a county or municipality is required to issue the requested permit or provide a written notice to the applicant identifying the specific application deficiencies. If the county or municipality fails to do so, the permit is deemed approved and must be issued on the next business day.

Sponsor: Representative Solorio
Status: Held in House Committees.

H2674: Municipal Zoning; By Right Housing Housing Supply Study Committee

Summary: Establishes various laws governing residential zoning districts, housing design standards and building codes. Prohibits a municipality from regulating, restricting or limiting residential zoning, construction or development standards, except as authorized by statute. Prohibits a municipality from adopting any ordinance, code, regulation or other legal requirement regulating residential housing design elements. Appropriates \$89,000,000 in FY 2023 to the Housing Trust Fund for low-income housing needs.

Sponsor: Senator Livingston
Status: A strike-everything amendment related to a Housing Supply Study Committee was adopted in House Appropriations. The bill was signed as amended by the Governor on 4/25/2022, Chap. 185, Laws 2022.

H2805: Extension; Low-Income Housing Tax Credit

Summary: The statutory repeal dates for the insurance premium tax credit and the individual and corporate income tax credits for projects that qualify for the federal low-income tax credit are extended ten years, through tax year 2035. The cap on the aggregate amount of the tax credits in any calendar year is increased to \$10 million, from \$4 million.

Sponsor: Representative Solorio
Status: Held in House Committees.

H2806: Appropriation; Housing Trust Fund

Summary: Appropriates \$50 million from the general fund in FY2022-23 to the Housing Trust Fund.

Sponsor: Representative Solorio
Status: Held in House Committees.

S1263: Housing Trust Fund; Shelter Services

Summary: Requires at least 50 percent of monies transferred from the Arizona Industrial Development Authority (AZIDA) to the Housing Trust Fund (HTF) to be used to support emergency and transitional homeless shelter services.

Sponsor: Senator Livingston
Status: Held in House.

S1284: Affording Housing; Appropriation

Summary: Appropriates \$25 million from the general fund in FY2022-23 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 Stahl-Hamilton
Status: Held in Senate Committees.

S1446: Municipalities; Housing Developments; Limitation

Summary: Repeals statute declaring that it is a valid public purpose of municipalities to assist in providing for the acquisition, construction or rehabilitation of housing and related facilities in areas that are declared by the municipality to be housing development areas and authorizing public monies to be spent for that purpose.

Sponsor: Senator Mendez
Status: Held in Senate Committees.

S1484: Landlord Tenant; Housing Assistance; Waiver

Summary: Includes any payment made by a faith-based organization, a community action agency program or a nonprofit entity in the definition of "housing assistance" for the purpose of the Arizona Residential Landlord and Tenant Act. A landlord's acceptance of a housing assistance payment constitutes an acceptance of a partial payment of rent and a waiver of the

landlord's right to terminate the rental agreement for failure to pay rent for the rental period covered by the partial payment.

Sponsor: Senator Stahl-Hamilton
Status: Held in Senate Committees.

S1531: Housing Trust Fund; Approp Housing Trust Fund; Unclaimed Property

Summary: Appropriates \$100 million from the monies allocated to Arizona from the federal American Rescue Plan Act of 2021 in FY2022-23 to the Housing Trust Fund.

Sponsor: Senator Alston
Status: Held in House Committees.

S1597: Home Buyer Assistance Program

Summary: Requires the Arizona Department of Housing 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.

Sponsor: Senator Quezada
Status: Held in Senate Committees.

VII. LABOR AND EMPLOYMENT

H2090: 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: Representative Salman
Status: Held in House Committees.

H2091: 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: Representative Salman
Status: Held in House Committees.

H2262: Minimum Wage Increase

Summary: Increases the minimum wage to \$15 per hour on and after January 1, 2023. 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: Representative Andrade
Status: Held in House Committees.

H2520: Prohibited Agreements; Public Works Contracts

Summary: Modifies the list of prohibited provisions in a public works contract to remove requiring a contractor to participate in or contribute to an apprenticeship program that is registered with the U.S. Department of Labor and requiring a contractor to become a party to any project labor agreement.

Sponsor: Representative Espinoza
Status: Held in House Committees.

