

House Engrossed

**FILED**  
**KEN BENNETT**  
**SECRETARY OF STATE**

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

CHAPTER 123

## **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.

APPROVED BY THE GOVERNOR APRIL 17, 2013.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 17, 2013.

Passed the House February 28, 2013

Passed the Senate April 15, 2013

by the following vote: 54 Ayes,

by the following vote: 28 Ayes,

0 Nays, 6 Not Voting

1 Nays, 1 Not Voting

[Signature]  
Speaker of the House

[Signature]  
President of the Senate

[Signature]  
Chief Clerk of the House

[Signature]  
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill received by the Governor this

16 day of April, 2013

at 2:40 o'clock P M.

[Signature]  
Secretary to the Governor

Approved this 17th day of

April

at 11:22 o'clock P M.

[Signature]  
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this 17th day of April, 2013

at 4:09 o'clock P M.

[Signature]  
Secretary of State