

State of Arizona  
Senate  
Fifty-fourth Legislature  
First Regular Session  
2019

# SENATE BILL 1471

AN ACT

AMENDING SECTIONS 36-405, 41-3955, 41-3955.01 AND 42-1116, ARIZONA REVISED STATUTES; AMENDING TITLE 43, CHAPTER 3, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-312; RELATING TO HOUSING.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 36-405, Arizona Revised Statutes, is amended to  
3 read:

4 36-405. Powers and duties of the director

5 A. The director shall adopt rules to establish minimum standards  
6 and requirements for the construction, modification and licensure of  
7 health care institutions necessary to ensure the public health, safety and  
8 welfare. The standards and requirements shall relate to the construction,  
9 equipment, sanitation, staffing for medical, nursing and personal care  
10 services, and recordkeeping pertaining to the administration of medical,  
11 nursing, behavioral health and personal care services, in accordance with  
12 generally accepted practices of health care. The director shall use the  
13 current standards adopted by the joint commission on accreditation of  
14 hospitals and the commission on accreditation of the American osteopathic  
15 association or those adopted by any recognized accreditation organization  
16 approved by the department as guidelines in prescribing minimum standards  
17 and requirements under this section.

18 B. The director, by rule, may:

19 1. Classify and subclassify health care institutions according to  
20 character, size, range of services provided, medical or dental specialty  
21 offered, duration of care and standard of patient care required for the  
22 purposes of licensure. Classes of health care institutions may include  
23 hospitals, infirmaries, outpatient treatment centers, health screening  
24 services centers and residential care facilities, **INCLUDING SECURE**  
25 **BEHAVIORAL HEALTH RESIDENTIAL FACILITIES**. Whenever the director  
26 reasonably deems distinctions in rules and standards to be appropriate  
27 among different classes or subclasses of health care institutions, the  
28 director may make such distinctions.

29 2. Prescribe standards for determining a health care institution's  
30 substantial compliance with licensure requirements.

31 3. Prescribe the criteria for the licensure inspection process.

32 4. Prescribe standards for the selection of health care-related  
33 demonstration projects.

34 5. Establish nonrefundable application and licensing fees for  
35 health care institutions, including a grace period and a fee for the late  
36 payment of licensing fees, and fees for architectural plans and  
37 specifications reviews.

38 6. Establish a process for the department to notify a licensee of  
39 the licensee's licensing fee due date.

40 7. Establish a process for a licensee to request a different  
41 licensing fee due date, including any limits on the number of requests by  
42 the licensee.

1 C. The director, by rule, shall adopt licensing provisions that  
2 facilitate the colocation and integration of outpatient treatment centers  
3 that provide medical, nursing and health-related services with behavioral  
4 health services consistent with article 3.1 of this chapter.

5 D. Ninety percent of the fees collected pursuant to this section  
6 shall be deposited, pursuant to sections 35-146 and 35-147, in the health  
7 services licensing fund established by section 36-414 and ten percent of  
8 the fees collected pursuant to this section shall be deposited, pursuant  
9 to sections 35-146 and 35-147, in the state general fund.

10 E. Subsection B, paragraph 5 of this section does not apply to a  
11 health care institution operated by a state agency pursuant to state or  
12 federal law or to adult foster care residential settings.

13 Sec. 2. Section 41-3955, Arizona Revised Statutes, is amended to  
14 read:

15 41-3955. Housing trust fund; purpose; annual report

16 A. The housing trust fund is established, and the director shall  
17 administer the fund. The fund consists of:

18 1. Monies from unclaimed property deposited in the fund pursuant to  
19 section 44-313. ~~;~~

20 2. Monies transferred pursuant to section 35-751. ~~and~~

21 3. TAX COLLECTIONS FROM NONRESIDENT SALES OF REAL PROPERTY LOCATED  
22 IN THIS STATE DEPOSITED PURSUANT TO SECTION 42-1116, SUBSECTION B,  
23 PARAGRAPH 6, SUBDIVISION (c). UP TO \$10,000,000 OF THE MONIES DEPOSITED  
24 PURSUANT TO THIS PARAGRAPH SHALL BE USED EXCLUSIVELY FOR CAPITAL PROJECTS,  
25 HOUSING, RENTAL ASSISTANCE AND SERVICES FOR HOMELESS YOUTH AND FAMILIES  
26 AND SHALL SUPPLEMENT, AND NOT SUPPLANT, HOMELESS YOUTH AND FAMILY FUNDING  
27 FROM OTHER POTENTIAL SOURCES. MONIES DEPOSITED PURSUANT TO THIS PARAGRAPH  
28 IN EXCESS OF \$10,000,000 MAY BE USED BY THE DEPARTMENT FOR OTHER PROJECTS  
29 AND PROGRAMS.

