

Finance & Commerce Committee

Senator J.D. Mesnard, Chairperson



Molly Graver, Research Analyst
Alanna Bendel, Assistant Research Analyst
Jeff Christophersen, Intern

FINANCE & COMMERCE COMMITTEE

LEGISLATION ENACTED

~~revenue department; technical correction~~ (NOW: money transmission; notice) ([S.B. 1034](#)) – Chapter 102

Requires a licensee that engages in the money transmission business on behalf of consumers for personal, family or household purposes to provide prescribed consumer fraud warnings. The licensee must provide a consumer with the consumer fraud warnings before transmitting any money either in person or through electronic transmission in a type that contrasts with the background against which the written warning appears. The consumer fraud warning requirements do not apply to: 1) an electronic funds transfer where monies are not transferred directly to another person and are not available for immediate use; 2) an electronic funds transfer that is made with a gift certificate; or 3) a licensee that requires its authorized delegate to provide annual fraud prevention employee training that covers the indicia of fraud associated with electronic money transfers.

~~exemption~~ (NOW: title companies; recorded documents; DIFI) ([S.B. 1042](#)) – Chapter 103

Stipulates that an agreement to indemnify or hold harmless a title insurer from risks arising from an instrument that is or becomes properly recorded with the county recorder is only enforceable if the agreement is in writing and: 1) the instrument was not of record at the time the agreement was executed; 2) the instrument is specifically described in the agreement; 3) the instrument is shown as an exception from coverage in the title insurance policy; 4) the agreement indemnifies for or holds harmless against liens that arise from work or labor done or professional services furnished on the insured property; or 5) the instrument is or secures a monetary obligation and the instrument remains an outstanding and enforceable debt. The outlined stipulation does not affect the enforceability of title warranties provided by a person in a deed or mortgage, and an agreement that meets the outlined stipulation must be separate from and not included in a title insurance policy.

~~metal theft study committee~~ (NOW: Arizona-Ireland trade commission) ([S.B. 1053](#)) – Chapter 168

Establishes the nine-member Arizona-Ireland Trade Commission (Commission) within the Arizona Commerce Authority to initiate joint action on policy issues, advance bilateral trade and investment, promote business and academic exchanges and encourage mutual economic support and infrastructure investment. Outlines Commission membership, duties and reporting requirements.

~~judgments; interest rates~~ ([S.B. 1059](#)) – Chapter 3

Specifies, for the purposes of determining interest on judgments, except medical debt judgments, that the effective date of the prime rate is the business day following publication by the Federal Reserve.

virtual credit cards; payment method (S.B. 1070) – Chapter 48

Requires a health insurer to accept tangible checks as a form of payment from a health care provider. If a health care provider opts out of a payment method provided by a health insurer, that decision remains in effect until either the provider opts back into the prior payment method or a new contract is executed between the insurer and provider.

property tax; golf courses; valuation (S.B. 1095) – Chapter 8

Specifies that a golf course owner's deed restriction, as required for property tax valuation as a golf course, must require the property to be used solely as a golf course for the duration of the deed restriction and must be refiled when the property is split or combined. A golf course owner must notify the county assessor within 30 days after a golf course property is converted to a different use. The penalty for the property conversion is assessed from the date the golf course owner notifies the county assessor of the conversion or the date the county assessor discovers the conversion.

~~telecommunications fund; report; posting (NOW: residential zoning; housing; assessment; hearings) (S.B. 1162) – Chapter 172~~

[SEE THE GOVERNMENT COMMITTEE.](#)

pharmacy audit; procedures; prohibition (S.B. 1165) – Chapter 51

[SEE THE HEALTH & HUMAN SERVICES COMMITTEE.](#)

real estate department; licensing; administration (S.B. 1171) – Chapter 52

Makes various administrative changes to statutes governing the Arizona Department of Real Estate (ADRE), including requiring each employing broker to have and maintain on file an active and valid statutory agent in lieu of a definite place of business. Allows a broker to electronically retain a complete record of all real estate transaction monies and allows a nonresident broker to use online transaction and employment recordkeeping if the data is backed up and the broker notifies ADRE of the online recordkeeping provider name and contact information. Replaces the current broker trust fund reconciliation process with a three-way reconciliation between trust fund account bank statements, client ledgers and trust fund account ledgers and requires an explanation for any account variation monthly. Increases, from \$3,000 to \$5,000, the maximum amount of broker personal monies that may be deposited in a trust fund account to avoid a commingling violation. Prohibits a corporation or limited liability company that is pending issuance of a new broker license or installation of a new designated broker from representing new clients and outlines prohibited criteria for designated brokers on the license.

Modifies the ADRE Commissioner's duties and examination, license suspension and application requirements. Requires a live classroom course outline to state how the course is intended to protect the public, rather than the course's desired instructional outcome.

Specifies that a real estate licensee with an inactive license does not need to complete continuing education during an inactive license status period. If a person's license is inactive for over 15 years, the ADRE Commissioner must require the person to pass an Arizona-specific examination before license reactivation.

Modifies Real Estate Advisory Board membership to include a member engaged in timeshare, campground or cemetery sales and an active school administrator or approved instructor. Specifies that timeshare reports and notices must be provided by electronic means or in hard copy.

exclusive agreements; residential property sales (S.B. 1218) – Chapter 78

Outlines unlawful practices for exclusive property engagement agreements, which are contracts or agreements that provide a person the exclusive right to list or sell residential real estate, including a contract or agreement to enter into any listing agreement or arrangement in the future or any memorandum recognizing the existence of an exclusive property engagement agreement. If listing services do not begin within one year after executing an exclusive property engagement agreement, the agreement is void. Any contract or agreement made or recorded in violation of the outlined requirements is void and unenforceable. Prohibits a court from imposing a constructive trust in a property that is the subject of an exclusive property engagement agreement or on any related disposition proceeds.

The Commissioner of the Arizona Department of Real Estate (ADRE) must execute and record in each county recorder's office a document disclaiming the validity and enforceability of any contract or agreement or any related liens or assignments that violate the exclusive property engagement agreement requirements and ADRE must display the document on its website. Subjects any person who violates the prescribed exclusive property engagement agreement requirements to liability and penalties. A violation of the exclusive property engagement agreement requirements is an unlawful practice under Arizona's Consumer Fraud Act and is subject to enforcement through private action and by the Attorney General.

dog racing; simulcast wagering; prohibition (S.B. 1260) – Chapter 235

Prohibits pari-mutuel wagering on simulcasts of dog racing that originate outside of the continental United States beginning June 30, 2024, and prohibits pari-mutuel wagering on all simulcast dog racing in Arizona beginning December 31, 2028.

reciprocal deposits; escrow agents; definitions (S.B. 1270) – Chapter 4

Authorizes an escrow agent to use a system of reciprocal deposits to provide additional insurance with the Federal Deposit Insurance Corporation for monies held by the escrow agent, if: 1) the monies are designated for deposit in a federally insured bank, savings bank or savings and loan association that has a branch or principal place of business in Arizona; and 2) the depository receives an amount of federally insured deposits that is equal or greater than the monies initially deposited by the escrow agent.

