

# FENNEMORE CRAIG

## ATTORNEYS

**Alexis Glascock**

Fennemore Craig, P.C.

2394 East Camelback Road, Suite 600

Phoenix, Arizona 85016-3429

P: 602-916-5488

F: 602-916-5800

[AGlascock@fennemorelaw.com](mailto:AGlascock@fennemorelaw.com)

[www.fennemorelaw.com](http://www.fennemorelaw.com)

## Community Associations Institute

Fifty-Fifth Legislature, Second Regular Session

Legislative Report

**DAY #88 OF SESSION | 1,765 BILLS INTRODUCED**

**NEXT DEADLINE: April 15, last day for conference committees | April 23, Day #100**

04/07/22

Disclaimer: Since the legislature acts daily, each bill's status listed herein could change daily. This tracking document is merely meant to advise our members of a general overview of some of the bills that have been introduced and the status of the bill as of the date listed below. The bill summaries listed herein may or may not include all aspects of the proposed legislation and subsequent amendments and do not necessarily reflect an interpretation of the bills or the merits of the same.

## Priority Bills

### **HB2010: FIRST RESPONDER FLAGS; HOMEOWNERS' ASSOCIATIONS**

Condominium associations and homeowners' associations cannot prohibit the display of a "first responder flag" (defined).

**Position:**

**Sponsor:** Rep. Kavanagh (R - HD-023)

**Status:** 03-07-2022, PASSED SENATE RULES & GOVERNMENT, [AS AMENDED](#), 4-2-1

**Request to Speak:** support – Arizona Homeowners' Coalition; oppose – n/a

**Current Version of Bill**

**Amendment:** adds blue star service flags and gold star service flags to the list of allowed flags.

**Daily History**

02-27-2022, referred to Senate Government. PASSED HOUSE: 39-20; ready for Senate  
02-03-2022, House Committee of the Whole  
12-26-2022, PASSED COMMITTEE, 7-6-0  
1-11-2022, referred to House Government and Elections Committee  
11-17-2022, Not yet assigned to committee

### **HB2131: ARTIFICIAL GRASS BAN PROHIBITED; HOAs**

In any planned community that allows natural grass on a member's property, a homeowner's association (HOA) cannot prohibit installing or using artificial turf on any member's property. An HOA is allowed to adopt reasonable rules regarding the installation and appearance of artificial turf if those rules do not prevent installing or using the artificial grass in the same manner that natural grass would be allowed. The court is required to award reasonable attorney fees and costs to any party that prevails in an action against the HOA for a violation of this legislation. AS PASSED HOUSE

**Position:**

**Sponsor:** Rep. Kavanagh (R - HD-023)

**Status:** [03-30-2022, SIGNED BY GOVERNOR. Chap. 101, Laws 2022.](#)

**Request to Speak:** support – Sierra Club, Water for Arizona Coalition, ASL Associates;  
oppose – Arizona Homeowners' Coalition;  
neutral – Home Builders Ass'n of Central Ariz.

**Signed Version of Bill**

**Amendment:** strike-everything amendment allows HOAs to regulate and set guidelines for artificial grass, notwithstanding protection of unique natural features and landscape.

**Floor Amendment:** adds language for HOA regulation of artificial turf.

**Floor Amendment:** prohibits an HOA from prohibiting a member from converting natural grass to artificial grass on a member's property if an HOA prohibits new installation of natural grass or artificial turf.

**Daily History**

03-07-2022, PASSED SENATE RULES & GOVERNMENT 6-0-1  
PASSED HOUSE 57-2; ready for Senate  
02-10-2022, PASSED HOUSE RULES; GOVERNMENT, AS AMENDED, 13-0-0  
01-19-2022, referred to House Government and Elections Committee  
12-14-2022, Not yet assigned to committee

## **HB2158: HOMEOWNERS' ASSOCIATIONS; POLITICAL; COMMUNITY ACTIVITY**

Condominium associations and planned community associations cannot prohibit or unreasonably restrict a unit owner or member's ability to peacefully assemble and use common elements of the community if done in compliance with reasonable restrictions for the use of that property adopted by the board of directors. An individual unit owner or member or a group of unit owners or members are permitted to assemble to discuss matters related to the association, including board elections or recalls, potential or actual ballot issues or revisions to the community documents, and property maintenance or safety issues. A unit owner or member is allowed to invite a political candidate or other non-unit owner guest to speak to an assembly of unit owners or members. Condominium associations and planned community associations cannot prohibit or unreasonably restrict the indoor or outdoor display of an association-specific political sign by a unit owner or member on that unit owner or member's own property. AS PASSED HOUSE

### **Position:**

**Sponsor:** Rep. Kavanagh (R - HD-023)

**Status:** [04-04-2022, PASSED SENATE 26-0; READY FOR GOVERNOR](#)

**Request to Speak:** support – Arizona Homeowners' Coalition; oppose – n/a

**Amendment:** Compromise language allowing HOAs to regulate the size and number of signs in the community, including rules regarding the placement, location, size, and manner of display of signs, including prohibition of profane or discriminatory text.

