

## 2014 Legislative Summary

*The 51st, 2<sup>nd</sup> Regular Legislative Session adjourned Sine Die in the early morning hours of Thursday, April 24, 2014. Session ran a total of 101 days. 1,205 bills were introduced this year. Of those bills 303 were passed by the legislature. The governor signed 278 bills and vetoed 25 bills.*

This year's legislative session was successful for the Arizona Association of REALTORS®. The association was victorious in the three-yearlong battle to reign in over-reaching HOAs, successful in spearheading the effort to defeat legislation that would have increased property taxes for homeowners, and championed the continued protection Arizona's anti-deficiency statutes.

Unique to this year, the legislature was faced with the discovery that thousands of CPS cases were not being investigated. As a result, on day one of the legislative session, Governor Jan Brewer issued an Executive Order to dismantle Arizona's Child Protective Services (CPS) and establish a Cabinet-Level Child Safety and Family Services Division. The purpose of the new division is to ensure that all children in the State of Arizona are provided with a safe environment and protected from harm. As a result, the legislature increased funding to the new Department of Child Safety and Family Services Division by \$86.7 million.

As is with each legislative session, the budget process often takes precedence and dictates the direction of the legislative session. This year's budget process was no different, with both the House of Representatives and the Senate proposing different versions of a budget. However, over the course of a number of weeks, the two bodies were able to come together and settle on a budget that increased spending by \$422 million above the previous year's spending, bringing the total spending level to \$9.224 billion, or a 4.8% increase over last year's budget.

Notable budget figures in Fiscal Year (FY) 2015 include:

- HURF - \$30 million to local HURF (highway user reference fund) in FY 2015 and 2016, and increases to \$60 million in FY 2017.
- K-12 Education – increased per pupil spending from \$5,351 to \$5,463 and the overall K-12 funding by \$185 million.
- Universities - provides \$27.5 million for parity, \$4.5 million in base funding.

Overall, the 2014 legislative session was very successful for the Arizona Association of REALTORS®. With 2014 being an election year, the association will be diligently working over the interim to make sure that our REALTOR® champions return to the legislature next year, and that freshman legislators are properly vetted and educated on issues of importance to the real estate industry. The association looks forward to continued success at the legislature in 2015.

Below are some of the legislative and regulatory issues that AAR successfully advanced or defeated this session.

**SB 1183: Fire Access Roads; Limitation; Sprinklers**

**Support**

Prohibits municipalities and counties from requiring a fire apparatus access road or approved route that would result in the mandatory installation of fire sprinklers.

SB 1183 was signed by the governor and will become effective on the general effective date of July 24, 2014.

**SB 1482: Homeowners' Associations Amendments; Omnibus**

**Support**

Outlines lawful actions a property management company could take on behalf of a association (HOA) and establishes rental rights of tenants, unit/property owners in condominium and planned community HOAs.

SB 1482 was signed by the governor and will become effective on the general effective date of July 24, 2014.

**HB 2018: Mortgages; Trust Deeds; Deficiency Actions**

**Support**

Allows deficiency judgments against spec builders and developers who obtain construction loans for sales to homes to third parties, rather than residing in them themselves. Only applies to mortgages and deeds of trusts originated after December 31, 2014.

HB 2018 was signed by the governor and will become effective on the general effective date of July 24, 2014.

**HB 2477: Homeowners' Associations; Transfer Fees; Exemption**

**Support**

Exempts owners and associations from providing the resale disclosure information required by statute if the transfer is a conveyance by recorded deed; if the deed bears an exception which covers transfers for only nominal actual consideration between family members or for no consideration or nominal consideration between companies or entities with common ties.

HB 2477 was signed by the governor and will become effective on the general effective date of July 24, 2014.