rental-purchase property; electronic disclosures (S.B. 1271) – Chapter 10

Allows a lessor, if rental-purchase property is displayed or offered online for rental-purchase, and requires, if a lessor offers personal property for rental-purchase and the property is not owned by the lessor when displayed or offered for rental-purchase, to electronically disclose outlined information relating to the costs and timeline associated with the rental-purchase. *Rental-purchase property* is personal property owned by the lessor at the time it is physically displayed and offered for rental-purchase to a consumer and before execution of a rental-purchase agreement.

credit unions; formation; loans; membership (S.B. 1296) – Chapter 82

Specifies that a credit union may purchase all or a portion of the assets and assume all or a portion of the liabilities of any state-chartered credit union, federal credit union, bank or an out-of-state bank. Adds, to the list of credit union purposes, assisting members to manage and control their financial resources to improve their social and economic conditions.

Modifies credit union membership eligibility and member expulsion and suspension procedures and allows a credit union's board of directors to delegate the duty of member expulsion to management. Allows a credit union to deny membership based on policies established by the credit union's board of directors and provides a member appeal timeline. Allows a credit union to make loans to credit union members for purposes prescribed by the credit union's board of directors, rather than the credit union bylaws. Allows credit union board members to vote electronically and reduces the required number of board meetings from 10 per year, to once every two months.

Repeals the requirement for each credit union's fiscal year to end on December 31. Removes the authority for a credit union to establish and maintain automated teller machines at locations other than the credit union's place of business and removes automated teller machine notification requirements. Reduces the required retained interest in credit union loans from 10 percent to 5 percent. Requires a credit union's board of directors approval for any loan made to a credit union official in an aggregate amount of more than one percent of the credit union's net worth and requires loans aggregating more than \$50,000 or one percent of the credit union's net worth to be reported to the Department of Insurance and Financial Institutions.

income tax withholding; retirement distributions (S.B. 1358) – Chapter 55

Specifies that payments from a pension or annuity or distributions from a retirement account are eligible for state income tax withholding to the extent that the amount is includable in the individual's Arizona gross income. Retirement account distributions must be treated as a payment of wages for income tax purposes.

A request to initiate, adjust or terminate withholding from a pension, annuity or retirement account may be executed in writing by paper or electronic means on a form prescribed by the Arizona Department of Revenue. Allows a payor to deny a request to withhold state income tax from a pension, annuity or retirement account payment or distribution.

occupational license; criminal record (S.B. 1367) – Chapter 83

Modifies the criteria for a state agency to determine whether a person's criminal record disqualifies the person from receiving an occupational license, permit or certificate by: 1) excluding sealed criminal convictions from consideration by the state agency; and 2) reducing, from the prior seven years to the prior three years, the period during which a conviction of certain offenses may be considered by the state agency. A state agency may not negatively consider whether a person would qualify for a fingerprint clearance card without a good cause exception when determining whether the person's criminal record disqualifies the person from obtaining an occupational license, permit or certificate. Requires, rather than allows, a state agency that determines that a person's criminal record disqualifies the person from obtaining an occupational license, permit or certificate to advise the person of the steps to remedy the disqualification.

youth businesses; licenses; tax; exemption (S.B. 1370) – Chapter 237

[SEE THE GOVERNMENT COMMITTEE.](#)

health care; costs; reimbursement (S.B. 1402) – Chapter 184

Allows a health insurer to establish a program that provides enrollees a savings incentive for medically necessary covered health care services provided at a price below the insurer's usual reimbursement. The program may enable an eligible enrollee to: 1) have the amount the enrollee pays applied toward the enrollee's deductible and out-of-pocket maximum; and 2) be reimbursed for a portion of the difference between the price the enrollee paid and the insurer's usual reimbursement. A health insurer's *usual reimbursement* is the amount the insurer would ordinarily pay an in-network health care provider or facility for the service.

right to redeem; foreclosure; sale (S.B. 1431) – Chapter 176

Bifurcates the process to foreclose the right to redeem a property tax lien by establishing procedures to hold a sale of the property to recover excess proceeds (excess proceeds sale). If a defendant's request for an excess proceeds sale is unreasonable or the defendant did not request an excess proceeds sale, the existing statutory tax lien sale requirements apply. An excess proceeds sale extinguishes any other liens and encumbrances held by the state on the property.

Allows a property owner whose right to redeem is being foreclosed to request the court to determine if an excess proceeds sale is reasonable. If a request is made for an excess proceeds sale, the property owner must provide a reasonable estimate of the property's market value and the certificate holder must provide specified financial information to the court. An excess proceeds sale is reasonable if the property sale price is likely to be more than \$2,500 above all outstanding costs, fees and interest related to the property. If the court determines that a tax lien sale is valid, the lien has not been redeemed and the excess proceeds sale is reasonable, the court must: 1) foreclose the right of the defendant to redeem; 2) direct the excess proceeds sale to occur; and 3) set the opening bid amount. A judgment directing an excess proceeds sale is exempt from the

10-year judgment renewal requirement. A county treasurer must refund any partial property tax payments, to the property owner or their heirs, within 30 days after entry of judgment directing an excess proceeds sale.

Requires an association or corporation doing business in Arizona as a bank, credit union, consumer lender, escrow agent, insurance company, law firm or a special master appointed by the court (qualified entity) conducting an excess proceeds sale to provide notice of the sale's time and place, a description of the property being sold and the amount of the opening bid by recording a sale notice with the county recorder, mailing a sale notice to the property owners and posting the information in specified places. All persons to whom the qualified entity mails a sale notice must waive all defenses and objections to the sale not raised in an action that results in an injunction before the scheduled sale date. A copy of the injunction must be delivered to the qualified entity within 24 hours after the order is entered and a sale is not complete if the sale violates the delivery requirement because of an undisclosed order entered by the court within the 24-hour time frame. Prescribes additional sale notice requirements.

An excess proceeds sale must be held: 1) within 60 days after the date a judgment is entered by the court directing the property sale; 2) on a day other than Saturday, Sunday or a legal holiday; 3) between 9:00 a.m. and 5:00 p.m. MST; and 4) at a specified place on the property, the superior court or the qualified entity's business. The qualified entity may schedule more than one excess proceeds sale for the same date, time and place and may postpone or continue the excess proceeds sale from time to time or change the place of the sale to any other authorized location with notice.

Requires a qualified entity to offer the property for sale at public auction for cash to the highest bidder and prescribes auction, bid payment and sale continuation procedures. Only the certificate holder may make a credit bid in lieu of cash. Each bidder, except the certificate holder, must provide a nonrefundable deposit as a condition of offering a bid. In any excess proceeds sale that is continued because of a failure to pay, the qualified entity must reject a bid from a previous bidder who elected not to pay that bidder's bid price.