H2630: Employment; Conditions; Labor Organizations; Discrimination

Summary: Makes various changes relating to employment. Expands the list of attributes for which a person cannot be discriminated against in employment practices to include gender, gender identity or expression, sexual orientation and marital status. Prohibits employers from requiring an employee to perform any duty relating to an alleged violation of a safety or health standard or danger until either the Industrial Commission Division of Occupational Safety and Health determines the violation or danger does not exist or the violation or danger is corrected. Prohibits employers from requiring an employee to reenact an injury arising out of or in the course of employment. It is a class 2 misdemeanor for a person to retaliate against, harass or intimidate any other person for seeking to join a labor organization. Employer policies do not supersede any valid provision of a collective bargaining agreement.

Sponsor: Representative Andrade
Status: Held in House.

H2631: Repeal; Right to Work; Liability

Summary: Repeals statute prohibiting agreements denying employment because of nonmembership in labor organizations. Modifies related civil liabilities to conform to the repeal. 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: Representative Andrade
Status: Held in House Committees.

H2767: Family Medical Leave; Coverage

Summary: Beginning January 1, 2025, family and medical leave insurance benefits are payable to a "covered individual" 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"; has a serious health condition that makes the covered individual unable to perform the functions of their position; qualifies for "qualifying exigency leave" 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" due to domestic violence or abuse. 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 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. Includes severability and emergency clause.

Sponsor: Representative Salman
Status: Held in House Committees.

H2679: Employment Discrimination; Sexual Harassment; Definition

Summary: For the purpose of employment discrimination statutes, a person who has one or more employees in the current or preceding calendar year and any agent of that person is considered an employer if the person is alleged to have discriminated against anyone for opposing sexual harassment or making a charge, testifying, assisting, or participating in any manner in an investigation, proceeding, or hearing arising from sexual harassment.

Sponsor: Representative Wilmeth
Status: Signed by the Governor on 4/22/2022

S1644: Family and Medical Leave; Benefits

Summary: Beginning January 1, 2025, family and medical leave insurance benefits are payable to a "covered individual" 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"; has a serious health condition that makes the covered individual unable to perform the functions of their position; qualifies for "qualifying exigency leave" 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" due to domestic violence or abuse. 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 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. Includes severability and emergency clause.

Sponsor: Senator Terán

Status: Held in Senate Committees.

S1655: Appropriation; Housing Assistance; Elderly

Summary: Appropriates \$7 million from the general fund in FY2022-23 to the Department of Economic Security to distribute to area agencies on aging for housing assistance for persons who are at least 60 years of age.

Sponsor: Senator Alston

Status: Held in Senate Committees.

SCR1035: Right to Work; Repeal

Summary: The 2022 general election ballot is to carry the question of whether to amend the state Constitution to repeal the right to work or employment without membership in labor organizations.

Sponsor: Senator Mendez

Status: Held in Senate Committees.

VIII. TAX

H2464: Income Tax Credits; Repeal

Summary: Repeals the individual and corporate income tax credits for employment by a healthy forest enterprise and for agricultural pollution control equipment. Establishes reporting requirements for recipients of the qualified facility income tax credit and the income tax credit for agricultural water conservation systems. 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: Representative Cano
Status: Held in House.

H2629: Property Tax Liens; Expiration Dates

Summary: Modifies the deadlines for the county treasurer to notify the purchaser of the upcoming expiration or the expiration of a purchased property tax lien.

Sponsor: Representative Barton
Status: Signed by the Governor on 3/25/2022, 2021. Chap. 69, Laws 2022.

H2757: Tax Exemptions; Credits; Review Schedule

Summary: Renames the Joint Legislative Income Tax Credit Review Committee to the Joint Legislative Tax Exemption Review Committee, and the Committee is required to review existing "tax exemptions" (defined as exclusions, exemptions, and credits from transaction privilege taxes as well as individual and corporate income tax credits) according to a ten-year review schedule. The Committee is required to compile and adopt a ten-year review schedule by December 15, 2022.

Sponsor: Representative Abraham
Status: Held in House Committees.

S1020: Tax Credit Review; Evaluation Standard

Summary: The list of factors the Joint Legislative Income Tax Credit Review Committee may include in the standard for evaluating and measuring the success or failure of a tax credit is expanded to include whether adequate protections are in place to ensure that the fiscal impact of the credit in future years will not substantially increase beyond projections available when the credit is evaluated.

Sponsor: Senator Gray
Status: Held in House.