### **Current Version of Bill**

#### **Daily History**

02-17-2022, referred to Senate Government Committee (passed House 56-0, as amended)  
02-14-2022, PASSED HOUSE, 56-0  
01-26-2021, PASSED COMMITTEE, AS AMENDED, 13-0-0  
01-18-2022, referred to House Government and Elections Committee  
12-03-2022, Not yet assigned to committee

## **HB2275: CONDOMINIUM TERMINATION; UNIT OWNERS; PERCENTAGE**

A condominium may be terminated only by agreement of unit owners of units to which 100 percent of the votes in the association are allocated, increased from at least 80 percent. [Note: This provision was originally signed into law as part of Laws 2021, chapter 405 (part of the FY2021-22 budget), but was deemed unconstitutional by the Arizona Supreme Court in Arizona School Boards Association et al v. State of Arizona.]

### **Position:**

**Sponsor:** Rep. Weninger (R - HD-017)

**Status:** **03-09-2022, PASSED SENATE COMMERCE COMMITTEE 5-4-0 (HELD IN RULES, 3/14)**

**Request to Speak:** support – Arizona Association of REALTORS; Homebuilders Ass'n of Cent. Ariz., Arizona Homeowners' Coalition, Town of Fountain Hills, Ariz. Multihousing Ass'n;  
oppose – Rockwell Property Co.

### **Introduced Version of Bill**

#### **Daily History**

02-21-22, referred to Senate Commerce Committee  
02-17-2022, passed House 45-14  
02-08-2022, PASSED COMMITTEE, 7-3-0  
12-24-2022, referred to House Government Committee  
12-22-2022, Not yet assigned to committee

## Introduced Bills

### **HB2152: RESIDENTIAL CONTRACTORS' RECOVERY FUND; ELIGIBILITY**

The list of eligibility requirements for claims from the Residential Contractors' Recovery Fund is modified to remove the requirements that a member of a limited liability company or a trustor of a trust has not received monies from the Fund in the last two years.

**Position:**

**Sponsor:** Rep. Kavanagh (R - HD-023)

**Status:** 03-31-2022, Senate Third Reading 26-0; returned to House for concurrence in Senate amend.

**Request to Speak:** support – Arizona Homeowners' Coalition; oppose – n/a; neutral – Arizona Registrar of Contractors

**Amendment:** inserts retroactivity clause for claims submitted to Registrar of Contractors from and after Dec. 31, 2020.

**Floor Amendment:** Requires that at least one, rather than all, of a limited liability company's members actually occupy or will occupy the residential real property as their primary residence to be eligible for an award from the Residential Contractors' Recovery Fund.

#### **Current Version of Bill**

**Daily History**

03-22-2022, Senate COW approved with amendment and floor amendment  
03-08-2022, PASSED SENATE RULES  
03-03-2022, PASSED SENATE COMMERCE COMMITTEE, AS AMENDED, 9-0  
03-02-2022, HEARING Senate Commerce Committee at 2 pm, Room 1  
02-03-2022, PASSED HOUSE: 69-0; ready for Senate  
01-26-2022, PASSED COMMITTEE, 12-0-1  
01-18-2022, referred to House Government and Elections Committee  
12-03-2022, Not yet assigned to committee

### **HB2351 ~~SB1582~~: HOMESTEAD EXEMPTIONS; AMOUNT**

STRIKER FROM SB1582. The maximum value of the property that a person may hold as a homestead exempt from execution and forced sale is increased to \$450,000, from \$250,000. The increase applies to any recorded and otherwise valid claim of homestead, whether recorded before or after the effective date of this legislation, against any creditor who attempts to enforce a judgment or lien or or after the effective date.

