

I. Legislative Update

Session Overview. Lawmakers' pursuit of a budget was derailed this week when the House Appropriations Committee voted down [a collection of bills](#) that would have continued the current budget into the next fiscal year. The failure of the bills highlighted key factors that are complicating all budget negotiations: One Republican thought the proposal spent too much, another Republican thought it spent too little on tax cuts and new investments, and all Democrats on the panel thought it did not do enough to address their policy priorities. The sponsor of the continuation budget bills, House Appropriations Chair Regina Cobb, said they were just a placeholder intended to keep state government open while legislators tried to negotiate agreements on other spending details. The plan was an acknowledgment that Republican legislative leaders are not sure they can reach agreement on a Republican-only budget plan. "We can't come together," Cobb noted, predicting that the stalled budget negotiations will make it difficult to find an agreement on a full budget proposal before the end of the fiscal year on June 30th.

Of note, Governor Ducey [does not support](#) the effort to reenact last year's budget, and said he will continue to urge legislators to craft an agreement that includes [his spending priorities](#). Key Republican senators have also publicly stated that they did not support the continuation budget plan (i.e., Senator Boyer, Senator Ugenti-Rita). Thus, House and Senate Republicans now must renew their attempts to broker a deal that can earn the support of the Governor and a majority of lawmakers. To do that, they may need to start trying to find common ground with Democrats.

Legislative Action. The House and Senate adjourned early again this week, but not before they moved a variety of policy priorities closer to the finish line. The Senate approved [business property tax cuts](#), banned government mandates on [face masks](#) for minors and [COVID-19 vaccinations](#), expanded the state's [regulatory "sandbox" program](#), authorized parents to sue teachers over perceived infringements on their [parental rights](#), and increased oversight of [school library books](#). Senators revived and passed a bill to change regulations of [electric utilities](#) after pledging to [study Arizona's energy systems](#) this summer. The House agreed to allow [religious institutions](#) to remain open during a state of emergency, expanded law enforcement focus on [antisemitism](#), increased efforts to prevent the assault of a [health care worker](#), and established a new safety assessment tool for [Department of Child Safety](#) investigators. House members revived two bills they had voted down last week, passing proposals that increase [study on DUIs](#) and alter regulations on [out-of-state banks](#) doing business in Arizona. Legislators failed to pass proposals that would have required schools to [post curriculum online](#), altered regulation of [sports betting](#), expanded the use of the state's online signature system for [school board candidates](#) and [ballot initiatives](#), and extended the life of the [Arizona Department of Corrections](#). (Another bill that includes [additional oversight](#) of the Department continues to advance).

Next Week. Tuesday marked the 100th day of the legislative session; thus, pursuant to House and Senate rules, Saturday should be the end of the session. The House Speaker and Senate President extended the session an additional week, but after next week, both the House and Senate will have to vote to continue the legislature's work. On May 9th, the 120th day of the session, state law will automatically give lawmakers a [pay cut](#). While legislative leaders try to find a path forward for the budget and other big policy decisions, the House and Senate will continue to vote on remaining bills. There are more than 300 proposals still eligible for consideration, but many of those bills appropriate money and must be addressed through budget discussions.

Governor Ducey Highlights. Governor Ducey signed 15 bills this week. He has signed [163 bills](#) this year and has not vetoed any.

Budget Update: Surplus Continues to Grow. While lawmakers debate how to spend state revenues, the budget surplus keeps growing. [A new report](#) this week shows that tax dollars climbed \$970 million in March and are 51.3% higher than they were at this time last year. The strong growth continues across all the state's main revenue streams, though legislative advisors warn that current economic factors could [limit revenue growth](#) in the future.

Sales taxes grew by double digits for the 13th month in a row, generating more than \$569 million in March. Arizonans paid \$130.1 million in individual income tax payments last month – the largest amount ever recorded during the month of March. Corporate income tax collections also increased, and are 53% higher than last year.

It is difficult to interpret how these revenue increases will affect the budget surplus because it is hard to calculate details in the middle of the tax filing season, but legislative budget analysts believe last month's numbers could add at least \$39 million to the estimated \$5.3 billion surplus.

Legislature Seeks Housing Solutions. Republicans and Democrats from every part of the state can agree on one thing: Arizona is facing [significant housing challenges](#). There have been calls for action throughout the legislative session, but many proposals have failed. The discussion has coalesced around several approaches:

- **Study the issue.**

This week, the legislature gave final approval to a bill that would create a committee to study [Arizona's housing supply](#). If the Governor signs it, the committee would immediately begin its work to recommend policy changes before the end of the year.

- **Add money to the current system.**

Legislators recently introduced an amendment that would direct \$100 million in federal funding to the [Housing Trust Fund](#), which provides housing assistance and develops affordable housing facilities.

