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## GOVERNMENT AFFAIRS REPORT

### March 2023

Prescott Area Association of REALTORS®, in conjunction with the National Association of REALTORS® and the Arizona Association of REALTORS®, provide superior industry knowledge and a genuine understanding of real estate issues. Prescott Area Association of REALTORS® is committed to bringing you the most up-to-date legislation and political news that affect the real estate industry and its members.

#### **National Update:**

Below are important Federal updates as of March 2023:

- **House Passes Remote Online Notarization Legislation:** the House passed H.R. 1059, the Securing and Enabling Commerce Using Remote and Electronic (SECURE) Notarization Act of 2023. If the legislation becomes a federal law, the SECURE Notarization Act would provide meaningful relief to America's homeowners and prospective buyers by allowing immediate, nationwide use of remote online notarization technology.
- **NAR Will Host Policy Forum to Showcase 2023 Housing Priorities:** On Thursday, March 16th at the Capital Hilton, in Washington, DC, the National Association of Realtors® will host a Policy Forum called "The Current Housing Market: Implications for Homebuyers and the Economy", bringing together policymakers, academic experts, and industry innovators to discuss housing affordability. The policy forum will also showcase NAR's housing priorities for the new year, examining the impact of home price growth and rising mortgage rates on housing affordability and the economy and how tackling these issues will bring broad benefits to all economic sectors.

#### **State Update:**

Below are important State updates as of March 2023:

- **SB 1117 | Update:** The Arizona Senate did not pass legislation that was intended to make housing more affordable by boosting the state's supply of homes. In a 9-20 vote on the Senate floor, Senate Bill 1117 couldn't get enough votes to advance out of the chamber and head over to the Arizona House of Representatives. The legislation would have made several changes to how Arizona's cities regulate zoning matters and ultimately cut down the red tape to let developers build more housing. Many cities publicly opposed SB 1117 because they believed the legislation would have taken away their ability to make important zoning decisions. Critics of the bill further argued that it offered no guarantees for making housing units more affordable to the average resident.

- **Rent Control Bills Introduced | HB 2086 and HB 2161:** State Representative Analise Ortiz represents Arizona Legislative District 24 proposed **HB 2086**. Her proposed bill would repeal the law that prevents cities from implementing their own rent caps. State Representative Judy Schwiebert, who represents Arizona Legislative District 2, proposed **HB 2161**. The bill would prevent landlords from increasing a tenant's rent by more than 10% over the course of a year but would allow for larger increases if there are major renovations performed. Right now, Arizona has a statewide ban on rent control by cities and counties.
- **HB 2381:** If enacted, this bill would increase the amount a mobile home owner could collect from a state fund if they're evicted because of a change in use or redevelopment of the mobile home park. A single-section mobile homeowner could collect \$12,500, up from \$7,500. A double-wide mobile homeowner would see \$20,000, up from \$12,500. If the tenants must abandon the home, they would be eligible for up to 40% of the allotted payouts. HB 2381 would also extend the time residents would have to vacate a property.
- **'Build to Rent' Homes Becoming More Popular than Ever:** Homes built exclusively for renters are becoming more popular than ever. As more people move to AZ, more "build to rent" communities are sprouting up across the nation. These mostly upscale communities rent like an apartment would with no shared walls or neighbors living above or below.
- **AZ REALTORS Silent Auction:** The auction will begin **Monday March 27th and end Thursday March 30th** at 5:00 PM. Prizes will include:
  - Technology and Electronics
  - Wine and Spirits Baskets
  - Cooking Experience/Date Night
  - Real Estate Services
  - Sports & Cultural Event Tickets
  - Outdoor Adventures
  - Jewelry & Handbags
  - Spa and Beauty Products
- **General Legislative Update:** The legislative session is into full swing. **Unfortunately, we experienced setbacks for SB1184 (Kaiser) and HB2067 (Carter), which would repeal Arizona's regressive residential rental tax (Rental TPT).** For over a decade the Arizona REALTORS® Board of Directors, by way of the legislative policies, has advocated support for repealing Rental TPT in Arizona. Arizona law allows city governments to impose a transaction privilege tax (TPT) on properties that are rented for residential purposes for 30 or more consecutive days. Arizona is one of a few places in the country that allows TPT collection on residential rental properties, which places countless burdens on property managers and negatively impacts housing affordability. With bills heading to the committee soon, this is the top priority for the Arizona

