ARIZONA HOUSE OF REPRESENTATIVES
Fifty-sixth Legislature - Second Regular Session

COMMITTEE ON COMMERCE

Report of Regular Meeting
Tuesday, February 27, 2024
House Hearing Room 3 -- 2:00 P.M. OR UPON RECESS OR ADJOURNMENT OF FLOOR

Convened 3:33 P.M.
Recessed
Reconvened
Adjourned 3:49 P.M.

MINUTES RECEIVED
CHIEF CLERK'S OFFICE
2/28/24

Members Present
Representative Aguilar
Representative Austin
Representative Carter
Representative Gress
Representative Heap
Representative Hendrix
Representative Lucking
Representative Ortiz
Representative Carbone, Vice-Chairman
Representative Wilmeth, Chairman

Members Absent

Agenda
Original Agenda – Attachment 1

Request to Speak
Report – Attachment 2

Committee Attendance
Report – Attachment 3

Committee Action

Bill	Action	Vote	Attachments
SB1270	DP	10-0-0-0	4,5
SB1296	DP	10-0-0-0	6,7
SB1271	DP	10-0-0-0	8, 9
SB1366	HELD		

Susan Hughes
Susan Hughes, Committee Secretary
February 28, 2024

(Original attachments on file in the Office of the Chief Clerk; video archives available at http://www.azleg.gov)

REVISED - 2/21/24 **REVISED - 2/21/24** **REVISED - 2/21/24**

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-sixth Legislature - Second Regular Session

REGULAR MEETING AGENDA CONVENE: 3:33 pm

COMMITTEE ON COMMERCE ADJOURNED: 3:49pm

DATE Tuesday, February 27, 2024 ROOM HHR 3 TIME 2:00 P.M. or upon recess or adjournment of Floor

Members of the public may access a livestream of the meeting here:
https://www.azleg.gov/videoplayer/?clientID=6361162879&eventID=2024021131

Members:

Representative Aguilar	Representative Heap	Representative Ortiz
Representative Austin	Representative Hendrix	Representative Carbone, Vice-Chairman
Representative Carter	Representative Lucking	Representative Wilmeth, Chairman
Representative Gress		

	Bills		Short Title	Strike Everything Title
	~~SB1171~~		~~real estate department; licensing; administration~~	
		_____	~~(Shope)~~	
		_____	~~RA, RULES~~	
1	SB1270	DP	reciprocal deposits; escrow agents; definitions	
			(Mesnard)	
		10-0-0-0	COM, RULES	
3	SB1271	DP	rental-purchase property; electronic disclosures	
			(Mesnard)	
		10-0-0-0	COM, RULES	
2	SB1296	DP	credit unions; formation; loans; membership	
			(Mesnard: Burch, Wilmeth)	
		10-0-0-0	COM, RULES	
4	SB1366	HELD	regulatory sandbox; blockchain	
			(Bolick: Fernandez, Wilmeth)	
		_____	COM, RULES	

ORDER OF BILLS TO BE SET BY THE CHAIRMAN

VC
02/21/2024

People with disabilities may request reasonable accommodations such as interpreters, alternative formats, or assistance with physical accessibility. If you require accommodations, please contact the Chief Clerk's Office at (602) 926-3032 or through Arizona Relay Service 7-1-1.

Attachment 1

Information Registered on the Request to Speak System

House Commerce (2/27/2024)

SB1270, reciprocal deposits; escrow agents; definitions

Support:

Jay Kaprosy, Arizona Bankers Association; Lauren King, LAND TITLE ASSOCIATION OF ARIZONA (LTAA)

SB1271, rental-purchase property; electronic disclosures

Support:

Jason Barraza, Associate Director, Progressive Leasing; Jeremy Gerlach, Progressive Leasing

SB1296, credit unions; formation; loans; membership

Support:

Austin De Bey, Gowest Credit Union Associaton; Susie Stevens, Gowest Credit Union Association

SB1366, regulatory sandbox; blockchain

Support:

David Kahn, REPUBLICAN LIBERTY CAUCUS OF ARIZONA; Stephen Shadegg, Americans For Prosperity Arizona; Lady Surprise, representing self; Diana Hawk, representing self; Theresa Breithaupt, representing self; George Momper, representing self; David Hubble, representing self