- **Empower local governments.**

Another proposal would direct \$50 million in one-time federal dollars for [local government initiatives](#) that establish outreach teams or sanctioned camping sites for individuals who are homeless.

- **Increase resources for non-profit partners.**

A recently introduced amendment would triple the amount of funding (from \$1 million to \$3 million a year) that goes from State Lottery revenues to non-profit organizations' services to [those experiencing homelessness](#).

- **Focus on veterans.**

Some legislators want to create a new mechanism to allocate federal funding and \$1 million in state funding to construct [transitional housing](#) for military members and those separating from military service.

- **Change tax policy.**

Lawmakers of both parties have supported a bill that allows affordable rental housing properties to receive a [property tax exemption](#) if they include more than 200 units. (Current law allows such properties to qualify for the tax benefit only if they have 200 or fewer units.)

Election Highlights. House Speaker Rusty Bowers (R-Mesa) won [a national award](#) for defending the legitimacy of the 2020 election. Attorney General Mark Brnovich (R) is suing Secretary of State Katie Hobbs (D) over their longstanding disagreement about the [Elections Procedures Manual](#). The 2022 candidate debate season has begun – you can follow [upcoming debates](#) and [videos of debates](#) that have already

occurred.

Court Highlights. The Arizona Supreme Court ruled that voters cannot challenge legislation on taxes through a citizen initiative, blocking an effort to refer recent [income tax cuts](#) to the November ballot. A new task force will evaluate Arizona courts' approach to [competency and mental health examinations](#). A federal appeals court ruling could allow landlords to sue for revenue they lost under [eviction moratoriums](#) during the pandemic.

News Highlights. The federal government warned it might assume responsibility over Arizona's [workplace safety program](#). Governor Ducey is leading a multi-state effort to create a [Border Strike Force](#). Arizona's [unemployment rate](#) dropped last month. The state's [bioscience industry](#) is growing. Policymakers are watching Arizona's [water supply system](#) and [marijuana regulations](#). Arizona's [wildfire season](#) started.

II. Legislative Session Timeline

APRIL

23 Saturday of the week of the 100th day of session. This is the date required by rule for sine die adjournment unless leaders extend the deadline. Leadership can extend it no more than 7 days; thereafter any extension requires a majority vote in each house.

30 Session cannot extend beyond this date without majority vote in both houses

III. Hearings for Bills of Relevance to MWCUA

There are no hearings scheduled for bills of relevance to MWCUA.

IV. Recent Action

H2043 :	EMPLOYER LIABILITY; COVID-19 VACCINE REQUIREMENT	2/2 4	retained on House COW calendar.
H2047 :	STUDENT LOAN SERVICES; LICENSURE	1/1 2	referred to House com , ways- means , educ .
H2048 :	STUDENT LOAN SERVICERS; LICENSURE	1/1 2	referred to House mil-pub safety , jud , nat res- energy-water .
H2104 :	COMMUNITY PROPERTY AWARD; CONVICTED SPOUSE	3/2 4	signed by governor. Chap. 53, Laws 2022. message
H2107 :	EMERGENCY POWERS; BUSINESS CLOSURE; REPEAL.	3/3 0	signed by governor. Chap. 86, Laws 2022. message
H2216 :	AUTO TITLE LOANS; TITLE; INTEREST	1/1 9	referred to House com , gov- elect .
H2248 :	FAILURE TO RETURN VEHICLE; REPEAL	2/1 7	referred to Senate trans-tech .

H2351:	HOMESTEAD EXEMPTION; INCREASE	4/19	passed Senate 27-0 ; returned to House for concurrence in Senate amendments.
H2356:	EMPLOYERS; BUSINESSES; COVID-19 VACCINE RECORD	1/20	referred to House com .
H2389:	RULEMAKING REVIEW; TIME FRAME	4/4	from Senate rules okay.
H2472:	BUSINESSES; FIREARMS; UNLAWFUL ACTS	1/24	referred to House jud .
H2475:	EMPLOYERS; COVID-19 VACCINE MANDATE; PROHIBITION	1/24	referred to House jud .
H2479:	MOTOR VEHICLES; REGISTRATIONS; TITLES; DEALERS	1/24	referred to House trans .
H2480:	VEHICLE SERIAL NUMBERS; REMOVAL; RESTORATION	3/24	signed by governor. Chap. 58, Laws 2022. message
H2599:	ADMINISTRATIVE HEARINGS; GRRC	3/22	from Senate rules okay.
H2601:	KRATOM PRODUCTS; DEFINITIONS	3/22	from Senate rules okay.
H2656:	CERTAIN AFFILIATIONS; BANKS; PROHIBITION	3/8	FAILED House on reconsideration 29-29 .
H2813:	VEHICLE FINANCE TRANSACTION; CLEAR TITLE	2/9	referred to House trans .
H2825:	MOBILE HOMES INSPECTIONS; TITLE TRANSFERS	2/7	from House trans do pass.
S1048:	EMERGENCY POWERS; BUSINESS CLOSURE; REPEAL	2/28	House mil-pub safety held.
S1052:	MEDICAL PROCEDURES; PROHIBITIONS	1/10	referred to Senate hel-hu ser .
S1053:	RELIGIOUS EXEMPTION; VACCINE; VIOLATION; CLASSIFICATION	2/3	passed Senate 16-12 ; ready for House.
S1072:	TECH CORRECTION; BANK DEPOSITS	1/10	referred to Senate rules only.
S1092:	PRODUCT LIABILITY; CIVIL ACTION; LIMITATION	3/4	withdrawn from House jud and

