

Fiscal Note

BILL # SB 1540

TITLE: personal property exemptions; vehicles

SPONSOR: Carroll

STATUS: Senate Engrossed

PREPARED BY: Jordan Johnston

Description

The bill would expand the list of dwellings eligible for the homestead exemption to also include park model trailers, motor homes, travel trailers, fifth wheel trailers, houseboats, or other forms of shelter in which a person resides, plus the land on which the shelter is located. A homestead is the primary residence of an owner that under the state's homestead exemption is protected from seizure or sale of debt up to \$400,000 of a person's equity in their dwelling. Under current law, the homestead can be a house, condominium, cooperative apartment, or mobile home (in which the person resides plus the land upon which the mobile home is located).

Estimated Impact

We estimate the bill would have minimal fiscal impact.

Analysis

By way of background information, federal bankruptcy law sets a schedule of property that is exempt from bankruptcy. State governments may choose to honor the federal exemptions or establish their own laws to prohibit creditors from claiming any exemption provided under federal bankruptcy law. Arizona has established its own law that permits citizens in the state to use a homestead exemption to exempt up to \$400,000 of a person's equity in their dwelling from attachment, execution or forced sale.

Since the homestead exemption does not directly affect tax revenue collections, the changes under the bill would have minimal fiscal impact. There could be circumstances now in which non-exempt vehicles are sold in bankruptcy and the proceeds are used to pay off debts to the government. The expanded exemption would prevent that from occurring, but the level of such foregone debt payoffs is expected to be very small.

Local Government Impact

None

3/3/25

