

State of Arizona
House of Representatives
Fifty-first Legislature
First Regular Session
2013

HOUSE BILL 2325

AN ACT

AMENDING SECTIONS 33-1123, 33-1125, 33-1126 AND 33-1130, ARIZONA REVISED STATUTES; RELATING TO PERSONAL PROPERTY EXEMPTIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 33-1123, Arizona Revised Statutes, is amended to
3 read:
4 33-1123. Household furniture, furnishings and appliances
5 ~~The following~~ Household furniture, ~~AND~~ furnishings, HOUSEHOLD GOODS,
6 INCLUDING CONSUMER ELECTRONIC DEVICES, and HOUSEHOLD appliances personally
7 used by the debtor OR A DEPENDENT OF THE DEBTOR AND NOT OTHERWISE
8 SPECIFICALLY PRESCRIBED IN THIS CHAPTER are exempt from process provided
9 their aggregate fair market value does not exceed ~~four~~ SIX thousand dollars.
10 ~~+-~~
11 ~~1. One kitchen and one dining room table with four chairs each, plus~~
12 ~~one additional chair for each dependent of the debtor who resides in the~~
13 ~~household if the debtor and dependents exceed four in number.~~
14 ~~2. One living room couch.~~
15 ~~3. One living room chair, plus one additional chair for each dependent~~
16 ~~of the debtor who resides in the household.~~
17 ~~4. Three living room coffee or end tables.~~
18 ~~5. Three living room lamps.~~
19 ~~6. One living room carpet or rug.~~
20 ~~7. Two beds, plus one additional bed for each dependent of the debtor~~
21 ~~who resides in the household.~~
22 ~~8. One bed table, dresser and lamp for each bed allowed by~~
23 ~~paragraph 7.~~
24 ~~9. Bedding for each bed allowed by this section.~~
25 ~~10. Pictures, oil paintings and drawings, drawn or painted by debtor~~
26 ~~and family portraits in their necessary frames.~~
27 ~~11. One television set or radio or stereo.~~
28 ~~12. One radio alarm clock.~~
29 ~~13. One stove.~~
30 ~~14. One refrigerator.~~
31 ~~15. One washing machine.~~
32 ~~16. One clothes dryer.~~
33 ~~17. One vacuum cleaner.~~
34 Sec. 2. Section 33-1125, Arizona Revised Statutes, is amended to read:
35 33-1125. Personal items
36 The following property of a debtor used primarily for personal, family
37 or household purposes shall be exempt from process:
38 1. All wearing apparel not in excess of a fair market value of five
39 hundred dollars.
40 2. All musical instruments provided for the debtor's individual or
41 family use not in excess of an aggregate fair market value of ~~two hundred~~
42 ~~fifty~~ FOUR HUNDRED dollars.
43 3. Domestic pets, horses, milk cows and poultry not in excess of an
44 aggregate fair market value of ~~five~~ EIGHT hundred dollars.

1 4. All engagement and wedding rings not in excess of an aggregate fair
2 market value of ~~one~~ TWO thousand dollars.

3 5. The library of a debtor, including books, manuals, published
4 materials and personal documents not in excess of an aggregate fair market
5 value of two hundred fifty dollars.

6 6. One watch not in excess of a fair market value of one hundred FIFTY
7 dollars.

8 7. One typewriter, ONE COMPUTER, one bicycle, one sewing machine, a
9 family bible, a lot in any burial ground, one shotgun or one rifle or one
10 pistol, not in excess of an aggregate fair market value of ~~five hundred~~ ONE
11 THOUSAND dollars.

12 8. EQUITY IN one motor vehicle not in excess of ~~a fair market value of~~
13 ~~five~~ SIX thousand dollars. If the debtor OR DEBTOR'S DEPENDENT is physically
14 disabled, the ~~fair market value of~~ EQUITY IN the motor vehicle shall not
15 exceed ~~ten~~ TWELVE thousand dollars.

16 9. Professionally prescribed prostheses for the debtor or a dependent
17 of the debtor, including a wheelchair.

18 Sec. 3. Section 33-1126, Arizona Revised Statutes, is amended to read:

19 33-1126. Money benefits or proceeds; exception

20 A. The following property of a debtor is exempt from execution,
21 attachment or sale on any process issued from any court:

22 1. All money received by or payable to a surviving spouse or child on
23 the life of a deceased spouse, parent or legal guardian, not exceeding twenty
24 thousand dollars.

25 2. The earnings of the minor child of a debtor or the proceeds of
26 these earnings by reason of any liability of the debtor not contracted for
27 the special benefit of the minor child.

28 3. All monies received by or payable to a person entitled to receive
29 child support or spousal maintenance pursuant to a court order.

30 4. All money, proceeds or benefits of any kind to be paid in a lump
31 sum or to be rendered on a periodic or installment basis to the insured or
32 any beneficiary under any policy of health, accident or disability insurance
33 or any similar plan or program of benefits in use by any employer, except for
34 premiums payable on such policy or debt of the insured secured by a pledge,
35 and except for collection of any debt or obligation for which the insured or
36 beneficiary has been paid under the plan or policy and except for payment of
37 amounts ordered for support of a person from proceeds and benefits furnished
38 in lieu of earnings that would have been subject to that order and subject to
39 any exemption applicable to earnings so replaced.

