

2016 Legislative Summary

The 52nd, 2nd Regular Legislative Session adjourned Sine Die at 5:45 am on Saturday, May 7, 2016. Session ran a total of 117 days. 1,247 bills were introduced this year, a 7.2% percent increase over 2015. Of those bills, 388 were passed by the legislature and the governor signed 374 bills and vetoed 14 bills.

With the exception of the budget bills, which become law when they are signed, all other legislation signed or passed into law without the signature of the governor, became effective on August 6, 2016 -- 90 days after the legislature adjourned, unless the legislation contains an emergency clause or a delayed effective date.

As with every year, Arizona REALTORS® is actively engaged in major policy measures at the legislature. This year the legislative committee took positions on 166 bills. Two pieces of legislation key to the success and protection of our members and homeowners throughout the state were the passage of SB 1350 and the defeat of SB 1402.

As you may have seen in the news, Arizona was the first state to pass legislation that protects a private property owner's right to rent his or her home as a short-term or vacation rental. SB 1350 was commonly referred to as the "AirBnB" bill, and hailed as a critical advancement in the "sharing economy." This legislation becomes effective on January 1, 2017 and prohibits cities and towns from banning short-term or vacation rentals of residential real estate. The only regulation of such transactions must be narrowly tailored to protect the public health and safety (defined).

Furthermore, Arizona REALTORS® was able to include a legislative fix for matters relating to the reporting of rental taxes to the Arizona Department of Revenue. The rental tax reporting had been plaguing property owners and managers alike since previous legislation passed on Transaction Privilege Tax Simplification.

When protecting the interest of our membership, there are times where the association must take a defensive stand and fight to defeat legislation. For the second year in a row, Grand Canyon University (GCU) sought legislation that, if enacted, would have significantly lowered for-profit institutions of higher education (GCU, University of Phoenix, DeVry, etc.) to Class Six (assessed at 5%). The change in property tax class status for these institutions would have shifted the tax burden onto other property tax payers, thus increasing homeowners' annual tax bills.

GCU deployed several traditional lobbying components, such as executives of the company visiting with lawmakers, hired lobbyists and some grassroots efforts as well as many unconventional approaches; such as former NBA legend and current GCU basketball coach Dan Majerle lobby lawmakers.

Despite the attempts to once again pass this tax shift onto homeowners throughout the state, the bill was overwhelmingly defeated: 17 to 39.

In all, Arizona REALTORS® had a very successful 2016 legislative year. Below are some of the legislative issues that the association successfully advanced or defeated this session.

SB 1193: Real Estate Licenses; Broker Possession

Modifies the Arizona Department of Real Estate's (ADRE) duty for brokers to possess a hard copy of an agent's license certificate and now allows for use of electronic license format.

What This Victory Means for You...

Saves the broker time, money and space by no longer requiring the physical copy of the agent's license certificate to be on hand.

SB 1350: Online Lodging; Administration; Definition

Establishes regulations for online lodging, vacation and short-term rental operations. Also requires the Arizona Department of Revenue to develop an electronic consolidated return form for use by property managers filing Transaction Privilege Tax on behalf of their client.

What This Victory Means for You...

Enables the homeowner to exercise their private property rights and streamlines the REALTOR®'s ability to file Transaction Privilege Taxes on behalf of their client.

SB 1402: Class Six Property; Higher Education

Would have allowed For-Profit institutions of higher education to lower their property taxes, which in turn would have shifted the property taxes onto other tax classes, resulting in an increase on residential property owner's taxes.

What This Victory Means for You...

Protects homeowners throughout the state from the undue burden of additional property taxes.

HB 2440: Municipal Improvement Districts; Formation Election

Establishes the procedures for the formation of a Municipal Improvement District, including the timeline for the petition form containing more than half of the taxable property owners' signatures to be filed with the municipal clerk.

What This Victory Means for You...

Creates transparency for homeowners, business owners and clients in areas where the formation of a Municipal Improvement District may occur, potentially saving the property owner from additional tax shifts.

HB 2514: Restricted Vehicle Use; DUI; Exemption

Exempts real estate brokers and salespersons from the prohibition of a person convicted of, or awaiting trial for, a DUI within five years of applying for a fingerprint clearance card from driving any vehicle to transport employees or clients as a part of their employment.

What This Victory Means for You...

Corrects an unintended consequence of the law and creates equality amongst transportation businesses by allowing a license real estate agent in the course of conducting their business to drive a client in their vehicle.