REFERENCE TITLE: homestead exemption; equity increase

State of Arizona
Senate
Fifty-seventh Legislature
First Regular Session
2025

SB 1543

Introduced by
Senator Carroll

AN ACT

AMENDING SECTION 33-1101, ARIZONA REVISED STATUTES, AS AMENDED BY PROPOSITION 209, ELECTION OF NOVEMBER 8, 2022; REPEALING SECTION 33-1101, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2021, CHAPTER 368, SECTION 3; RELATING TO HOMESTEAD AND PERSONAL PROPERTY EXEMPTIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 33-1101, Arizona Revised Statutes, as amended by proposition 209, election of November 8, 2022, is amended to read:

33-1101. Homestead exemptions; persons entitled to hold homesteads; annual adjustment

A. Any person ~~the age of~~ WHO IS AT LEAST eighteen ~~or over~~ YEARS OF AGE, married or single, AND who resides within ~~the~~ THIS state may hold as a homestead exempt from attachment, execution and forced sale, not exceeding $400,000 in value, any one of the following:

1. The person's interest in real property in one compact body ~~upon~~ ON which exists a dwelling house in which the person resides.

2. The person's interest in one condominium or cooperative in which the person resides.

3. A mobile home in which the person resides.

4. A mobile home in which the person resides plus the land ~~upon~~ ON which that mobile home is located.

B. Only one homestead exemption may be held by a married couple or a single person under this section. The value as specified in this section refers to the equity of a single person or married couple. If a married couple lived together in a dwelling house, a condominium or cooperative, a mobile home or a mobile home plus land on which the mobile home is located and are then divorced, the total exemption THAT IS allowed for that residence to either or both persons shall not exceed $400,000 in value.

C. The homestead exemption, not exceeding the value provided for in subsection A OF THIS SECTION, as adjusted by subsection D of this section, automatically attaches to the person's interest in identifiable cash proceeds from the voluntary or involuntary sale of the property. The homestead exemption in identifiable cash proceeds continues for eighteen months after the date of the sale of the property or until the person establishes a new homestead with the proceeds, whichever period is shorter. THE HOMESTEAD EXEMPTION DOES NOT ATTACH TO THE PERSON'S INTEREST IN IDENTIFIABLE CASH PROCEEDS FROM REFINANCING THE HOMESTEAD PROPERTY. Only one homestead exemption at a time may be held by a person under this section.

D. The homestead exemption provided by this section shall be adjusted annually beginning on January 1, 2024 and thereafter on January 1 of each successive year by the increase in the cost of living. The increase in the cost of living shall be measured by the percentage increase as of August of the immediately preceding year over the level as of August of the previous year of the consumer price index (all urban consumers, United States city average for all items) or its successor index as published by the United States department of labor, bureau of labor statistics, or its successor agency, with the amount of the exemption rounded up to the nearest $100.

E. FOR PURPOSES OF DETERMINING THE AMOUNT OF EQUITY IN A HOMESTEAD PROPERTY THAT IS SOLD OR FOR DETERMINING WHETHER THE PROPERTY OWNER IS RECEIVING CASH BACK FROM REFINANCING THE HOMESTEAD PROPERTY, THE PARTIES MAY RELY ON THE VALUATION OF THE PROPERTY IN THE FINAL CLOSING DOCUMENT DISCLOSURE THAT IS USED FOR THAT TRANSACTION.

F. FOR ANY CASE FILED UNDER UNITED STATES CODE TITLE 11, THE AMOUNT OF THE DEBTOR'S HOMESTEAD EXEMPTION INITIALLY SHALL BE DETERMINED AS OF THE DATE THE BANKRUPTCY PETITION IS FILED. IF THE DEBTOR'S EQUITY INTEREST IN THE HOMESTEAD IS LESS THAN OR EQUAL TO THE AMOUNT PRESCRIBED IN SUBSECTION A OF THIS SECTION AT THE TIME OF FILING, INCLUDING ANY INCREASE PRESCRIBED BY SUBSECTION D OF THIS SECTION, THE DEBTOR'S EQUITY INTEREST IS FULLY EXEMPT AND ANY INCREASE IN THE VALUE OF THE DEBTOR'S EQUITY INTEREST DURING THE PENDENCY OF THE BANKRUPTCY CASE IS FULLY EXEMPT WITHOUT REGARD TO WHETHER THE DEBTOR'S EQUITY INTEREST INCREASES ABOVE THE AMOUNT PRESCRIBED BY SUBSECTION A OF THIS SECTION, INCLUDING ANY INCREASE PRESCRIBED BY SUBSECTION D OF THIS SECTION.

Sec. 2. Repeal

Section 33-1101, Arizona Revised Statutes, as amended by Laws 2021, chapter 368, section 3, is repealed.

Sec. 3. Applicability

Section 33-1101, Arizona Revised Statutes, as amended by section 1 of this act, applies to any petition for bankruptcy proceedings that is filed after the effective date of this act.