40 5. All money arising from any claim for the destruction of, or damage
41 to, exempt property and all proceeds or benefits of any kind arising from
42 fire or other insurance on any property exempt under this article.

43 6. The cash surrender value of life insurance policies where for a
44 continuous unexpired period of two years the policies have been owned by a
45 debtor. ~~And~~ THE POLICY SHALL have named as beneficiary the debtor's

1 surviving spouse, child, parent, brother or sister. ~~, or~~ THE POLICY MAY HAVE
2 NAMED AS BENEFICIARY any other ~~dependent~~ family member WHO IS A DEPENDENT, in
3 the proportion that the policy names any such beneficiary, except that,
4 subject to the statute of limitations, the amount of any premium that is
5 recoverable or avoidable by a creditor pursuant to title 44, chapter 8,
6 article 1, with interest thereon, is not exempt. The exemption provided by
7 this paragraph does not apply to a claim for the payment of a debt of the
8 insured or beneficiary that is secured by a pledge or assignment of the cash
9 value of the insurance policy or the proceeds of the policy. For the
10 purposes of this paragraph, "dependent" means a family member who is
11 dependent on the insured debtor for not less than half support.

12 7. An annuity contract where for a continuous unexpired period of two
13 years that contract has been owned by a debtor and has named as beneficiary
14 the debtor, the debtor's surviving spouse, child, parent, brother or sister,
15 or any other dependent family member, except that, subject to the statute of
16 limitations, the amount of any premium, payment or deposit with respect to
17 that contract is recoverable or avoidable by a creditor pursuant to title 44,
18 chapter 8, article 1 is not exempt. The exemption provided by this paragraph
19 does not apply to a claim for a payment of a debt of the annuitant or
20 beneficiary that is secured by a pledge or assignment of the contract or its
21 proceeds. For the purposes of this paragraph, "dependent" means a family
22 member who is dependent on the debtor for not less than half support.

23 8. Any claim for damages recoverable by any person by reason of any
24 levy on or sale under execution of that person's exempt personal property or
25 by reason of the wrongful taking or detention of that property by any person,
26 and the judgment recovered for damages.

27 9. A total of ~~one hundred fifty~~ THREE HUNDRED dollars held in a single
28 account in any one financial institution as defined by section 6-101. The
29 property declared exempt by this paragraph is not exempt from normal service
30 charges assessed against the account by the financial institution at which
31 the account is carried.

32 B. Any money or other assets payable to a participant in or
33 beneficiary of, or any interest of any participant or beneficiary in, a
34 retirement plan under section 401(a), 403(a), 403(b), 408, 408A or 409 or a
35 deferred compensation plan under section 457 of the United States internal
36 revenue code of 1986, as amended, whether the beneficiary's interest arises
37 by inheritance, designation, appointment or otherwise, is exempt from all
38 claims of creditors of the beneficiary or participant. This subsection does
39 not apply to any of the following:

40 1. An alternate payee under a qualified domestic relations order, as
41 defined in section 414(p) of the United States internal revenue code of 1986,
42 as amended. The interest of any and all alternate payees is exempt from any
43 and all claims of any creditor of the alternate payee.

44 2. Amounts contributed within one hundred twenty days before a debtor
45 files for bankruptcy.

1 3. The assets of bankruptcy proceedings filed before July 1, 1987.

2 C. Any person eighteen years of age or over, married or single, who
3 resides within this state and who does not exercise the homestead exemption
4 under article 1 of this chapter may claim as a personal property homestead
5 exempt from all process prepaid rent, including security deposits as provided
6 in section 33-1321, subsection A, for the claimant's residence, not exceeding
7 ~~the lesser of one~~ TWO thousand dollars ~~or one and one half months' rent~~.

8 D. This section does not exempt property from orders that are the
9 result of a judgment for arrearages of child support or for a child support
10 debt.

11 Sec. 4. Section 33-1130, Arizona Revised Statutes, is amended to read:
12 33-1130. Tools and equipment used in a commercial activity,
13 trade, business or profession

14 The following tools and equipment of a debtor used in a commercial
15 activity, trade, business or profession shall be exempt from process:

16 1. The tools, equipment, instruments and books, **INCLUDING TELEPHONE**
17 **NUMBERS, CLIENT OR CUSTOMER CONTACT INFORMATION, OR MARKETING TOOLS, SUCH AS**
18 **WEBSITES, DOMAIN NAMES OR ANY OTHER INTANGIBLE WORK PRODUCT, IN THE**
19 **POSSESSION** of a debtor or the spouse of a debtor primarily used in, and
20 necessary to carry on **OR DEVELOP**, the commercial activity, trade, business or
21 profession of the debtor or the debtor's spouse, not in excess of an
22 aggregate fair market value of ~~two~~ FIVE thousand ~~five hundred~~ dollars. For
23 the purpose of this paragraph, ~~"tools"~~ do not include a motor vehicle
24 primarily used by a debtor for personal, family or household purposes such as
25 transportation to and from the debtor's place of employment.

26 2. Farm machinery, utensils, implements of husbandry, feed, seed,
27 grain and animals not in excess of an aggregate value of two thousand five
28 hundred dollars belonging to a debtor whose primary income is derived from
29 farming.

30 3. All arms, uniforms and accoutrements required by law to be kept by
31 a debtor.