S1106: Corporate; Income Tax; Minimum

Summary: Increases 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 to \$1,000, from \$50. Applies to tax years beginning with 2023. 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: Held in Senate Committees.

S1107: Income Tax; Addition; Net Worth

Summary: Expands the list of additions to Arizona gross income for the purpose of computing Arizona adjusted gross income for income tax purposes to include one percent of the taxpayer's net worth, if the taxpayer's net worth as of December 31 of the taxable year is more than \$50,000. For this purpose, net worth does not include the value of real property that the taxpayer owns and occupies as the taxpayer's primary residence. Effective January 1, 2022.

Sponsor: Senator Mendez
Status: Held in Senate Committees.

S1156: Blockchain Technology; Tax; Fee; Prohibition

Summary: Prohibits counties and municipalities from imposing a tax or fee on the use of "blockchain technology" by any person or entity.

Sponsor: Senator Rogers
Status: Held in Senate Committees.

S1274: Property Tax Levy; Calculation; Federal Monies

Summary: Requires, retroactive to January 1, 2022, a county, city or town that received Coronavirus Local Fiscal Recovery Funds Program monies to reduce the primary property tax levy for TYs 2022 and 2023 based on the Fund Program monies received and requires the Property Tax Oversight Commission to review the primary property tax levy calculations to determine if there is a violation of the reduction requirement.

Sponsor: Senator Leach
Status: Held in Senate Finance Committee on 2/16/2022.

S1264: Internal Revenue Code; Conformity

Summary: Conforms Arizona tax statutes to the Internal Revenue Code as amended and in effect as of January 1, 2022, to reflect changes adopted by the U.S. Congress, including those provisions of the Paycheck Protection Program Extension Act of 2021 and the Infrastructure Investment and Jobs Act that became effective during 2021.

Sponsor: Senator Livingston
Status: Signed by Governor on 3/23/2022, Chap. 41, Laws 2022.

S1265: Property Tax Liens; Foreclosure; Notice

Summary: Requires the purchaser of a property tax lien to send a notice of intent to foreclose the right to redeem to the property owner's mailing address.

Sponsor: Senator Livingston
Status: Signed by the Governor on 3/18/2022, Chap. 17, Laws 2022.

S1266: Property Tax Liens; Administration; County Assessor

Summary: Allows affidavits filed to the county assessor for the purpose of claiming a tax exemption to be submitted electronically. Requires the county assessor or other tax officer accepting an electronic affidavit or notice of claim to provide the claimant with an electronic acknowledgement of receipt.

Sponsor: Senator Livingston

Status: Signed by the Governor on 5/9/2022, Chap. 228, Laws 2022.

S1267: Property; Classification; Primary Residence

Summary: Requires that, for the purposes of determining limited property value, a change in use be physical and objectively verifiable. States that a change of occupant or classification of a single-family residence does not constitute a change in use. Establishes that for a property to qualify as class three or class four property, it must be used for residential purposes.

Sponsor: Senator Livingston

Status: Signed by the Governor on 6/14/2022, Chap. 300, Laws 2022.

S1269: ~~Conformity; Internal Revenue Code School Finance; Revisions~~

Summary: Conforms Arizona tax statutes to the U.S. Internal Revenue Code (U.S. IRC) as of January 1, 2022, to reflect changes adopted by the U.S. Congress during 2021.

Sponsor: Senator Leach

Status: Strike-everything amendment related to School Finance was adopted in House Appropriations. Held in House.

S1418: Employers; Compensation 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: Senator Mendez

Status: Held in Senate Committees.

S1420: Repeal; Right to Work

Summary: Repeals statute prohibiting agreements denying employment because of nonmembership in labor organizations. 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: Held in Senate Committees.

S1421: Employment; Employee Work Scheduling

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

Sponsor: Senator Mendez

Status: Held in Senate Committees.

S1422: Employment Practices; Consumer Reports; Limitation

Summary: Prohibits an employer 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." Prohibits an employer from inquiring about an applicant's or employee's consumer report or credit history. Violations are a class 3 misdemeanor.

Sponsor: Senator Mendez

Status: Held in Senate Committees.

S1579: Tax Corrections Act of 2022

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.

Sponsor: Senator Livingston

Status: Signed by the Governor on 5/20/2022, Chap. 235, Laws 2022.