Requires the qualified entity to distribute the excess proceeds sale proceeds within 90 days after the sale, notify the court after the proceed distributions have been made and dispose of any unclaimed monies after 90 days pursuant to Arizona's Unclaimed Property Act. Any party in the action to foreclose the right to redeem may bring civil action against the qualified entity for the entity's failure to comply with the proceed distribution requirements. Outlines deed recordation requirements.

unlawful restrictive covenants; uniform act.. (S.B. 1432) – Chapter 58

Establishes the Uniform Unlawful Restrictions in Land Records Act which allows a property owner whose property is subject to an unlawful restriction to submit to the county recorder an amendment to remove the unlawful restriction from a title to real property. An *unlawful restriction* is a prohibition, restriction, covenant or condition in a document that interferes with or restricts the transfer, use or occupancy of real property on the basis of race, color, religion, national origin, sex, familial status or disability in violation of state or federal law.

A homeowners' association (HOA) or condominium unit owners' association (COA) governing body may amend the body's governing instrument without a vote to remove an unlawful restriction. An HOA or COA member may request the governing body to exercise the authority to amend the governing instrument to remove an unlawful restriction. Within 90 days after the request, the governing body must determine whether the governing instrument includes the unlawful restriction and, within 90 days after that determination, must amend the governing instrument to remove the unlawful restriction. Outlines amendment form, requirements and limitations, including recording requirements for county recorders.

excise tax; jet fuel; definition (S.B. 1636) – Chapter 242

Expands the definition of *jet fuel* to include: 1) an aviation turbine fuel that consists of conventional and synthetic blending components that can be used without the need to modify aircraft engines and existing fuel distribution infrastructure; and 2) jet fuels derived from coprocessed feedstocks at a conventional petroleum refinery.

firefighters; peace officers; PTSD; therapy (S.B. 1677) – Chapter 203

Conditionally upon the U.S. Food and Drug Administration approving midomafetamine (MDMA) for treatment of post-traumatic stress disorder (PTSD) by December 31, 2025, requires employers to provide workers' compensation coverage to firefighters and certified peace officers who have been diagnosed with PTSD by a licensed mental health professional and who have an accepted workers' compensation claim for PTSD. If outlined requirements are met, the workers' compensation coverage may include one complete course of MDMA treatment.

The Department of Health Services (DHS) must notify the Director of Legislative Council and the Director of the Industrial Commission of Arizona (ICA) by February 2, 2026, of the date the conditional enactment was or was not met. On notification from DHS, the ICA must assign reimbursement values in its fee schedule and publish guidelines on MDMA billing and reimbursement practices. The ICA must submit a report to the Joint Legislative Budget Committee on the costs of MDMA treatment.

~~defensive driving schools; fees.~~ (NOW: mixed martial arts; boxing; gaming) (S.B. 1679) – Chapter 245

Replaces the requirement for the Arizona State Boxing and Mixed Martial Arts Commission (Commission) to use rules for mixed martial arts (MMA) that are consistent with the rules adopted by the New Jersey State Athletic Control Board with an authorization for the Commission to use rules adopted by a boxing commission or any alternative rules of MMA approved by another jurisdiction within the United States. Defines *combatant* as any person who practices the sport of unarmed combat and replaces the term *contestant* with the term *combatant*. The required insurance coverage paid by a promotor for a combatant is the primary insurance that must be exhausted before a combatant uses any other form of insurance. Specifies that weigh-ins for all contests may not be more than one calendar day, rather than 24 hours, before the scheduled event time and removes the requirement for a weigh-in period to be one hour.

Increases, from a class 2 misdemeanor to a class 1 misdemeanor, the penalty for conducting, holding, sponsoring, sanctioning or giving any contest that is subject to regulation by the Commission without first procuring an appropriate license or approval. All boxing and MMA licenses expire at midnight 365 days after the date of issuance, rather than at midnight on December 31 in the year of license issuance. Modifies license application and medical examination requirements.

Replaces the requirement for a chief of police or county sheriff to assign an officer or deputy to attend a boxing or MMA contest with a requirement for the promotor to request the chief of police or county sheriff to assign at least one officer or deputy to attend each contest and authorizes the Commission to grant a promoter permission to use private security services to attend a boxing or MMA contest if law enforcement officers or sheriff's deputies are not available.

Removes the requirement for the Commission to furnish a list of all licensed referees within the state to a matchmaker who protests a referee assignment for the purpose of selecting another referee from the list and instead requires the Commission to make a reasonable effort to grant a matchmaker's request for referee reassignment.

~~permanent school fund; distribution; uses~~ (NOW: tipped workers; wages) ([S.C.R. 1040](#))

Subject to voter approval, constitutionally allows an employer to pay tipped employees a wage of up to 25 percent per hour less than the statutory minimum wage if the employer can establish that for each week, when adding tips or gratuities received to wages paid, the employee received not less than the minimum wage plus \$2 for all hours worked. Compliance with the constitutional tipped employee wage is determined by averaging tips or gratuities received over the course of the employer's payroll period or any other employer-selected period that complies with laws enacted by the Legislature. Designates this legislation as the *Tipped Workers Protection Act*. Requires the Secretary of State to submit the proposition to the voters at the next general election. Becomes effective if approved by the voters and on proclamation of the Governor.

event online ticket sales ([H.B. 2040](#)) – Chapter 129

Prohibits a person from using or creating a bot to: 1) purchase tickets for an online ticket sale in excess of the posted limit; 2) circumvent or disable a limitation system associated with an online ticket sale; or 3) circumvent or disable a control or measure used to validate that a ticket is not fraudulent. A violation of the event online ticket sales prohibitions is an unlawful practice under Arizona's Consumer Fraud Act and the Attorney General may investigate and bring appropriate action. Each ticket acquired in violation of the prohibitions constitutes a separate violation for the purpose of assessing a civil penalty.

food preparation; sale; cottage food ([H.B. 2042](#)) – Chapter 18

Adds, to the cottage food products exemption, food products that are potentially hazardous or require time or temperature control for safety. A food preparer may sell cottage food products to the maximum extent allowed by federal law, except as provided by state law, and may not store cottage food products or food preparation equipment outside of the food preparer's home. A cottage

food product: 1) may not be used as an ingredient in food products sold at a permitted retail food establishment or contain marijuana or marijuana by-products; and 2) must only contain ingredients that are approved by law. A home kitchen used to prepare cottage food products may not operate as a commissary for the purposes of serving a mobile food vendor. A *home kitchen* is a kitchen in either: 1) the residential home or dwelling of an individual registered to prepare cottage food products, of a type that is normally found in a residential home and that does not exceed 1,000 square feet; or 2) a facility for individuals with developmental disabilities and of a type normally found in a facility for individuals with developmental disabilities.