Neutral:

Mitchell Smith, representing self

Oppose:

Mary Ann Graffagnino, representing self; Joan Murphy, representing self; kathleen mayer, representing self; Dave Long, representing self; Janie Hydrick, representing self; Jeanne Devine, representing self; Steve Ramos, representing self; Judith Simons, representing self; Mary Pradelt, representing self; Denise Link, PhD, WHNP, representing self; Janet Larkin, representing self; Steven Linder, representing self; Rebecca Smith Gross, representing self; marilyn duerbeck, representing self; Henne Queisser, representing self; Maria Salvucci, representing self; Kevin Brown, representing self; Beverly Janowitz-Price, representing self; Eve Shapiro, representing self; Kenneth Bierman, representing self; Susan Doherty, representing self; Beatriz Urrea, representing self; Alisa McMahon, representing self; Michael Fiflis, representing self; Sallie Kladnik, representing self; Cyndi Tuell, representing self; Dianne Post, representing self; Sherrilynn James, representing self; Kathleen Pettycrew, representing self; Karen Cusano, representing self; Donita Ramos, representing self; Catherine Sigmon, representing self; Barbara Fraboni, representing self; Darrell Boomgaarden, representing self; Eileen Garces,

representing self; Elizabeth Schauer, representing self; Elizabeth Goff, representing self; Gail Kamaras, representing self; Charlie Silver, representing self; Ruth Lambert, representing self; Barbara Oliver, representing self; Barbara Hutchinson, representing self; Becky Sayler, representing self; Susan Morris, representing self; Brent Gibbs, representing self; Sally Harvey, representing self; Julie Golding, representing self; Christine Keitges, representing self; Tim Blumentritt, representing self; Lawrence Peters, representing self; Linda Edwards, representing self; Kathy Fraser, representing self; Mary Martiniak, representing self; Murdock Holloway, representing self; Carlton Jennings, representing self; Jennifer Jones, representing self; Ellen M. Ferreira, representing self; Janet Johnson, representing self; Peggy Yeargain-Williams, representing self; Kathy Pyner, representing self; Duane Ediger, representing self; Liana Moran, representing self; Jim Moran, representing self; Ron Brinkman, representing self; Cynthia Wagner, representing self; Sherry Massie, representing self; Nancy Santori, representing self; Robert Larson, representing self; Barbara Larson, representing self; Diane Lings, representing self; Lori Taniguchi, representing self; Kathleen Woessner, representing self; Jennifer Dawson, representing self; Robert Fisher, representing self; Eric Kadel, representing self; Margaret Bruns, representing self; Gary Townsend, representing self; Nora Plonsky, representing self; Paula Kaper, representing self; Sheila Green, representing self; ALICE BUCK, representing self; Marilyn Murov, representing self; Claire Bickel, representing self; Joseph Bihms LD29, representing self; Nelson Morgan, representing self; Marilyn Coyle, representing self; Lora Lida Walradt, representing self; David Patchen, representing self; Matthew Nelson, representing self; Aaron Essif, representing self; William S. James, representing self; J Nicholas Prestera, representing self; Linda Ekstrum, representing self; Dorothy Reed-Inman, representing self; Carol Waymire, representing self; Rebecca Haynes, representing self; Lisa Maczura, representing self; Joseph Alexander, representing self; George Ehrlich, representing self; Margaret Tinsley, representing self; Sharon Ehrlich, representing self; Patricia Edelen, representing self; Connie Cockrell, representing self; Charlotte Lis, representing self; Stephen Coyle, representing self; Jerrold Borchardt, representing self; Dana Garcia, representing self; Karolyn Switzer, representing self; Anne Leota Hart, representing self; Kathleen Sauer, representing self; Margaret Adams , representing self; Eric Harris, representing self; Valerie Policastro Edie, representing self; Kathleen Butler, representing self; Penny Boone, representing self; Linda Block, representing self; Allison Jackson, representing self; Kathleen Dubbs, representing self; Michael Levine, representing self; Margaret Lacey, representing self; Gary Rulapaugh, representing self; leadawn anderton, representing self; Rebecca Shook, representing self; William Yohey, representing self; LINDA GANTVERG, representing self; Larry Scoufos, representing self; Theresa Ryan, representing self; Marcia Tingley, representing self; Carly Mahlmeister, representing self; Mariette Francis, representing self; Jeannette Scoufos, representing self; Libby Stortz, representing self; Roxanna Kearns, representing self; Rivko Knox, representing self; Carol Garnett, representing self; jeff green, representing self; Norman Fuchs, representing self; Mary-Jeanne Fincher, representing self; JOHN FIENE, representing self; Christopher Cerrato, representing self; CAROL R BLACKMAN, representing self; Jacqueline deSa, representing self; Crystal Bazarnic, representing self; Barbara Reuter, representing self; William Bowlus-Root, representing self; Jan Perozeni Corbus, representing self; Sandra Adler, representing self; Denise Hudson, representing self; Jill Anderson, representing self; Diane Klock, representing self; Elizabeth Greer, representing self; Bonnie Oakes, representing self; Nancy Hancock, representing self; Nancee K Wood, representing self; Paisley Rossetti, representing self; Evan Deaubl, representing self; Barbara Jones, representing self; GARY LEW OLIVER, representing self; Alicia Messing, representing self; Mariann Leahy, representing self; Mike Kunnecke, representing self; Valarie Bryant, representing self; Mary Marshall, representing self; Kirstin Woodburne, representing self; Kathleen Schanus-Gohl, representing self; Linda Guarino, representing self; Jo Ann Caruthers, representing self; Frank Harris, representing self; Shelley Stephenson, representing self; Nadya Laliberte, representing self; Kathy Boltz, representing self; Patricia Brunner, representing self; Cynthia Paster, representing self; Barbara Lynn Carpenter, representing self; Joyce Howard, representing self; Charlene Hoffman, representing self; Dieter Knecht, representing self; Caroline Anderson, representing self; Frederick James, representing self; Steve Gorman-Hackstadt, representing self; Lisa Koenig, representing self; STACEY NORDWALL,

