



Arizona 2022 End of Session Report

The Arizona State Legislature had a busy 2022 Legislative Session, with 1,780 bills introduced across both chambers. CAI Arizona's Legislative Action Committee (LAC) engaged lawmakers on a variety of issues, and actively monitored several pieces of legislation which would impact association communities to varying degrees. Thanks to the LAC's efforts, several amendments to key bills were successfully introduced and passed into law. *Please be aware that all bills listed are effective 90 days after the end of the 2022 Legislative Session, which was 6/24/22.*

HB2010: FIRST RESPONDER FLAGS; HOMEOWNERS' ASSOCIATIONS- This bill prevents condominium associations and homeowners' associations from prohibiting the display of a "first responder flag", as defined in the legislation. The bill saw an amendment added during its Senate Commerce Committee hearing which added the blue star service flags and gold star service flags as being protected by this legislation, as well as a floor amendment which states that a condominium unit owners' association or a planned community association cannot prohibit owners from displaying a flag of the U.S. Uniformed Services, rather than only the flags of the U.S. Army, Navy, Air Force, Marine Corps or Coast Guard.

[Status: Signed by Governor Ducey 6/6/22.](#)

HB2131: ARTIFICIAL GRASS BAN PROHIBITED; HOAs- This bill states that in any planned community that allows natural grass on a member's property, the homeowner's association (HOA) cannot prohibit a member from installing or using artificial turf on their 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.

The LAC supported this legislation, which passed with amendments. The amendments added include a strike-everything amendment, as proposed by the LAC, allowing HOAs to regulate and set guidelines for artificial grass (notwithstanding protection of unique natural features and landscape), the addition of language for HOA regulation of artificial turf, and prohibiting 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.

[Status: Signed by Governor Ducey 3/30/22.](#)

HB2158: HOMEOWNERS' ASSOCIATIONS; POLITICAL; COMMUNITY ACTIVITY- This bill states that condominium associations and planned community associations are not be able to 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 additionally allowed to invite a political candidate or other non-unit owner guest to speak to an assembly of unit owners or members. Under this bill, 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.

The LAC worked with the bill sponsor on an amendment containing 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. The bill passed through the State Legislature with this amendment included.

Status: Signed by Governor Ducey 4/13/22.

HB2275: CONDOMINIUM TERMINATION; UNIT OWNERS; PERCENTAGE- As introduced, this bill codifies that 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. It should be noted that 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*.

A floor amendment during the House vote was introduced which restored the 80 percent vote threshold required to terminate currently established condominiums, and allowed a condominium created on or after the effective date of this bill to be terminated only by agreement of unit owners of units to which 95 percent of the votes in the association are allocated, or by a larger percentage if specified in the declaration.

The LAC opposed this bill as introduced.

Status: Signed by Governor Ducey 7/6/22.

HB2610/SB1117: PROJECT UNIT SIZE; AFFORDABLE HOUSING- This bill removes the 200-unit cap for affordable housing projects to be eligible for exemption from taxation. Previously, this exemption was eligible only for affordable housing properties which were under 200 units in size.



[Status: Signed by Governor Ducey 6/8/22.](#)

HB2674: HOUSING SUPPLY STUDY COMMITTEE- This bill establishes an 11-member Housing Supply Study Committee, which will be tasked with reviewing data on Arizona's housing supply and access. The Committee will then compile potential 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 12/31/22, and this bill expires 7/1/23.

[Status: Signed by Governor Ducey 4/25/22.](#)

SB 1168: VACATION RENTALS; SHORT-TERM RENTALS; ENFORCEMENT- This bill modifies the list of regulations that counties and municipalities are authorized to impose on vacation rentals or short-term rentals. Counties and municipalities can now require 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.

This bill also adds authorization to impose civil penalties against the owner of a vacation rental or short-term rental for violations of specified provisions. The bill also modifies the civil penalties for online lodging operators which fail to comply with applicable transaction privilege tax requirements. Finally, 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.

[Status: Signed by Governor Ducey 7/6/22.](#)

HB2152: RESIDENTIAL CONTRACTORS' RECOVERY FUND; ELIGIBILITY- This bill modifies the list of eligibility requirements for claims from the Residential Contractors' Recovery Fund. It removes the requirement that a member of a limited liability company or a trustor of a trust must not have received funding from the Fund in the last two years. An amendment was approved which inserts a retroactivity clause for claims submitted to Registrar of Contractors from Dec. 31, 2020. A floor amendment was also adopted which inserts a requirement 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.

[Status: Signed by Governor Ducey 4/13/22.](#)

SB1582/HB2351: HOMESTEAD EXEMPTION; INCREASE- This bill would have increased the maximum value of the property that a person may hold as a homestead exempt from execution and forced sale to \$450,000. Currently, the limit is set at \$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 after the effective date.

Status: Died in House.

Your Assistance is Needed

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Arizona Contact Information

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