Outlines cottage food labeling requirements and sale and delivery requirements for products that: 1) do, or do not, contain dairy, meat or poultry; 2) are potentially hazardous or require time or temperature control for safety; and 3) are sold by a third-party vendor. An online platform that offers cottage food products for sale must provide a notification that includes prescribed food preparer and cottage food product information and a website that includes outlined information. The Department of Health Services must adopt rules relating to cottage food products, as prescribed.

cremation. (H.B. 2081) – Chapter 22

Expands the definition of *cremation* to include natural organic reduction, which is the contained, accelerated conversion of human remains to soil.

self-storage facilities; valuation; vehicles; towing (H.B. 2087) – Chapter 23

Allows a self-service storage facility rental agreement to provide for a limit on the value of property stored by an occupant on the premises and sets the limit at the maximum value of stored property for all purposes.

If a self-storage facility occupant is in default for more than 30 days, the self-service storage facility operator may contract with a towing company to remove a stored vehicle, watercraft or trailer. At least 10 days before the towing company removes the property, the self-service storage facility operator must notify the self-storage facility occupant of the name, address and telephone number of the towing company that will remove the property if the occupant does not cure the default by the date prescribed in the notice. On receipt of the property by the towing company, the self-service storage facility operator is not liable to the occupant or any other person who claims an interest in the property.

apprenticeship programs; completion; ROC filings (H.B. 2090) – Chapter 88

Allows an apprenticeship program participant or sponsor to file, in a manner prescribed by the Registrar of Contractors (ROC), a certificate of completion and any related updates with the ROC following completion of a U.S. Department of Labor-approved or Department of Economic Security-approved apprenticeship program in a construction trade. The ROC must maintain the documents for 10 years.

registrar of contractors agency; continuation (NOW: agency continuations; technical registration; contractors) (H.B. 2091) – Chapter 204

[SEE THE GOVERNMENT COMMITTEE.](#)

emergency services; prudent layperson; definition (H.B. 2093) – Chapter 24

[SEE THE HEALTH & HUMAN SERVICES COMMITTEE.](#)

mechanics' liens; notice (H.B. 2110) – Chapter 89

[SEE THE GOVERNMENT COMMITTEE.](#)

homeowner's associations; fees; related parties (NOW: real property) (NOW: homeowner's associations; fees) (H.B. 2119) – Chapter 131

[SEE THE GOVERNMENT COMMITTEE.](#)

improved lot or parcel; definition (H.B. 2129) – Chapter 63

Adds, to the definition of *improved lot or parcel*, a subdivision lot or parcel concerning which a contract between a subdivider and a purchaser obligates the subdivider to completely construct a condominium on the lot or parcel within four years after the date on which the contract for sale is entered.

funeral services; alkaline hydrolysis (H.B. 2140) – Chapter 133

Funeral Industry Licenses and Fees – Removes the requirement for the Department of Health Services (DHS) to establish and collect funeral industry license renewal fees and specifies that funeral services industry licenses, registrations and endorsements do not expire and remain valid unless revoked or suspended by DHS or the licensee fails to pay outstanding fees or penalties. Requires DHS to establish and collect fees for prearranged funeral sales establishment endorsements, multiple funeral director licenses and interim permits for crematories and alkaline hydrolysis facilities.

Complaints and Disciplinary Actions – Removes the requirement for DHS to inform a funeral industry licensee of a complainant's name following receipt of a complaint. As a disciplinary action against a person who violates funeral industry statute or rules, DHS may: 1) suspend or revoke a funeral service industry license or endorsement; or 2) assess a civil penalty of up to \$1,000 for each day a violation occurs. Outlines factors for DHS to consider when determining the amount of a civil penalty and requires an action to enforce the collection of a civil penalty to be brought by the Attorney General or the county attorney in the justice or superior court.

Interviews, Hearings and Records – Removes the authority for DHS to initiate an informal interview or conduct a formal hearing regarding complaints if it appears after an initial investigation that grounds for disciplinary action may exist. Removes the requirement for DHS to serve notice and conduct an administrative hearing prior to revoking or suspending a license or endorsement. Repeals the authority for DHS to assess a licensee for administrative costs and expenses incurred when conducting an informal interview or formal hearing. Information maintained by DHS for funeral regulation administrative purposes must be publicly available, with certain exceptions.

Pathway to Embalmer Licensure – Caps the duration of the pathway to licensure as an embalmer at a maximum of three years. The pathway begins when the person is enrolled in or has graduated from an accredited school of mortuary science and assists in the embalming of dead human bodies or the arranging and directing of funerals. Specified information must be submitted to DHS to verify the person is on the pathway to licensure. A person who was a licensed embalmer's assistant on March 31, 2023, may continue to be licensed following payment of any lapsed or required fees and the licensure pathway requirements do not apply to such persons.

Alkaline Hydrolysis – Prohibits a person from advertising or engaging in cremation or alkaline hydrolysis without a valid license and applies the requirement to obtain written consent for the lawful disposition of dead human bodies to alkaline hydrolysis facilities. Removes the requirement for an alkaline hydrolysis facility's refrigerated holding area to be approved by DHS.

DHS Funeral Services Licensing Advisory Committee (Advisory Committee) – Specifies that the Advisory Committee must advise the Director of DHS on funeral services industry regulations. Removes the specification that Advisory Committee members serve four-year terms and requires Advisory Committee members to be appointed by the Director of DHS, rather than the Governor. Removes the requirement for the Advisory Committee to present an annual performance evaluation to the Governor on the performance of DHS and the Director of DHS.

Regulations and Rulemaking – Requires DHS to adopt rules for alkaline hydrolysis facility operation. Prescribes prep room requirements for funeral establishments that embalm on-site or at a central location. Modifies requirements relating to prearranged funeral sales.

condominiums; interior improvements; approvals (H.B. 2141) – Chapter 27

[SEE THE GOVERNMENT COMMITTEE.](#)

mobile homes; cooling; prohibition (H.B. 2146) – Chapter 64 E

An emergency measure effective April 2, 2024, that precludes a mobile home park owner or operator from prohibiting a tenant from installing reasonably necessary commercial cooling methods on the tenant's mobile home.

~~technical correction; conservation easements; applicability (NOW: barbering; cosmetology; conforming legislation) (H.B. 2168)~~ – Chapter 250

[SEE THE GOVERNMENT COMMITTEE.](#)

liquor; policies; procedures (H.B. 2185) – Chapter 202

Liquor Licensee Extension of Premises – Allows a liquor licensee with on-sale retail privileges to apply to extend the licensed premises on an ongoing limited use basis to contiguous private property that is owned or leased by the licensee or to public or private property that the licensee has permission to use. Deems a permit for an extended premises valid for six consecutive months or less. Adds information that must be included in an extension of premises application. A liquor licensee may not modify the extended premises' layout, access or security without notifying the Department of Liquor Licenses and Control (DLLC) and the local governing body at least 10 days in advance of the proposed modification. DLLC may consult with the local governing body and approve, reject or modify the proposed modification. A local governing body may conduct an optional safety inspection of an extended premises on the day of an event, before the event if the extended premises are ready for use or before the local governing body or designee has made its recommendations, whichever is soonest. Requires the Director of DLLC (Director) to determine the appropriate security measures that the applicant liquor licensee must use to control spirituous liquor service on the extended premises and to protect public health and safety.