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REALTORS®. Arizona Renters pay an average of \$600 in TPT charges annually, or \$51 monthly, based on a \$2,000 a month lease with related taxable charges. Money that could be used for gas, food, or other monthly expenses or savings towards buying a home. Rental TPT is charged on the taxable gross income, not just the rent amount. Charges for such items as internet, telecommunications, utilities, pet fees, or maintenance are considered part of the taxable gross income, per the Arizona Model City Tax Code. Since 2020, cities' total TPT collections have increased by \$1.15 billion and Rental TPT collections have increased by almost \$50 million (28%). That means that as rents go up, the tax cities impose on renters becomes even more financially burdensome. Property owners already pay property, income, and sales taxes.

**Additional priorities the Arizona REALTORS® are working on include water, short-term rentals, legislation around HOA regulations, and proposals to address the housing crisis.**

- **2023 Legislative Session | What to expect from AAR:** On a state and local level, we will certainly see ordinances and policies focusing on short term rentals (STRs), accessory dwelling units (ADUs), and water conservation. Additional emphasis will be placed on repealing the local residential rental tax and reducing restrictions and “red tape” during the development process for home building.
- **Governor and lawmakers eye affordable housing amid state’s rapid growth:** Arizona Gov. Katie Hobbs, D, has prioritized increasing affordable housing as the state continues to grow as one of her administration’s goals. For Hobbs, it is critical that non-profit organizations and local communities continue to be involved in efforts to make housing affordable. Hobbs supports increasing low-interest financing access and legislation that encourages developers to build affordable housing through the use of tax credits. Read [more](#).
- **AZ REALTORS® Housing Report:** was the first state association to gain access to these reports through cooperation with all of Arizona’s MLS boards. NAR will use this as a resource for policy and advocacy activities before Congress. The up-to-date, targeted information will allow NAR staff, FPCs and ARIZONA REALTORS® staff to provide real-time examples of market activity, helping to enhance NAR and ARIZONA REALTORS® policy positions and priorities. Although the targeted audience are members of the House, Senate and their staff, the report is also a great resource for our members. Click [here](#) to get a PDF copy of our most current Monthly Housing Report.

### **Regional Update:**

Below are important Regional updates as of March 2023:

- **Focus on Water Issues:** Saturday, March 25, 2023 NEW! 10:00 a.m. - 11:30 a.m - CWAG Presentation: The Future for PV’s Water and Growth Prescott Valley citizens will have the opportunity to learn the facts about the role water will play in PV’s growth in the years ahead at

a Zoom presentation. The presentation, hosted by the Citizens Water Advocacy Group (CWAG), is the second in a series that describes, in plain English, the scientific evidence about our limited water resource. Gary Beverly, PhD, will first briefly review how increased pumping is lowering water levels and reducing our aquifer's water supply. He will then untangle the legal regulations related to water and other factors that are limiting PV's growth objectives. Finally, Dr. Beverly will show how PV's current water conservation and other efforts, while a good start, are inadequate to both protect our water supply and meet the town's growth plans. Q&A to follow. Register in advance for this meeting [HERE](#).

- **2023 City of Prescott Primary Election Cycle Begins:** The City of Prescott conducts elections in odd numbered years, and the City Clerk's Office will begin the election cycle process Monday, January 9th for the Tuesday, August 1, 2023 Primary Election.

#### **COUNCIL SEATS UP FOR ELECTION:**

- Mayor Phil Goode (Term 2023-2025)
- Councilwoman Connie Cantelme (Short-term Seat 2023-2025)
- Councilwoman Cathey Rusing (Term 2023-2027)
- Councilman Steve Sischka (Term 2023-2027)
- Councilman Clark Tenney (Term 2023-2027)

Citizens who are interested in learning more about serving on City Council and running for office, must schedule a Candidate Meeting with the City Clerk in order to obtain a Candidate Handbook and submit a Candidate Statement of Interest before circulating Nomination Petitions. **The Nomination Filing Period for the 2023 Primary Election will begin March 4, 2023 and closes April 3, 2023.** Please visit the city website Candidate Resource Page for additional information or contact the City Clerk's Office at 928-777-1437.

#### **City of Prescott Council Election | August 1, 2023**

##### **Key Dates:**

- January 9th: Election cycle officially begins in the City.
- **March 4th: Nomination filing period opens.**
- April 3rd: Nomination filing period closes.
- August 1: Primary Election Day.