**Position:**

**Sponsor:** Sen. Livingston (R - SD-022)

**Status:** 03-23-2022, PASSED SENATE RULES & FINANCE COMM. 8-0

**Request to Speak:** support – Ariz. Ass'n of REALTORS, Arizona Homeowners' Coalition, Ariz. Mortgage Lenders Ass'n; oppose – Ariz. Creditors' Bar Ass'n

#### **Current Version of Bill**

**Daily History**

02-09-2022, PASSED SENATE FINANCE COMMITTEE, 9-0-1  
01-27-2022, not yet assigned to committee

### **HB2610 ~~SB1117~~: (NOW: AFFORDABLE HOUSING; PROJECT UNIT SIZE) ~~INSURANCE FEES; DISCLOSURE~~**

STRIKER FROM SB1117. Property used exclusively for affordable rental housing is no longer limited to 200 units or less to qualify for a property tax exemption. AS PASSED SENATE

**Position:**

DATE: 04/07/22 CAI FY 22 LEGISLATIVE SESSION PRIORITY BILL UPDATE

**Sponsor:** Sen. Livingston (R - SD-022)

**Status:** 03-23-2022, PASSED SENATE RULES & FINANCE COMM. 6-2

**New Version of Bill**

**Request to Speak:** support – Ariz. Multihousing Ass'n, Ariz. Housing Coalition; oppose – n/a

**Current Version of Bill**

**Daily History**

02-23-2022, passed Senate Rules & Appropriations Committees, as amended SE  
01-19-2022, Not yet assigned to committee

**HB2674: (NOW: HOUSING SUPPLY STUDY COMMITTEE) ~~MUNICIPAL ZONING; BY RIGHT HOUSING~~**

Establishes an 11-member Housing Supply Study Committee to review data on the scope of housing supply and access and compile ways to address Arizona's housing shortage and to mitigate its causes. The Committee is required to submit a report of its findings and recommendations to the Governor and the Legislature by December 31, 2022, and self-repeals July 1, 2023. Emergency clause. AS PASSED HOUSE

**Position:**

**Sponsor:** Rep. Kaiser (R - HD-015)

**Status:** 03-29-2022, PASSED SENATE RULES & COMMERCE 8-0-1

**Request to Speak:** support – Arizona Chamber of Commerce, Arizona Mortgage Lenders Ass'n, AARP, Home Builders Ass'n of Cent. Ariz., Arizona Housing Coalition, Ariz. Rock Products Ass'n, So. Ariz. Home Builders Ass'n., Greater Flagstaff Chamber of Commerce, League of Cities & Towns;  
oppose – many cities and towns, West Valley Chambers of Commerce Alliance, Southwest Energy Efficiency Project; neutral – Valley Partnership

**New Version of Bill**

**Floor Amendment (02-28-2022):** Specifies the background of industry representatives; replaces public member with member who represents real estate licensees; and adds a member who represents a statewide nonprofit-housing advocacy group. Also directs the Department of Housing to issue an expedited request for proposals to select an independent consultant.

**Floor Amendment (03-03-2022):** removes the independent consultant member and an expedited request for proposals; and removes the appropriation to the study committee.

**Daily History**

3/3 House add'l COW approved with flr amend #4636. Passed House 46-12; ready for Senate.  
2/28 FAILED House 30-27.

## Short-Term Rental Bills

### **SB1168: VACATION RENTALS; SHORT-TERM RENTALS; ENFORCEMENT**

Modifies the list of regulations that counties and municipalities are authorized to impose on vacation rentals or short-term rentals to include requiring the owner of a vacation rental or short-term rental to maintain liability insurance appropriate to cover the rental in the aggregate of at least \$500,000 or to advertise and offer each vacation rental or short-term rental through a hosting platform that provides equal or greater coverage. Counties and municipalities are authorized to impose civil penalties against an owner of a vacation rental or short-term rental for "verified violations" (defined) of specified provisions. Modifies civil penalties for online lodging operators that fail to comply with applicable transaction privilege tax requirements. After notice and a hearing, the Department of Revenue is authorized to suspend for a period of 12 months the transaction privilege tax license of the owner of a vacation rental or short-term rental that has three verified violations within the same 12-month period.

**Position:**

**Sponsor:** Sen. Mesnard (R - SD-017)

**Status:** 03-29-2022, PASSED HOUSE RULES & COMMERCE, [AS AMENDED](#), 9-0

**[Request to Speak:](#)** support – AirBnB, Sonder, Expedia, City of Phoenix, American Resort Development Ass'n, AZLTA

neutral – City of Buckeye, Town of Fountain Hills, League of Cities and Towns

**[Current Version of Bill](#)**

**[Amendment:](#)** allows localities to require owners to maintain permits with applicant information, emergency information. Adds language in TPT license information.

**Daily History**

03-01-2022, referred to House Commerce Committee  
02-23-2022, PASSED SENATE 22-6  
02-09-2022, PASSED SENATE COMMERCE, 8-0-1  
01-13-2022, referred to Senate Commerce Committee  
12-29-2022, Not yet assigned to committee