To-Go Mixed Cocktails Lease Addendums – Requires DLLC, until December 31, 2025, to provide for an addendum to a to-go mixed cocktails lease between a bar or liquor store licensee and a restaurant licensee that derives at least 90 percent of gross revenue from food sales and that has off-sale spirituous liquor sales that exceed 30 percent of total spirituous liquor sales in either 2023 or 2024. Eligible restaurant licensees may apply for the lease addendum on the licensee's lease renewal date and must pay DLLC the addendum payments in full, in advance. DLLC must establish a process to facilitate, approve and govern the addendum, as outlined.

Exempts, from the statutory limit on off-sale use, a restaurant licensee that has a to-go mixed cocktails lease, derives at least 90 percent of gross revenue from food sales and has off-sale spirituous liquor sales that exceed 30 percent of total spirituous liquor sales in either 2023 or 2024.

Special Event Liquor Licenses – Before the Director may issue a temporary special event license, the president of a university under the jurisdiction of the Arizona Board of Regents must approve the license if the event is being held on university property. The Director may issue a special event license concurrently with a microbrewery festival license. Removes the authorization for the Director to approve the location of a wine festival license within an excluded area of a special event license.

Miscellaneous – Allows the Director to issue a new license in the same series and county for every surrendered license. Removes the requirement for a producer or wholesaler to designate and separate a sampling area in the area of a licensed premises where spirituous liquor is primarily displayed when providing samples to retail consumers on an off-sale retailer's premises. Allows the Director to issue a bar license to the holder of a liquor store license issued simultaneously at the same premises and allows the applicant to consolidate the application.

ticket resales; restrictions (H.B. 2194) – Chapter 136

Prohibits a reseller, a secondary ticket exchange or any affiliate of a reseller or secondary ticket exchange from: 1) reselling more than one copy of the same ticket to an event; 2) reselling a ticket without first informing the purchaser of the ticket's location in the entertainment facility;

or 3) reselling a ticket or advertising a ticket for resale, unless either the ticket is in the possession or constructive possession of the reseller or the reseller has a written contract with the rights holder to obtain the ticket.

restaurants; small alcohol ratio exemption (NOW: life care contract; disclosure) (H.B. 2199) – Chapter 138

Stipulates that, for all new and existing life care contracts that offer a refund, a life care service provider must deliver a separate disclosure document relating to the payment of entrance fees and potential refunds. The separate disclosure document must be printed in at least 10-point boldface type, signed by the contract holder and their spouse, if any, and witnessed by at least two independent persons. The life care contract purchaser must initial each disclosure item and the life care service provider must retain the initialed disclosure statement.

public retirement plans; liabilities; administration (H.B. 2203) – Chapter 116

Modifies administration of the Public Safety Personnel Retirement System (PSPRS) and other PSPRS-managed retirement plans.

Establishes guidelines for the transfer of assets equal to the actuarially accrued liability earned when a member is reemployed in the same retirement plan with a subsequent employer, with retroactive dates as noted. The actuarially accrued liability must be computed using the actuarial methods and assumptions prescribed by PSPRS's actuary and adopted by the PSPRS Board of Trustees (PSPRS Board).

Exempts all trust funds administered by the PSPRS Board from Arizona's Unclaimed Property Act and requires the PSPRS Board to adopt abandoned monies policies. Monies in PSPRS or any PSPRS Board-administered retirement plans are presumed to be abandoned two years after the earlier of the distribution or attempted distribution of the monies, the required distribution date specified in the retirement plan or the date specified by federal law.

Removes the prohibition against a Public Safety Personnel Defined Contribution Retirement Plan member taking loans on the accumulated assets in the member's annuity account. Adds, to the definition of *eligible groups* for the purposes of establishing or participating in a supplemental defined contribution plan, the Elected Officials' Defined Contribution Retirement System and Public Safety Personnel Defined Contribution Retirement Plan. A supplemental defined contribution plan is in addition to and does not replace an employee's existing state defined contribution retirement plan.

workers' compensation rates; deviation (NOW: workers' compensation; premiums) (H.B. 2204) – Chapter 139

Allows an insurance carrier to reduce the premiums paid by an employer by up to five percent if the employer is a part of a membership organization that meets outlined criteria and the insurance carrier has a program agreement with that membership organization.

ASRS; contingent annuitants (NOW: ASRS; contingent annuitants; account information) (H.B. 2206) – Chapter 117

Specifies that an Arizona State Retirement System (ASRS) member who chooses an Optional Premium Benefit (OPB) may name only one contingent annuitant to receive the OPB after the member's death.

Authorizes ASRS to disclose the value of a member's benefit to a member's current or former spouse on receipt of proof of service of a petition for annulment, dissolution of marriage or legal separation.

continuation; ASRS (H.B. 2208) – Chapter 30

Continues the Arizona State Retirement System for eight years, until January 1, 2032, retroactive to July 1, 2024.

industrial commission of Arizona; continuation (NOW: industrial commission of Arizona; continuations) (H.B. 2209) – Chapter 205

Continues the Industrial Commission of Arizona (ICA) for four years, until July 1, 2028, retroactive to July 1, 2024, and continues the Arizona Division of Occupational Safety and Health (ADOSH) Advisory Committee, the Occupational Safety and Health (OSHA) Review Board and the Boiler Advisory Board for eight years, until July 1, 2032, retroactive to July 1, 2024. Declares the Legislature's intent to request the Joint Legislative Audit Committee (JLAC) to assign the sunset review of the ICA to the Office of the Auditor General to conduct a performance audit.

Before submitting the ADOSH State Plan proposal or proposed adoption to OSHA, the ICA must submit the proposal or proposed adoption to JLAC, which may review and recommend an amendment. Any ICA Labor Department determinations, penalties and labor violation fines must be considered, authorized and determined by a vote of ICA Commissioners, and ICA Commissioners must consider whether a labor violation continues after an employer's course of conduct has ceased.

Prohibits the Director of ADOSH from allowing an individual to accompany a compliance safety and health officer when conducting a workplace inspection for the ICA, with certain exceptions. Outlines conditions that an employer may require for a third party who accompanies a compliance safety and health officer during a workplace inspection. Information obtained by the ICA or its representatives during a workplace inspection that contains or that may reveal a trade secret is confidential. A compliance safety and health officer may consult with a reasonable number of employees who work in an identified trade secret area on matters of safety and health, even if those employees are not joining the workplace inspection.