30 4. Investment earnings.

31 B. On notice from the department, the state treasurer shall invest  
32 and divest monies in the fund as provided by section 35-313, and monies  
33 earned from investment shall be credited to the fund.

34 C. Fund monies shall be spent on approval of the department for  
35 developing projects and programs connected with providing housing  
36 opportunities for low and moderate income households and for housing  
37 affordability programs. Pursuant to section 44-313, subsection A, a  
38 portion of fund monies shall be used exclusively for housing in rural  
39 areas.

40 D. In approving the expenditure of monies, the director shall give  
41 priority to funding projects that provide for operating, constructing or  
42 renovating facilities for housing for ~~low-income~~ LOW-INCOME families and  
43 that provide housing and shelter to families that have children.

1 E. The director shall report annually to the legislature on the  
2 status of the housing trust fund. The report shall include a summary of  
3 facilities for which funding was provided during the preceding fiscal year  
4 and shall show the cost and geographic location of each facility and the  
5 number of individuals benefiting from the operation, construction or  
6 renovation of the facility. The report shall be submitted to the  
7 president of the senate and the speaker of the house of representatives,  
8 **AND A COPY PROVIDED TO THE SECRETARY OF STATE**, no later than September 1  
9 of each year.

10 F. Monies in the housing trust fund are exempt from the provisions  
11 of section 35-190 relating to lapsing of appropriations.

12 G. An amount not to exceed ten percent of the housing trust fund  
13 monies may be appropriated annually by the legislature to the department  
14 for administrative costs in providing services relating to the housing  
15 trust fund.

16 H. For any construction project financed by the department pursuant  
17 to this section, the department shall notify a city, town, county or  
18 tribal government that a project is planned for its jurisdiction and,  
19 before proceeding, shall seek comment from the governing body of the city,  
20 town, county or tribal government or an official authorized by the  
21 governing body of the city, town, county or tribal government. The  
22 department shall not interfere with or attempt to override the local  
23 jurisdiction's planning, zoning or land use regulations.

24 Sec. 3. Section 41-3955.01, Arizona Revised Statutes, is amended to  
25 read:

26 **41-3955.01. Seriously mentally ill housing trust fund:**  
27 **purpose; report**

28 A. The seriously mentally ill housing trust fund is  
29 established. The director of the Arizona health care cost containment  
30 system administration shall administer the fund. The fund consists of:

- 31 1. Monies received pursuant to section 44-313. ~~and~~
- 32 2. **TAX COLLECTIONS FROM NONRESIDENT SALES OF REAL PROPERTY LOCATED**  
33 **IN THIS STATE DEPOSITED PURSUANT TO SECTION 42-1116, SUBSECTION B,**  
34 **PARAGRAPH 6, SUBDIVISION (b).**
- 35 3. Investment earnings.

36 B. On notice from the director of the Arizona health care cost  
37 containment system administration, the state treasurer shall invest and  
38 divest monies in the fund as provided by section 35-313, and monies earned  
39 from investment shall be credited to the fund.

40 C. **EXCEPT AS PROVIDED IN SUBSECTION D OF THIS SECTION**, fund monies  
41 shall be spent on approval of the Arizona health care cost containment  
42 system administration solely for housing projects for seriously mentally  
43 ill persons.

1 D. FUND MONIES DEPOSITED PURSUANT TO SUBSECTION A, PARAGRAPH 2 OF  
2 THIS SECTION MAY BE SPENT FOR SERIOUSLY MENTALLY ILL PERSONS IN THE  
3 FOLLOWING SETTINGS:

4 1. A COMMUNITY LIVING HOME THAT IS FOR PERSONS WHO HOLD THEIR OWN  
5 LEASES AND THAT HAS EMBEDDED IN-HOME SUPPORT TO MEET THE INDIVIDUALIZED  
6 NEEDS OF THE PERSON AND UP TO TWENTY-FOUR HOURS OF SUPPORT AND SUPERVISION  
7 AS INDICATED BY THE PERSON'S INDIVIDUAL TREATMENT PLAN.

