

Home-Based Business Fairness Act

Promoting common-sense, modern, and flexible employment while protecting neighborhoods

Home-based businesses are a vital part of the New Economy

- Major advances in technology have launched a New Economy, empowering entrepreneurs to start businesses from their homes, hedging costs, permitting flexibility, and realizing their dreams of self-employment.
- In fact, according to the U.S. Census Bureau, in 2012 more than half of surveyed businesses were operated primarily from someone's home.

But home-based businesses are under threat

- Unfortunately, cities and counties throughout our state are applying outmoded zoning, licensing, and permitting requirements to these home-based businesses, stifling flexibility and economic opportunity, punishing responsible citizens for serving their communities, and diverting limited resources away from addressing nuisances and fighting actual crime.
- Government has not sufficiently responded to this New Economy and adopted flexible regulations that encourage and facilitate home based businesses to start and thrive.
- Moreover, each county, city, and town within Arizona has its own home-based business regulations, making it difficult for homeowners to navigate the rules.

Policymakers nationwide are introducing common-sense reforms to protect home-based businesses

- States coast-to-coast have recognized the importance of fostering the small business economy by minimizing the regulatory burdens on HBB. States as politically and geographically diverse as Maryland, Vermont, and California have all adopted reforms to facilitate a friendly HBB environment.
- In Arizona, the Maricopa Association of Governments commissioned a study in 2003 that concluded most home-based business ordinances are out of date, arbitrary, unenforceable and in desperate need of reform.

The Home-Based Business Act will protect Arizona's economy while preserving neighborhoods

- The Home-Based Business Fairness Act modernizes Arizona's piecemeal and outmoded approach to regulating home-based businesses in favor of a clear, consistent, and common-sense approach.
- Home-based businesses that do not cause disruption to the residential area are designated "no impact." These businesses must comply with health and safety regulations; building codes; remitting applicable taxes; all local traffic, parking, and noise ordinances; and state occupational licensing standards. They're not required to obtain a costly and time-consuming home occupation license or permit.
- Home-based businesses that do not qualify as "no impact" can be regulated through existing local processes designed to mitigate the impact of the business on the reasonable expectations of residents to enjoy the conditions of a residential environment.
- Local governments can continue to prohibit businesses that are incompatible with the surrounding neighborhood.
- Local governments would enforce these rules just as they do today, but the city or county would have to demonstrate that regulations that specifically apply to home-based businesses are narrowly tailored.

Commonly Asked Questions

1. What qualifies as a “no impact” home-based business?

Any business that engages in the lawful sale of goods or services and meets the following:

- MAY NOT employ more than three non-resident employees
- MAY NOT generate on-street parking or substantially increase traffic in the neighborhood
- MUST occur inside the residential dwelling
- MAY NOT be visible from the street
- MUST be a compatible use with the residential area
- MUST be a secondary use as a residential dwelling
- MUST comply with all health and safety regulations established by the city or county

2. May cities and counties still regulate home-based businesses?

Yes, cities and counties may regulate home-based businesses that do not qualify as no-impact HBBs. Cities and counties would retain the power to regulate:

- Public health and safety, which would include fire and building codes, health and sanitation, transportation, traffic, solid or hazardous waste, pollution and noise control
- The compatible use of the HBB, which would include the ability to prohibit certain businesses such as auto repair, barber shops, salons and other uses that are deemed incompatible with the residential area
- That the HBB is a secondary use of the residential property

3. Will an HBB still have to comply with all other applicable federal, state, and local regulations?

Yes, an HBB will still be required to obtain and maintain any applicable licenses, remit taxes, and comply with public health and safety standards.

4. How would regulations on a home-based business be enforced?

Enforcement against an HBB would be the same as it exists today, with the exception that the city or county would have to demonstrate that the enforcement action is based on a narrowly tailored regulation established by the jurisdiction.