representing self; Michael Pyska, representing self; Dee Maitland, representing self; Nancy Lecrone Nonini, representing self; Peggy Church, representing self; Kathryn Dorn, representing self; Alice Patricia Price, representing self; Nick Debus, AZ ATTORNEY GENERAL'S OFFICE; Srinivas Manne, representing self; Leslie Stallcop, representing self; Gail Prestera, representing self; Nancy Wood, representing self; Kathryn Anderson, representing self; Aaron Torrance, representing self; Christian Trujillo Cruz, representing self; Jeanne Hardie, representing self; Katharine Donahue, representing self; Sharon Arnst, representing self; Pamela Chittenden, representing self; Pat Jayson, representing self; Dana Jolly, representing self; Claudia Miller, representing self; Elissa Karn, representing self; Lois Hansen, representing self; Patricia Moran, representing self; Stevan Mrdalj, representing self; Nevena Mrdalj, representing self; Salie Travis, representing self; Lyla Yango, representing self; Nancy Pemberton, representing self; Barbara Rodman, representing self

All Comments:

Mary Ann Graffagnino, Self: Please...no more deregulating a playground for the mega-rich; Joan Murphy, Self: Another give-away to the rich - what about the largest segment of your constituents? No giveaways for them, right?; kathleen mayer, Self: horrible idea to unleash unregulated crytocurrency on Arizonans; Denise Link, PhD, WHNP, Self: experimental financial investing schemes need more monitoring, not less; Beatriz Urrea, Self: This would essentially deregulate a volatile playground for the mega-rich.; Alisa McMahon, Self: Special interest legislation that would be contrary to the public interest.; Michael Fiflis, Self: This bill is special interest legislation, lowering the regulation of blockchain technology, including licensure, for no reason.; Gail Kamaras, Self: Insane!; Lawrence Peters, Self: Blockchain software is publicly available & not fully secured. Bad actors might exploit a software flaw before it is noticed & fixed. In 2017, hackers found coding flaw in Ethereum's blockchain platform, using it to siphon away millions of dollars; Linda Edwards, Self: Want my tax dollars out of volatile markets.; Ellen M. Ferreira, Self: This would deregulate financial products that SHOULD be regulated!; Cynthia Wagner, Self: This would essentially deregulate a volatile playground for the mega-rich. NO NO NO NO; Nancy Santori, Self: The state should have nothing to do with blockchain.; Jennifer Dawson, Self: Do your research. Crypto is dangerous gambling for the mega-rich (or stupid). Consider the massive CRASH of FTX. Read the book "TRADERS IN THE DARK" about tracking drug trafficking through the blockchain. Stay away from crypto!!; Gary Townsend, Self: This would essentially deregulate a volatile playground for the mega-rich.; Joseph Bihms LD29, Self: Oppose. The bill risks financial instability by deregulating crypto within Arizona's sandbox, favoring wealthy investors over consumer protection.; Nelson Morgan, Self: While blockchain itself is a neutral technical approach, its dominant usage is for crypto, which is hugely volatile and susceptible to Ponzi-like scams.; Lora Lida Walradt, Self: Bill will further enrich the wealthy, & the legislator who sponsored this, while harming the general public & working class people.; Rebecca Haynes, Self: This would essentially deregulate a volatile playground for the mega-rich.; Lisa Maczura, Self: No thanks to monopoly money.; Margaret Tinsley, Self: I don't know whether this is just designed