IX. LENDING

H2047: Student Loan Services; Licensure

Summary: Requires a person acting as a "student loan servicer" to obtain a license from the Superintendent of the Financial Institutions Division of the Department of Insurance and Financial Institutions. Some exceptions. Establishes license application requirements and fees. Student loan servicer licenses expire on September 30 of each odd-numbered year and may be biannually renewed. Establishes requirements and prohibited practices for licensees as well as penalties for violations. Establishes a student loan ombudsman in DIFI to attempt to resolve complaints from student loan borrowers and establish a student loan borrower education course by October 1, 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: Representative Salman
Status: Held in House Committees.

H2048: Student Loan Services; Licensure

Summary: Requires a person acting as a "student loan servicer" to obtain a license from the Superintendent of the Financial Institutions Division of the Department of Insurance and Financial Institutions. Some exceptions. Establishes license application requirements and fees. Student loan servicer licenses expire on September 30 of each odd-numbered year and may be biannually renewed. Establishes requirements and prohibited practices for licensees as well as penalties for violations. Establishes a student loan ombudsman in DIFI to attempt to resolve complaints from student loan borrowers and establish a student loan borrower education course by October 1, 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: Representative Salman
Status: Held in House Committees.

H2171: Salvage Vehicle Titles; Insurance Companies

Summary: Specifies that the application of an insurance company or its agent for a salvage, stolen or nonrepairable vehicle certificate of title is not required to have an endorsed certificate of title if a notarized signature is not required for the transfer.

Sponsor: Representative Wilmeth
Status: Signed by the Governor on 3/25/2022, Chap. 66, Laws 2022.

H2203: Special Purpose Banks; Rights Technical Correction; Cosmetology Schools; Contracts

Summary: Extends the rights and entitlements for out-of-state banks with an office in Arizona to out-of-state banks doing business in Arizona, including a special purpose depository institution that is chartered as a bank.

Sponsor: Representative Weninger

Status: Signed by the Governor on 4/25/2022, Chap. 176, Laws 2022.

H2216: 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" for secondary motor vehicle finance transactions is 36 percent.

Sponsor: Representative Butler

Status: Held in House Committees.

H2248: Failure to Return Vehicle; Repeal

Summary: Repeals the crime of unlawful failure to return a motor vehicle subject to a security interest, a class 6 felony.

Sponsor: Representative Finchem

Status: Held in Senate Committees.

H2479: Motor Vehicles; Registrations; Titles; Dealers

Summary: Various changes to statutes related to motor vehicle registration and certificate of title. Motor vehicle dealers are authorized to offer a free return period. If the dealer offers a free return period, the dealer has until 90 days after the expiration of that period to comply with statute requiring temporary registration plates. The deadline to obtain a new certificate of title after purchasing a registered or unregistered vehicle from a motor vehicle dealer is within 90 days after the purchase. The Arizona Department of Transportation is authorized to issue a vehicle certificate of title without registration for a vehicle that is purchased in Arizona under specified conditions.

Sponsor: Representative Carroll

Status: Held in House Committees.

H2813: Vehicle Finance Transaction; Clear Title

Summary: Prohibits a seller, bailor, lender, or lessor from entering into a secondary motor vehicle finance transaction with a borrower if the borrower does not possess a clear title to the motor vehicle that the borrower uses to secure that motor vehicle finance transaction.

Sponsor: Representative Liguori

Status: Held in House Committees.

H2825: Mobile Home Inspections; Title Transfers

Summary: Requires a mobile home that was manufactured before June 15, 1976, to pass an inspection before it can be transferred to another person. The Arizona Department of Housing (ADOH) must issue a certificate of compliance and the mobile homeowner must pay an inspection fee. Fees are deposited in the newly established Mobile Home Rehabilitation and Replacement Fund, to be administered by ADOH and allocated to owners of mobile homes manufactured before June 15, 1976, that fail the inspection.

Sponsor: Representative Chávez

Status: Held in House Rules.

S1222: Exempt Property; Tax Credit; Proceeds

Summary: Exempts a specified amount of the refundable portions of any federal or state Earned Income Tax Credits (EITCs) and any federal or state Child Tax Credits from specified actions to collect a debt.

Sponsor: Senator Bowie

Status: Signed by the Governor on 7/6/2022, Chap. 346, Laws 2022.

S1236: Consumer Loan Finance Charges

Summary: Expands the definitions of consumer loan, consumer revolving loan and home equity revolving loan by increasing loan amounts from \$10,000 to \$50,000. Exempts specified loans of more than \$50,000 from statutory consumer lending loan requirements.