~~occupational safety advisory committee; continuation~~ (NOW: state agencies; continuations; duties) ([H.B. 2210](#)) – Chapter 206

Continues the Arizona Commerce Authority (ACA) for five years, until July 1, 2029, retroactive to July 1, 2024, continues the Arizona Department of Administration for six years, until July 1, 2030, retroactive to July 1, 2024, and continues the Arizona Historical Society, the Governor's Office on Tribal Relations, the Occupational Safety and Health Advisory Committee, the Prescott Historical Society and the State Personnel Board for eight years, until July 1, 2032, retroactive to July 1, 2024.

Adds, as a technical advisor to the ACA Board of Directors, an attorney with experience litigating constitutional cases involving the Arizona Constitution's Gift Clause. The attorney must be jointly appointed by the President of the Senate and Speaker of the House of Representatives. The public portion of meetings of the ACA Board of Directors must be recorded and posted on the ACA's website within three business days and retained on the website for at least one year. Prohibits the ACA from having more than 100 full-time employees, excluding any full-time employees funded with non-state monies. The ACA must adopt policies that prohibit the use of state monies to provide business executive lodging, alcoholic beverages, personal transportation or tickets for entertainment events for the purpose of attracting businesses to Arizona. The ACA annual report must include additional information relating to job creation and be submitted to the Governor and Legislature.

Establishes the five-member Municipality Time Frames Advisory Committee which must submit recommendations to the ACA relating to municipal and county support for economic development projects. By September 30, each city, town and county must annually submit to the ACA statistics relating to outlined municipal time frames, including any other statistics determined by the ACA or the Municipal Time Frames Advisory Committee relating to municipal or county support for economic development projects. By December 31, the ACA must compile the collected statistical data and submit an annual report to the Governor, Legislature and Secretary of State. The Chief Executive Officer of the ACA (CEO) must report to the President of the Senate and Speaker of the House of Representatives on a quarterly basis regarding any amendments to any written agreements executed under the Arizona Competes Fund. The CEO must also track the status and completion of any agreement and amendment provisions and retain supporting documentation for inspection on request.

~~state board of equalization; continuation.~~ ([H.B. 2250](#)) – Chapter 31

Continues the State Board of Equalization for eight years, until January 1, 2032, retroactive to July 1, 2024.

~~professional employer organization; repeal~~ ([H.B. 2252](#)) – Chapter 67

[SEE THE GOVERNMENT COMMITTEE.](#)

~~firefighters; peace officers; PTSD; coverage (NOW: theme park districts; formation) (H.B. 2274)~~
– Chapter 252

[SEE THE GOVERNMENT COMMITTEE.](#)

~~adaptive reuse; commercial buildings; zoning (NOW: zoning; adaptive reuse; commercial buildings) (NOW: commercial buildings; adaptive reuse) (H.B. 2297)~~ – Chapter 141

[SEE THE GOVERNMENT COMMITTEE.](#)

~~occupational licenses; criminal offense; prohibition (H.B. 2308)~~ – Chapter 91

Prohibits an occupational or professional licensing board or health profession regulatory board from denying, suspending or revoking a license, registration or certificate based on the person's prior criminal offense, unless: 1) the offense is substantially related to the occupation; or 2) approving the license, registration or certificate or not imposing disciplinary action against the license, registration or certificate would pose a reasonable threat to public health and safety. In addition to other available remedies, an applicant, licensee, registrant or certificate holder may petition the Office of Administrative Hearings (OAH) to request a review of a denial, suspension or revocation for a prior criminal offense. Outlines petition requirements and procedures. Each occupational or professional licensing board and health profession regulatory board must prominently post a notice of an individual's right to petition OAH on the board's website and on each license, registration or certificate denial.

~~private universities; Arizona teachers academy (NOW: mobile home; relocation; building codes) (H.B. 2316)~~ – Chapter 92 E

An emergency measure effective April 8, 2024, that increases the maximum compensation that a mobile home park tenant (tenant) may collect from the Mobile Home Relocation Fund (Fund) for relocating a mobile home to a new location due to a rent increase or a change in age-restricted community use from: 1) \$7,500 to \$12,500 for a single section mobile home; and 2) \$12,500 to \$20,000 for a multi-section mobile home. Increases the maximum compensation, from 25 percent to 40 percent, that a tenant who is relocating due to a rent increase and who abandons the mobile home in the mobile home park may collect from the Fund as an alternative to the lumpsum payment. Removes the requirement to specify a moving date in a mobile home relocation contract and removes the 45-day time period within which a tenant must relocate a mobile home.

~~continuation; PSPRS (H.B. 2378)~~ – Chapter 207

Continues the Public Safety Personnel Retirement System Board of Trustees for six years, until January 1, 2030, retroactive to July 1, 2024.

internal revenue code; conformity. (H.B. 2379/S.B. 1057) – Chapter 7

Updates the statutory definition of *Internal Revenue Code* to include all federal provisions in effect as of January 1, 2024, with the specific adoption of all retroactive effective dates.

TPT; municipalities; audits; guidelines (H.B. 2380) – Chapter 33

Allows the Arizona Department of Revenue (ADOR) to deny a municipality's request to audit a taxpayer engaged in business in more than one city or town. If ADOR denies an audit request, the city or town may not audit the taxpayer. Requires ADOR's Unified Audit Committee to publish uniform audit guidelines.

non-contiguous county island fire districts (H.B. 2381) – Chapter 71

[SEE THE GOVERNMENT COMMITTEE.](#)

TPT; sourcing; validation (H.B. 2382) – Chapter 142

Requires the Arizona Department of Revenue (ADOR), by January 1, 2026, to establish a certification process for third-party providers that offer sourcing services to taxpayers for transactions involving tangible personal property. Prescribes application requirements and outlines transaction sourcing error liability determination.

Requires the Director of ADOR to: 1) supervise and regulate certified third-party service providers; 2) establish minimum certification standards and a quality assurance program to ensure minimum standard compliance; 3) post a list of certified third-party service providers on ADOR's website; and 4) adopt rules for certification administration and enforcement. The Director of ADOR may investigate and audit third-party service providers to ensure compliance and may require a certified third-party service provider or any employees or agents of the provider to be certified by ADOR to perform certain functions.

property tax assessment; destroyed property (H.B. 2408) – Chapter 34

Allows a county assessor, for the purposes of classifying property, to maintain a property's property classification in place on the date the property is destroyed for a period of five years or until an objectively verifiable change in property use occurs, whichever is sooner. If a property is destroyed after the county assessor closes the assessment rolls, the county assessor may issue a notice of proposed correction to prorate the property valuation from the date of destruction. A county assessor must notify the property owner of the property assessment in compliance with applicable statutory notice requirements.

motor vehicle dealers; franchises (H.B. 2410) – Chapter 94

[SEE THE TRANSPORTATION, TECHNOLOGY & MISSING CHILDREN COMMITTEE.](#)

grievance process; payment methods; report (H.B. 2444) – Chapter 72

[SEE THE HEALTH & HUMAN SERVICES COMMITTEE.](#)

state planet; Pluto (H.B. 2477) – Chapter 38

Designates Pluto as the official state planet.

health care appeals (H.B. 2599) – Chapter 178

[SEE THE HEALTH & HUMAN SERVICES COMMITTEE.](#)

auto theft authority; fee overpayment (H.B. 2609) – Chapter 149

Entitles an insurer that has overpaid the per-vehicle motor vehicle liability insurance policy fee to a refund of the overpaid amount if the insurer submits a written refund request and substantiating documentation to the Automobile Theft Authority within one year of the date the fee was due. The Director of the Department of Insurance and Financial Institutions (Director) must approve or deny a refund request and, if approved, refund the insurer with monies from the Automobile Theft Authority Fund. A refund claim initiated by an insurer in 2023 may be approved by the Director until December 31, 2024, if the insurer submits substantiating documentation to the Director.