to help rich people, or to encourage fraud by not licensing these products. Please vote no.; Patricia Edelen, Self: This deregulation is just begging for abuse by those who have money.; Connie Cockrell, Self: Would deregulate a necessary fiscal situation.; Karolyn Switzer, Self: Cryptocurrency (and by extension, blockchain) needs to be closely regulated. Both offer too many opportunities for manipulating our financial system.; Anne Leota Hart, Self: Why is there interest in some of our Republican legislators in cryptocurrency? Can they explain the strange alliance between this and MAGA extremists?; Penny Boone, Self: NO! Cryptocurrencies are scams. NO; Michael Levine, Self: Please do not add blockchain to Arizona's "regulatory sandbox"; LINDA GANTVERG, Self: Haven't we had plenty of evidence - enough to show us -cryptocurrency is too new and unregulated to be tested with AZ's money!; Marcia Tingley, Self: This bill would deregulate a highly speculative and environmentally destructive environment.; Rivko Knox, Self: Will deregulate a what some call 'a playground for the very rich.' Bad idea!!!; Carol Garnett, Self: Anything related to cryptocurrency is risky and should be avoided.; JOHN FIENE, Self: Value of cryptocurrency is based to the last investor/fool. This bill essentially deregulates this volatile folly for the mega-rich. LD1 voter;

Barbara Reuter, Self: Accessing Financial Programs without a license? PLEASE....; Elizabeth Greer, Self: financial products and services should be under the regulatory authority of the state. Blockchain is extremely risky, and should be regulated.; Bonnie Oakes, Self: Blockchain would essentially deregulate a volatile playground for the super wealthy.; Alicia Messing, Self: Who does this bill support? The mega-rich or the everyday citizen of Arizona?; Dee Maitland, Self: Too dangerous to play with tax funds; Kathryn Dorn, Self: Please don't let crypto bros treat our state's economy as their sandbox! (You're all aware of the assorted recent crypto scandals and market crashes, right? Can we please not actively invite those disasters into our state's economy?); Katharine Donahue, Self: Do Not do things you probably don't really understand. If you do then it requires more explanation to voters.; Pat Jayson, Self: I doubt that Ms. Bolick even understands block chain, let alone crypto currencies.; Lois Hansen, Self: i feel that cryptocurrency needs regulation and this bill would allow deregulation. Many people have lost money in this market already, lets not be foolish by allowing this; Lyla Yango, Self: Don't deregulate volatile industries for the mega-rich.

ARIZONA STATE LEGISLATURE
Fifty-sixth Legislature - Second Regular Session

COMMITTEE ATTENDANCE RECORD

COMMITTEE ON **COMMERCE**

CHAIRMAN: Justin Wilmeth VICE-CHAIRMAN: Michael Carbone

	DATE	02/27/24	/24	/24	/24	/24
	CONVENED	3:33p m	m	m	m	m
	RECESSED					
	RECONVENED					
	ADJOURNED	3:49pm				
MEMBERS						
Aguilar		✓				
Austin		✓				
Carter		✓				
Gress		✓				
Heap		✓				
Hendrix		✓				
Lucking		✓				
Ortiz		✓				
Carbone, Vice-Chairman		✓				
Wilmeth, Chairman		✓				

√ Present --- Absent exc Excused

Attachment 3

ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature
Second Regular Session
Senate: FICO DP 5-0-2-0 | 3rd Read 27-0-3-0

SB 1270: reciprocal deposits; escrow agents; definitions
Sponsor: Senator Mesnard, LD 13
Committee on Commerce

Overview
Allows an escrow agent to use a system of *reciprocal deposits* to provide additional insurance with the Federal Deposit Insurance Corporation (FDIC).