Sponsor: Senator Livingston

Status: Amended with strike-everything in Senate Appropriations, then Held.

S1262: Credit Support Programs; Lending; Report Government Lending Programs; Reports

Summary: Requires the Arizona Department of Administration to include outlined information relating to lending and credit support programs in the annual ADOA report relating to the issuance of bonds and securities, the report of outstanding indebtedness.

Sponsor: Senator Livingston

Status: Signed by the Governor on 7/6/2022, Chap. 350, Laws 2022.

S1685: Microbusiness Loans; Commerce Authority

Summary: Establishes the Microbusiness Revolving Loan Fund Program and Fund, to be administered by the Arizona Commerce Authority and used to provide low-interest loans to

community development financial institutions for funding "microbusinesses" that are located in Arizona, which generate economic growth and job creation in Arizona but 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, 2023, the Authority is required to study the factors related to increasing the number of microfinance lenders in Arizona. By July 1, 2023, the Authority is required to submit a report of its findings and recommendations to the Governor and the Legislature.

Sponsor: Senator Gonzales
Status: Held in Senate Committees.

X. REGULATORY

H2264: Call Center Relocation

Summary: Employers intending to relocate a "call center" 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: Representative Andrade
Status: Held in House Committees.

H2731: Regulatory Sandbox; Expansion

Summary: Expands the Regulatory Sandbox Program (RSP) to include innovations other than financial products or services.

Sponsor: Representative Kaiser
Status: Signed by the Governor 4/25/2022, Chap. 187, Laws 2022.

H2790: Personal Data; Processing; Security Standards

Summary: 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. Allows a consumer 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: Representative DeGrazia
Status: Held in the House.

SM1001: Financial Institutions; Burdensome Reporting Requirements

Summary: Urges the U.S. Congress to protect consumers and financial institutions from Internal Revenue Service rules and reporting requirements.

Sponsor: Senator Leach
Status: Transmitted to the Secretary of State on 2/9/2022

S1394: DIFI; Business Name; Trade Name

Summary: Stipulates an enterprise or a consumer lender is not required to obtain a separate license when doing business under an assumed name or trade name provided a written notification is submitted to DIFI prior to using the assumed name or trade name. Prohibits using an assumed name or trade name that is so substantially similar to the assumed name or trade name of another licensee that it may cause confusion among the public, or that tends to deceive or mislead the public as to the nature of business that the licensee conducts.

Sponsor: Senator Livingston
Status: Signed by the Governor on 3/23/2022, Chap. 45, Laws 2022.

S1417: Call Center Relocation; Notice; Penalty

Summary: Employers intending to relocate a "call center" 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: Senator Mendez
Status: Held in Senate Committees.

S1580: Money Transmission; Money Transmitter License

Summary: Repeals statute relating to transmitters of money and adopts the Conference of State Bank Supervisors (CSBS) Uniform Money Transmission Modernization Act.

Sponsor: Senator Livingston

Status: Signed by the Governor on 5/20/2022, Chap. 236, Laws 2022.

S1614: Financial Institutions; Depositories

Summary: Establishes a new chapter in Title 6 (Banks and Financial Institutions) regulating special purpose depository institutions. Special purpose depository institutions are authorized to carry on a nonlending banking business for depositors and are prohibited from making loans. Establishes requirements for liquid assets, contingency accounts, disclosures, articles of incorporation, initial capital, and surety bonds. A person is prohibited from acting as a special purpose depository institution without obtaining a charter and certificate of authority to operate from the Department of Insurance and Financial Institutions. More. 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 Rogers

Status: Held in Senate Committees.

XI. DATA SECURITY

H2146: Data Security Breach; Notification

Summary: Requires a notification to be sent to the Director of the Arizona Department of Homeland Security in the event of a security system breach that affects more than 1,000 individuals. AzBA successfully included an amendment to align this new requirement with existing law.

Sponsor: Representative Bolick

Status: Signed by the Governor on 3/29/2022, Chap. 81, Laws 2022.

S1598: Information Technology; Security; Office

Summary: Transfers administration of the Statewide Information Security and Privacy Office from the Arizona Department of Administration to the Arizona Department of Homeland Security and modifies the membership of the AZDOHS Regional Advisory Councils by removing a mayor and a county supervisor and changing other council member qualifications. Repeals the AZDOHS Senior Advisory Committee and the Joint Legislative Committee on Border and Homeland Security.