The Director may audit an insurer that issues motor vehicle liability insurance policies in Arizona for the purpose of determining compliance with motor vehicle liability insurance policy fee collection requirements.

spirituous liquor; DHS; inspection; exemption (H.B. 2618) – Chapter 254

[SEE THE HEALTH & HUMAN SERVICES COMMITTEE.](#)

department of revenue; reuse zone (H.B. 2634) – Chapter 43

Transfers the administration and tax incentive eligibility determination of military reuse zones from the Arizona Commerce Authority to the Arizona Department of Revenue.

~~motor vehicle manufacturers; TPT; exemption~~ (NOW: condominiums; planned communities; lien; assessment) (H.B. 2648) – Chapter 151

Bifurcates condominium association and planned community association liens into common expense liens and liens for member or unit owner expenses. A member or unit owner expense lien may not be foreclosed and is effective only on conveyance of any interest in real property. A common expense lien may be foreclosed only if the owner has been and remains

delinquent in the payment of any assessments for a period of one year or in the amount of \$1,200 or more, whichever occurs first. An *assessment* is the share of monies required for the payment of common expenses that the association assesses periodically against each unit. An association board of directors must exercise reasonable efforts to communicate with the unit owner and offer a reasonable payment plan before filing a foreclosure action on a common expense lien.

Allows, rather than requires, a foreclosure judgment or decree to include costs and reasonable attorney fees for the prevailing party. An association may not transfer ownership or control of debt for common expense liens or member or unit owner expenses. Adds, to the items required to be paid by any payment received on a unit owner's account, due but not delinquent assessments and costs incurred or applied by the association.

~~planned communities; declarant control~~ (NOW: declarant control; planned communities) ([H.B. 2698](#)) – Chapter 124

[SEE THE GOVERNMENT COMMITTEE.](#)

accessory dwelling units; requirements. ([H.B. 2720](#)) – Chapter 196

Requires a municipality with a population of more than 75,000 persons to adopt regulations that allow on any lot or parcel where a single-family dwelling is allowed: 1) at least one attached and one detached accessory dwelling unit (ADU) as a permitted use; 2) a minimum of one additional detached ADU as a permitted use on a lot or parcel that is one acre or more in size if at least one ADU on the lot or parcel is a restricted-affordable dwelling unit; and 3) an ADU that is 75 percent of the gross floor area of the single-family dwelling on the same lot or parcel or 1,000 square feet, whichever is less. A municipality may require the owner of a vacation or short-term rental (STR) to reside on the property if the property is being used as an STR and contains an ADU constructed on or after September 14, 2024. Unless the time period to bring an action for a diminution in value claim has expired, the residency requirement does not apply to an owner who has the right to build an ADU on the property before September 14, 2024. If a municipality fails to adopt the required ADU regulations by January 1, 2025, ADUs must be allowed on all lots and parcels zoned for residential use in the municipality without limit.

Prescribes restrictions relating to the municipal development and regulation of ADUs. The ADU requirements do not: 1) prohibit restrictive covenants concerning ADUs entered into between private parties; 2) supersede applicable building codes, fire codes or public health and safety regulations, except that a municipality may not require an ADU to comply with a commercial building code or contain a fire sprinkler; or 3) apply to lots or parcels located on tribal land or on land in the territory in the vicinity of a military airport or ancillary military facility, a federally licensed commercial airport or general aviation airport or a public airport.

municipal zoning; middle housing ([H.B. 2721](#)) – Chapter 197

Requires, by January 1, 2026, a municipality with a population of 75,000 persons or more to authorize by ordinance and incorporate into its development regulations, zoning regulations and other official controls the development of duplexes, triplexes, fourplexes and townhomes as a

permitted use on: 1) all lots zoned for single-family residential use within one mile of the municipality's central business district; and 2) at least 20 percent of any new development of more than 10 contiguous acres. A utility provider impacted by a development subject to the middle housing requirements must have an opportunity to review and approve the development's site plan. Prescribes additional restrictions on the municipal regulation of middle housing. If a municipality does not adopt the middle housing requirements by January 1, 2026, middle housing must be allowed on all lots in the municipality zoned for single-family residential use without limitation.

The middle housing requirements do not apply to: 1) areas that are not incorporated, zoned for residential use or served by water and sewer services; 2) unincorporated areas zoned under specified interim zoning designations; 3) areas that lack sufficient urban services; 4) areas covered under domestic water and wastewater improvement districts; or 5) any land within the territory in the vicinity of a military airport or a public airport or to the extent the middle housing requirements would interfere with the public airport's ability to apply for, receive or spend federal monies.

insurance coverage requirements; transportation companies. ([H.B. 2729/S.B. 1272](#)) – Chapter 74

Increases, from \$250,000 per incident to \$1,000,000 per incident, the minimum primary commercial motor vehicle liability insurance required for a transportation network company when a passenger to whom the driver is providing network transportation services occupies the transportation network company vehicle.

Adjusts, from \$250,000 per incident to \$25,000 per person and \$75,000 per incident, the minimum primary commercial uninsured motorist coverage that must be maintained by: 1) a transportation network company, its driver or both; and 2) a taxi, vehicle or limousine driver or company during the time in which passenger transportation is provided. Transportation network companies and taxi, vehicle and limousine drivers or companies must maintain the greater of either the applicable minimum uninsured motorist coverage or the statutory minimum liability limit for bodily injury or death.

tax payments; electronic funds transfer ([H.B. 2875](#)) – Chapter 44

Specifies that a taxpayer's electronic tax payment is deemed to have been made at the date and time the taxpayer successfully authorizes an electronic funds transfer from the taxpayer's financial institution to the Arizona Department of Revenue (ADOR) as evidenced by an electronic payment confirmation issued by ADOR, a vendor certified by ADOR or the taxpayer's financial institution. Through December 31, 2024, ADOR may abate late payment penalties relating to the timeliness of an electronic funds transfer if the taxpayer provides reasonable evidence of a successful and timely authorization. Exempts ADOR from rulemaking requirements for one year.