History
An escrow agent is any person engaged in the business of accepting escrows. An escrow is a type of financial instrument, typically an account, held by an escrow agent used to facilitate a transaction between parties. Statute requires an escrow agent to deposit and maintain all escrow funds in a financial institution that does business in Arizona. An escrow agent must keep all escrow monies separate from monies belonging to the agent and to clearly designate escrow monies as escrow accounts or another appropriate label upon deposit (A.R.S §§ 6-801 and 6-834).

The FDIC insures deposit accounts up to $250,000. Reciprocal deposit networks interchange deposited funds that exceed the FDIC limit between insured financial institutions within the network and allow depositors to receive insurance coverage for the entire amount of deposits. Following a deposit exceeding the insurance limit from a depositor, the financial institution uses the network to simultaneously place the uninsured portion with other insured financial institutions and receive equal amounts of insured deposits in return (FDIC).

Provisions
1. Authorizes an escrow agent to use a system of reciprocal deposits to provide access to additional insurance with the FDIC for monies deposited with the escrow agent, if the eligible depository:
   a) arranges for the deposit of the monies in one or more federally insured banks, savings banks or savings and loan associations, regardless of location, for the escrow agent's account; and
   b) receives an amount of federally insured deposits from customers of other financial institutions equal to or greater than the amount of the monies initially deposited by the escrow agent. (Sec 1)
2. Defines *eligible depository* and *reciprocal deposit.* (Sec. 1)
3. Makes technical changes. (Sec 1)

☐ Prop 105 (45 votes)	☐ Prop 108 (40 votes)	☐ Emergency (40 votes)	☐ Fiscal Note

Attachment 4

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-sixth Legislature - Second Regular Session

ROLL CALL VOTE

COMMITTEE ON Commerce BILL NO. SB 1270

DATE February 27, 2024 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Aguilar		✓			
Austin		✓			
Carter		✓			
Gress		✓			
Heap		✓			
Hendrix		✓			
Lucking		✓			
Ortiz		✓			
Carbone, Vice-Chairman		✓			
Wilmeth, Chairman		✓			
		10	0	0	0

APPROVED:

JUSTIN WILMETH, Chairman
MICHAEL CARBONE, Vice-Chairman

Susan Hughes
COMMITTEE SECRETARY

ATTACHMENT 5

ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature
Second Regular Session
FICO DP 6-0-1-0 | 3rd Read 28-0-2-0

SB 1296: credit unions; formation; loans; membership
Sponsor: Senator Mesnard, LD 13
Committee on Commerce

Overview

Makes various changes to credit union statutes relating to formation, powers, membership, accounts and loans.

History

The Department of Insurance and Financial Institutions (DIFI) has statutory authority over state-charter banks and state-chartered credit unions. A credit union is a cooperative nonprofit association that is incorporated for the purposes of encouraging thrift among its members and creating a source of credit and other financial services at fair and reasonable cost. Seven or more adults residing in Arizona who have a common bond of interest or association may apply to the Deputy Director of the Financial Institutions Division of DIFI (Deputy Director) for permission to organize a credit union. The incorporators must prepare, adopt and execute a certificate of organization and bylaws as outlined. The incorporators may not transact any business in the credit union's name until the certificate has been issued by the Arizona Corporation Commission and the application and bylaws have been approved by the Deputy Director (A.R.S. §§ 6-501 and 6-506).

A credit union's membership consists of the incorporators and other persons who are within the field of membership as prescribed in the bylaws. Each member may own only one membership share. Persons in the field of membership of a credit union may include: 1) an organization comprised primarily of persons eligible for membership; 2) a corporation with a majority of stockholders eligible for membership; and 3) an organization whose principal function is providing services to persons eligible for membership. A credit union may accept, as a member, any other credit union organized under law (A.R.S. §§ 6-521 and 6-522).