Sponsor: Senator Shope

Status: Signed by the Governor on 3/23/2022, Chap. 50, Laws 2022.

XII. CRYPTOCURRENCY

S1127: State Agencies; Payment; Cryptocurrency

Summary: State agencies are authorized to accept "cryptocurrency" as a payment method for taxes, fees, fines, civil penalties, financial obligations, and special assessments by entering into an agreement with a cryptocurrency issuer to provide a method to accept cryptocurrency as a payment for any amount due to that agency or the state. Requirements for the agreement are listed.

Sponsor: Senator Rogers
Status: Held in Senate Committees.

S1128: Virtual Currency; Property Tax; Exemption

Summary: "Virtual currency" is exempt from taxation. Conditionally enacted on the state Constitution being amended by a vote of the people at the 2022 general election to exempt virtual currency from property tax.

Sponsor: Senator Rogers
Status: Held in Senate Committees.

S1341: Legal Tender; Specie; Bitcoin

Summary: Legal tender in Arizona consists of any medium of exchange that is authorized by the U.S. Constitution or U.S. Congress for the payment of debts, public charges, taxes and dues, "specie" issued at any time by the U.S. government, any other specie that a court of competent jurisdiction rules by a final, unappealable order to be within the scope of state authority to make a legal tender, and "bitcoin".

Sponsor: Senator Rogers
Status: Held in Senate Committees

S1493: Public Employees; Salaries; Virtual Currency

Summary: Beginning January 1, 2023, the state, counties, municipalities, and school districts are authorized to pay employee salaries in "virtual currency" (defined), if requested by the employees.

Sponsor: Senator Rogers
Status: Held in Senate Committees.

SCR1013: Medium of Exchange; Currency Use

Summary: The 2022 general election ballot is to carry the question of whether to amend the state Constitution to declare that the right of the people to own, hold and use a mutually agreed on medium of exchange, including cash, coin, bullion or digital currency or scrip, when trading or contracting for goods and services cannot be infringed, and that the state and any county,

municipality, or other political subdivision of Arizona cannot prohibit or encumber the ownership or holding of any form or amount of money or other currency.

Sponsor: Senator Rogers

Status: Held in Senate Committees.

SCR1014: Property Tax Exemption; Virtual Currency

Summary: The 2022 general election ballot is to carry the question of whether to amend the state Constitution to exempt "virtual currency" (defined) from taxation as property.

Sponsor: Senator Rogers

Status: Held in Senate Committees.

XIII. DIGITAL SERVICES

H2662: Prohibitions; Digital Application Distribution Platforms

Summary: Restricts the ability of certain digital application distribution platforms to require the use of a specific in-application payment system.

Sponsor: Representative Cobb

Status: Failed in House Judiciary Committee on 2/9/2022.

XIV. TRUSTS

S1207: Qualified Spendthrift Trusts

Summary: If a qualified spendthrift trust satisfies a list of conditions, a creditor of the settlor of the qualified spendthrift trust is prohibited from satisfying a claim or liability of the settlor in either law or equity out of the settlor's transfer to a qualified spendthrift trust or the settlor's beneficial interest in a qualified spendthrift trust, from requiring the trustee to make a distribution to the settlor, as beneficiary, and from requiring the trustee to pay any distribution directly to the creditor or to otherwise attach the distribution before it has been paid or delivered by the trustee to the settlor, as beneficiary. Establishes a list of provisions that apply to a trust instrument that does not satisfy the requirements of a spendthrift trust.

Sponsor: Senator Pace

Status Held in Senate Committees.

XV. HOMESTEAD EXEMPTION

H2297: Judgement; Liens; Homestead Exemption

Summary: A recorded judgment cannot become a lien on any homestead property. Any person entitled to a homestead on real property as provided by law holds the homestead property free and clear of the judgment lien. Some exceptions.

Sponsor: Representative Dalessandro

Status: Held in the House.

H2351: Homestead Exemption; Increase Arizona Board of Regents; Continuation

Summary: Increases the homestead exemption from \$250,000 to \$450,000, which applies to any recorded and otherwise valid claim of homestead against any creditor who attempts to enforce a judgement or lien on or after the effective date.

Sponsor: Representative Udall

Status: Failed House Final Read on 4/25/2022.