			further referred to House appro.
S1156:	BLOCKCHAIN TECHNOLOGY; TAX; FEE; PROHIBITION	1/1 2	referred to Senate fin.
S1182:	COMMERCE AUTHORITY; REPORTS; CAREER LANDSCAPE	3/2 9	from House rules okay.
S1204:	MORTGAGE BROKERS; BANKERS; QUALIFICATIONS	4/1 8	Senate concurred in House amendments and passed on final reading 28-0 ; ready for governor.
S1207:	QUALIFIED SPENDTHRIFT TRUSTS	1/1 8	referred to Senate jud.
S1222:	EXEMPT PROPERTY; TAX CREDIT; PROCEEDS	3/2 4	from House appro do pass.
S1236:	CONSUMER LOAN FINANCE CHARGES	2/1	from Senate rules okay.
S1240:	DENTAL BOARD; ACCESS TO RECORDS	4/1 3	signed by governor. Chap. 135, Laws 2022. message
S1253:	VEHICLE ACCIDENTS; FINANCIAL RESPONSIBILITY	2/1 0	passed Senate 28-0 ; ready for House.
S1254:	MEDICAL PRODUCT; PROCEDURE; MANDATES; LIABILITY	2/1 4	withdrawn from Senate com.
S1262:	GOVERNMENT LENDING PROGRAMS; REPORTS	3/9	from House gov-elect do pass.
S1265:	PROPERTY TAX LIENS; FORECLOSURE; NOTICE	3/1 8	signed by governor. Chap. 17, Laws 2022.
S1341:	LEGAL TENDER; SPECIE; BITCOIN	1/2 5	referred to Senate fin.
S1375:	RETIREMENT SAVINGS PROGRAMS; STUDY COMMITTEE	4/1 9	House COW approved with amend #4865 and flr amend #4938 and #4939. NOTE SHORT TITLE CHANGE. Passed House 45-8 ; returned to Senate

			for concurrence in House amendments.
S1383 :	DISSOLUTION OF MARRIAGE; ANNULMENT	4/20	Borrelli has replaced Rogers and Payne has replaced Nguyen on the FREE conference committee. Conferees are: Petersen, Quezada, Borrelli, Blackman, M. Hernandez, and Payne.
S1394 :	DIFI; BUSINESS NAME; TRADE NAME	3/23	signed by governor. Chap. 45, Laws 2022. message
S1414 :	VACCINE REQUIREMENTS; EMPLOYERS; PROHIBITION	2/7	referred to Senate com .
S1422 :	EMPLOYMENT PRACTICES; CONSUMER REPORTS; LIMITATION	1/26	referred to Senate com .
S1461 :	INCOME TAX; SUBTRACTION; FDIC PREMIUMS	3/2	referred to House ways-means .
S1493 :	PUBLIC EMPLOYEES; SALARIES; VIRTUAL CURRENCY	1/27	referred to Senate fin .
S1580 :	MONEY TRANSMISSION; MONEY TRANSMITTER LICENSURE	4/12	House COW approved with flr amend #4930. FAILED House 16-39 .
S1582 :	HOMESTEAD EXEMPTIONS; AMOUNT	3/2	referred to House ways-means .
S1614 :	FINANCIAL INSTITUTION; DEPOSITORY	2/1	referred to Senate fin .
S1685 :	MICROBUSINESS LOANS; COMMERCE AUTHORITY	2/2	referred to Senate com .
SCM1001 :	DONALD J. TRUMP HIGHWAY	1/11	referred to Senate trans-tech .
SCR1013 :	MEDIUM OF EXCHANGE; CURRENCY; USE	1/1	referred to

					1	Senate fin.
SCR1014 : PROPERTY TAX EXEMPTION; VIRTUAL CURRENCY					1/1	referred to
					1	Senate fin.
SM1001 : FINANCIAL INSTITUTIONS; BURDENSOME REPORTING REQUIREMENTS				2/9	passed Senate 16-13 ;	ready for Secretary of State.