A credit union board of directors (Board) has the authority and responsibility for directing the business affairs, monies and records of the credit union. Board directors may vote by telephone conference if all present directors can speak to and be heard by the other directors during the telephone conference. A Board must meet at least 10 times during each calendar year in 10 different months (A.R.S. § 6-531).

Provisions

Credit Unions

1. Modifies a credit union's general powers by:
   a) specifying that a credit union may purchase all or a portion of assets and assume all or a portion of liabilities of a credit union chartered under any state, a federal credit union or a bank or an out-of-state bank; and

☐ Prop 105 (45 votes) ☐ Prop 108 (40 votes) ☐ Emergency (40 votes) ☐ Fiscal Note

Attachment 6

b) removing the ability to hold membership in the Arizona Credit Union League or in organizations that are specifically controlled by or that foster the interest of credit unions. (Sec 5)

2. Allows the Board to vote by electronic meeting if all the directors participating can speak and be heard during the electronic meeting. (Sec. 9)
3. Changes the Board meeting requirements to at least once every two months, rather than at least 10 times during each calendar year in 10 difference months. (Sec. 9)
4. Allows the Deputy Director to direct the Board to meet more frequently to address specific matter. (Sec. 9)
5. Removes the requirement for the Board to borrow or lend money to carry on the credit union's functions. (Sec. 10)
6. Requires share accounts to be subscribed to and paid for in a manner prescribed by the Board, rather than the bylaws. (Sec 12)
7. Removes language relating to allowing a credit union to have automated teller machines at locations other than the credit union's place of business. (Sec 3)
8. Adds assisting members to manage and control their financial resources to improve their social and economic conditions as a purpose of *credit unions.* (Sec 1)
9. Repeals statute specifying that the fiscal year of each credit union ends on December 31. (Sec 4)

Credit Union; Membership

10. Restates the field of membership to include:
    a) an organization comprised primarily of individuals who are eligible for membership;
    b) an organization for which a majority of owners, by number, are individuals who are eligible for membership; and
    c) an organization that is located within the credit union's membership area, if applicable. (Sec. 6)
11. Allows a credit union to deny membership based on policies established by the Board. (Sec 7)
12. Permits a person who is denied membership to appeal the denial for the Board within 30 days after the denial. (Sec. 7)
13. Allows the Board's management, if given the authority by the Board, to expel a member. (Sec. 8)
14. Removes language relating to providing a person who is being considered for expulsion a written notice of the potential expulsion. (Sec. 8)
15. Requires a person who has been expelled to be informed of the reasons for the expulsion and be allowed to seek reconsideration by submitting a written request to the Board within 30 days after the notice of expulsion is issued. (Sec 8)

Credit Union; Suspensions and Removals

16. Changes the requirements and procedures, *unless the bylaws provide otherwise,* for suspending or removing a director, officer or member of a committee as follows:
    a) lowers the voting threshold to suspend a director, officer or member of a committee from two-thirds to a majority vote of the entire membership;

b) clarifies a special meeting to consider a suspension must be requested within 10 days after the date the director, officer or committee member was notified of the suspension;
c) changes the maximum number of days to which a special meeting to consider a suspension must be called from 21 days to 30 days after receiving the request for a meeting; and
d) clarifies if a hearing has not been requested within the 10-day period, the suspension is deemed a removal from office. (Sec. 11)

Credit Union; Loans

17. Allows a credit union to make loans to credit union members for purposes and conditions prescribed by the Board, rather than the bylaws. (Sec 14)

18. Specifies prepayment penalties may be charged on loans that are not made for personal, family or household purposes, rather than on member business loans. (Sec. 14)

19. Reduces, from 10% to 5%, the minimum interest rate of a loan's outstanding principal balance that is retained by a credit union. (Sec 15)

20. Restates that any loan that results in an official becoming a direct obligor, endorser, cosigner or guarantor in an aggregate amount of more than 1% of the credit union's net worth, rather than in the aggregate amount of $20,000 or more, must be approved by the Board. (sec. 16)

21. Instructs a credit union to provide the Deputy Director a list of each official's credit obligations whose aggregate obligations to the credit union are more than $50,000 or 1% of the credit union's net worth, whichever is less. (Sec 16)

Miscellaneous

22. Makes technical changes. (Sec 1-3, 5-16)

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-sixth Legislature - Second Regular Session