S1582: Homestead Exemptions; Amount

Summary: Increases the homestead exemption from \$250,000 to \$450,000, which applies to any recorded and otherwise valid claim of homestead against any creditor who attempts to enforce a judgement or lien on or after the effective date.

Sponsor: Senator Livingston

Status: Held in House Committees.

XVI. MISCELLANEOUS

H2104: Community Property Award; Convicted Spouse

Summary: In an action for disposition of property upon the dissolution of the marriage or legal separation, if one spouse is required to make ongoing installment payments to a "convicted spouse", the spouse making the payment is permitted to petition the court to cancel that ongoing payment.

Sponsor: Representative Griffin

Status: Signed by the Governor on 3/4/2022, Chap. 53, Laws 2022.

H2397: Emotional Abuse; Vulnerable Adults

Summary: For the purpose of Adult Protective Services statutes, the definition of "abuse" is expanded to include "emotional abuse".

Sponsor: Representative Dunn

Status: Signed by Governor on 7/6/2022, Chap. 379, Laws 2022.

H2601: Kratom Products; Definitions

Summary: For the purpose of statutes regulating kratom products, the terms "processor" and "retailer" (both defined) replace the term "dealer." Violations and enforcement of kratom product regulations are also governed by statutes governing food control.

Sponsor: Representative Kavanagh

Status: Signed by the Governor on 5/23/2022, Chap. 253, Laws 2022.

H2612: Occupational Regulation

Summary: Throughout statutes governing occupational regulations, requirements that an applicant, licensee, permittee, or other person be of "good moral character" or similar are deleted.

Sponsor: Representative Burges

Status: Signed by the Governor. Chap. 59, Laws 2022.

H2657: Forced Labor; Manufactured Goods

Summary: Requires an officer or agent of a business entity to annually sign and file an attestation under penalty of perjury with the Attorney General (AG) that the business entity has measures in place to ensure compliance with forced labor laws.

Sponsor: Representative Hoffman

Status: Held in Senate Rules.

S1017: State Finance Review; Task Force

Summary: Establishes a 22-member Citizens Finance Review Task Force to analyze the source of general fund and nongeneral fund revenues and expenditures as compared to other states and make recommendations regarding the responsible retirement of existing state debt. The Task Force is required to submit a report to the Governor and the Legislature by September 30, 2023, and to present the report to a joint meeting of the legislative appropriations committees by January 31, 2024. Self-repeals October 1, 2024.

Sponsor: Senator Bowie

Status: Held on the Senate floor.

S1089: Liens; Fees; Exemptions

Summary: Prohibits a county recorder from receiving any fee for filing or releasing a restitution or support order lien and removes the authorization for copies of original documents to be submitted to a county recorder.

Sponsor: Senator Shope

Status: Signed by the Governor on 3/18/2022, Chap. 9, Laws 2022.

S1090: Statehood Day; Paid Holiday

Summary: Adds February 14, "Statehood Day: to the list of official state holidays. When Statehood Day falls on a Sunday, the following Monday must be observed as a holiday. When Statehood Day falls on a Saturday, the preceding Friday must be observed as a holiday.

Sponsor: Senator Shope

Status: Held in Senate Committees.

S1204: Mortgage Brokers; Bankers; Qualifications

Summary: If a mortgage broker or mortgage banking licensee is not an Arizona resident, an employee of an affiliated entity or the parent company of the licensee may be designated in the license as the individual responsible for the licensee. The responsible individual is no longer required to be an Arizona resident. A parent company is authorized to apply for and be granted a certificate of exemption on behalf of an entity that allows a responsible individual to reside out of state if the responsible individual meets specified criteria. Defines "generally accepted accounting principles" as United States generally accepted accounting principles issued by the Financial Accounting Standards Board or the international financial reporting standards issued by the International Accounting Standards Board.

Sponsor: Senator Pace

Status: Signed by the Governor on 4/22/2022, Chap. 172, Laws 2022.

S1488: 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, 2022, and self-repeals November 1, 2023.

Sponsor: Senator Stahl-Hamilton

Status: Held in Senate Committees.

S1587: Landlord Tenant; Rent Increase; Limitation

Summary: Requires that 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: Held in Senate Committees.

SM1002: Glass-Steagall Act; Urging Congress

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

Sponsor: Senator Mendez

Status: Held in Senate Committees.

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