amusements; 2024-2025 ([H.B. 2898/S.B. 1736](#)) – Chapter 210

[SEE THE APPROPRIATIONS COMMITTEE.](#)

commerce; 2024-2025 (H.B. 2900/S.B. 1738) – Chapter 212

[SEE THE APPROPRIATIONS COMMITTEE.](#)

taxation; 2024-2025 (H.B. 2909/S.B. 1747) – Chapter 221 W/O

[SEE THE APPROPRIATIONS COMMITTEE.](#)

self-supporting regulatory agencies; funds; 2024-2025 (H.B. 2910/S.B. 1748) – Chapter 222

[SEE THE APPROPRIATIONS COMMITTEE.](#)

Phoenix-Mesa gateway airport; reuse zone (H.J.R. 2001) – Chapter 259

Declares the Legislature's and Governor's five-year renewal of the designation of the Phoenix-Mesa Gateway Airport as a Military Reuse Zone.

property tax; refund; nuisance enforcement. (H.C.R. 2023/S.C.R. 1006)

Subject to voter approval, statutorily allows a property owner, for TYs 2025 through 2035, to annually apply for a refund of reasonably necessary documented expenses that were incurred to mitigate a public nuisance or the effects of a policy, pattern or practice, if the city, town or county in which the real property is located either: 1) maintains the public nuisance; or 2) adopts and follows a policy, pattern or practice of declining to enforce existing laws, ordinances or other legislation prohibiting illegal camping, obstructing public thoroughfares, loitering, panhandling, public urination or defecation, public alcohol consumption or possession or use of illegal substances. The refund may not exceed the amount the property owner paid for the prior tax year in primary property taxes to the affected city, town or county. If the total accepted refund amount exceeds that amount, the property owner must apply to the Arizona Department of Revenue (ADOR) for the remaining portion the following and successive tax years, as needed. If the policy, pattern, practice or public nuisance remains in place after the property owner applies for a refund, the property owner is entitled to another refund in a subsequent tax year, unless the affected city, town or county and the property owner enter into a knowing and voluntary settlement, or the affected city, town or county ends the policy, pattern or practice or abates the public nuisance.

ADOR must notify the affected city, town or county within 15 days after receiving a property owner's refund application. Within 30 days after receiving ADOR's notice, the city, town or county must accept or reject the refund and notify ADOR of its determination. If an affected city, town or county does not respond to ADOR within 30 days, the refund is deemed accepted and ADOR must pay the refund to the property owner. A property owner may challenge a refund rejection by filing a cause of action in the superior court. In a cause of action, the affected city, town or county bears the burden of demonstrating that its actions are lawful or that the refund amount is unreasonable. A property owner is not liable to the city, town or county for attorney fees or costs, and a prevailing property owner must be awarded reasonable attorney fees and costs.

Requires the State Treasurer, on notice from ADOR, to withhold the respective aggregate issued refund amount from affected city, town or county distribution base monies. The State Treasurer must reimburse ADOR from the withheld distribution base monies and may not withhold any payments for debt service on bonds or other long-term obligations of a city, town or county that were issued or incurred before the refund was issued. Outlines exemptions to the refund requirements. Requires the Secretary of State to submit the proposition to the voters at the next general election. Becomes effective if approved by the voters and on proclamation of the Governor.

LEGISLATION VETOED

public funds; foreign adversaries; divestment (S.B. 1340) – VETOED

Prohibits the State Treasurer and any state retirement plans or systems (publicly managed funds) from holding investments in a country determined to be a foreign adversary pursuant to federal law (foreign adversary) or from investing or depositing public monies in a bank that is domiciled in, or has a principal place of business in, a foreign adversary.

The State Board of Investment must review publicly available information regarding companies that are state-owned enterprises of and are domiciled within a foreign adversary or whose primary affairs are conducted within a foreign adversary, contact specified entities, retain an independent research firm to identify foreign adversary companies that are investment holdings of publicly managed funds and distribute a list of the identified companies to publicly managed funds. Each publicly managed fund must immediately begin divesting any prohibited holdings or investments and complete divestment within two years.

The Governor indicates in her [veto message](#) that S.B. 1340 would be detrimental to Arizona's economic growth and investment portfolio.

regulatory sandbox; blockchain (S.B. 1366) – VETOED

Redefines *innovation*, for the purposes of the Arizona Regulatory Sandbox Program (Sandbox), as the use or incorporation of a new or existing idea or a new or emerging technology or a new use of existing technology, including blockchain technology, to address a problem, provide a benefit or otherwise offer a product, production method or service.

The Governor indicates in her [veto message](#) that S.B. 1366 is too broad and would undermine the original intentions of the Sandbox.

insurance; gender surgeries; documentation; reports (S.B. 1511) – VETOED

[SEE THE HEALTH & HUMAN SERVICES COMMITTEE.](#)

subdivisions; acting in concert (NOW: real estate; subdivisions; employment agreements) (H.B. 2009) – VETOED

[SEE THE NATURAL RESOURCES, ENERGY & WATER COMMITTEE.](#)

GPLET; agreement posting; abatement period (H.B. 2309) – VETOED

Reduces the maximum lease and abatement period for property subject to the government property lease excise tax (GPLET) from eight years to four years for agreements entered into beginning January 1, 2025. Prescribes posting requirements for GPLET leases, development agreements and reports.

The Governor indicates in her [veto message](#) that H.B. 2309 contains provisions that would have harmful consequences for economic development efforts.

forced organ harvesting; insurance; prohibition (H.B. 2504) – VETOED

Allows health insurers, and the Arizona Health Care Cost Containment System subject to approval by the U.S. Centers for Medicare and Medicaid Services, to limit coverage for genetic sequencing or organ transplant care if the genetic sequencing is performed on a device produced by a company domiciled in, or owned or controlled by a company domiciled in, a foreign adversary or if the transplant care is performed in, or the organ was procured from, the People's Republic of China or the Hong Kong Special Administrative Region. Health care institutions and research facilities may not use genetic sequencers and genetic sequencing software produced in or by a foreign adversary, a company in a foreign adversary or a company deemed a Chinese military company. By December 31, 2025, each health care institution and research facility must annually certify compliance with the genetic sequencing prohibition. A health care institution or research facility that spends state monies in violation of the prohibition on genetic sequencers is subject to a civil penalty of \$20,000 for each violation. Any person may notify the Attorney General of a suspected violation of the genetic sequencer prohibition. Designates this legislation as the *Arizona End Organ Harvesting Act*.

The Governor indicates in her [veto message](#) that H.B. 2504 includes overbroad provisions for genetic sequencing equipment that create compliance challenges for hospitals, healthcare providers and researchers.

planning; home design; restrictions; prohibition (H.B. 2570/S.B. 1112) – VETOED

[SEE THE GOVERNMENT COMMITTEE.](#)