ROLL CALL VOTE

COMMITTEE ON Commerce BILL NO. SB 1296

DATE February 27, 2024 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Aguilar		✓			
Austin		✓			
Carter		✓			
Gress		✓			
Heap		✓			
Hendrix		✓			
Lucking		✓			
Ortiz		✓			
Carbone, Vice-Chairman		✓			
Wilmeth, Chairman		✓			
		10	0	0	0

APPROVED:

JUSTIN WILMETH, Chairman
MICHAEL CARBONE, Vice-Chairman

Susan Hughes
COMMITTEE SECRETARY

ATTACHMENT 7

ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature
Second Regular Session
Senate: FICO DP 6-0-1-0 | 3rd Read 27-0-3-0

SB 1271: rental-purchase property; electronic disclosures
Sponsor: Senator Mesnard, LD 13
Committee on Commerce

Overview
Provides for certain information to be electronically disclosed for property that is displayed or offered online for rental-purchase.

History
A *rental-purchase agreement* is an agreement allowing an individual to use personal property for personal, family or household purposes, for an initial period of four months or less, that is automatically renewable with each payment after the initial period and that allows the consumer to become the owner of the property but that does not obligate or require the consumer to continue leasing or using the property beyond the initial period (A.R.S. § 44-6801).

Prior to the consummation of the rental-purchase agreement, the lessor must disclose specified information to the consumer (A.R.S. §§ 44-6803 and 44-6804).

Advertisements for rental-purchase agreements that specify an amount for the periodic payment and include the right to acquire ownership of the item must disclose: 1) that the transaction advertised is a rental purchase agreement; 2) the total number and total amount of periodic payments necessary to acquire ownership of the item; and 3) that the consumer acquires no ownership rights unless the total amount necessary to acquire ownership is paid.

Items that are displayed or offered under a rental-purchase agreement must bear a tag that clearly and conspicuously indicates in Arabic numerals that are readable and understandable by visual inspection: 1) the cash price of the item; 2) the amount of the periodic payment; 3) the total number and total amount of periodic payments necessary to acquire ownership; and 4) the cost of rental (A.R.S. § 44-6810).

Provisions
1. Stipulates, for rental-purchase property that is displayed or offered online and a consumer is able to enter into a rental-purchase agreement for the property online or remotely through electronic commerce, a lessor may electronically disclose the following information:
   a) the cash price of the item;
   b) the amount of the periodic payment;
   c) the total number and total amount of periodic payments necessary to acquire ownership; and
   d) the cost of the rental. (Sec. 2)

☐ Prop 105 (45 votes) ☐ Prop 108 (40 votes) ☐ Emergency (40 votes) ☐ Fiscal Note

2. Stipulates, for offering personal property for rental-purchase that is not owned by the lessor when it is displayed or offered for rental-purchase, the lessor must electronically disclose the following information:
   a) the cash price of the item;
   b) the amount of the periodic payment;
   c) the total number and total amount of periodic payments necessary to acquire ownership; and
   d) the cost of the rental. (Sec. 2)
3. Requires the electronically disclosed information to be:
   a) clearly and conspicuously indicated in Arabic numerals that are legible by visual inspection; and
   b) disclosed to the lessee before any of the statutorily prescribed general disclosures. (Sec. 2)
4. Clarifies the items that are required to bear a tag indicating specified information are relating to items of rental-purchase property. (Sec. 2)
5. Defines *rental-purchase property* as personal property owned by the lessor when physically displayed and offered for rental-purchase to the consumer and before the rental-purchase agreement is executed. (Sec 1)
6. Makes technical changes. (Sec 1)

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-sixth Legislature - Second Regular Session

ROLL CALL VOTE

COMMITTEE ON Commerce BILL NO. SB 1271

DATE February 27, 2024 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Aguilar		✓			
Austin		✓			
Carter		✓			
Gress		✓			
Heap		✓			
Hendrix		✓			
Lucking		✓			
Ortiz		✓			
Carbone, Vice-Chairman		✓			
Wilmeth, Chairman		✓			
		10	0	0	0

APPROVED:

JUSTIN WILMETH, Chairman
MICHAEL CARBONE, Vice-Chairman

Susan Hughes
COMMITTEE SECRETARY

ATTACHMENT 9