8 2. A BEHAVIORAL HEALTH RESIDENTIAL FACILITY THAT:

9 (a) IS LICENSED BY THE DEPARTMENT OF HEALTH SERVICES.

10 (b) PROVIDES IN-HOUSE WRAPAROUND SERVICES AND SECURE  
11 TWENTY-FOUR-HOUR ON-SITE SUPPORT, TREATMENT AND SUPERVISION BY STAFF WITH  
12 BEHAVIORAL HEALTH TRAINING FOR PERSONS WHO HAVE SERIOUS MENTAL ILLNESS OF  
13 SUFFICIENT SEVERITY AS TO REQUIRE ASSISTANCE TO LIVE IN THE COMMUNITY AND  
14 WHO ARE SUBJECT TO A PLAN OF CARE THAT IS ORDERED BY A MENTAL HEALTH  
15 COURT, A MENTAL HEALTH DIVISION OF THE PROBATE COURT, A CRIMINAL COURT AS  
16 PART OF A PLEA AGREEMENT OR JUDGMENT AND CONVICTION OR A COURT AS PART OF  
17 GUARDIANSHIP PROCEEDINGS OR THAT IS PART OF A DIVERSION AGREEMENT ENTERED  
18 INTO WITH A LAW ENFORCEMENT AGENCY.

19 ~~D.~~ E. The director of the Arizona health care cost containment  
20 system administration shall report annually to the legislature on the  
21 status of the seriously mentally ill housing trust fund. The report shall  
22 include a summary of facilities for which funding was provided during the  
23 preceding fiscal year and shall show the cost and geographic location of  
24 each facility and the number of individuals benefiting from the operation,  
25 construction or renovation of the facility. The report shall be submitted  
26 to the president of the senate and the speaker of the house of  
27 representatives ~~and~~, AND A COPY PROVIDED TO THE SECRETARY OF STATE, NOT  
28 later than September 1 of each year.

29 ~~E.~~ F. Monies in the seriously mentally ill housing trust fund are  
30 exempt from the provisions of section 35-190 relating to lapsing of  
31 appropriations.

32 ~~F.~~ G. An amount not to exceed ten percent of the seriously  
33 mentally ill housing trust fund monies may be appropriated annually by the  
34 legislature to the Arizona health care cost containment system for  
35 administrative costs in providing services relating to the seriously  
36 mentally ill housing trust fund.

37 ~~G.~~ H. For any construction project financed by the Arizona health  
38 care cost containment system administration pursuant to this section, the  
39 administration shall notify a city, town, county or tribal government that  
40 a project is planned for its jurisdiction and, before proceeding, shall  
41 seek comment from the governing body of the city, town, county or tribal  
42 government or an official authorized by the governing body of the city,  
43 town, county or tribal government. The Arizona health care cost  
44 containment system administration shall not interfere with or attempt to

1 override the local jurisdiction's planning, zoning or land use  
2 regulations.

3 Sec. 4. Section 42-1116, Arizona Revised Statutes, is amended to  
4 read:

5 42-1116. Disposition of tax revenues

6 A. The department of revenue shall promptly deposit, pursuant to  
7 sections 35-146 and 35-147, all monies it collects from the taxes  
8 administered pursuant to this article except the telecommunication  
9 services excise tax, separately accounting for each type of tax and each  
10 tax classification within each type of tax. At the same time the  
11 department of revenue shall also furnish copies of the transmittal  
12 schedules to the director of the department of administration.

13 B. Except as provided by subsection C of this section, the  
14 department shall deposit all monies and remittances received under this  
15 section to the credit of the following specific funds and accounts:

16 1. Amounts sufficient to meet the requirements for tax refunds to  
17 the tax refund account established by section 42-1117.

18 2. Amounts sufficient to meet the requirements of urban revenue  
19 sharing to the urban revenue sharing fund established by section 43-206.

20 3. Amounts collected pursuant to chapter 5, articles 1 and 5 of  
21 this title to the transaction privilege and severance tax clearing account  
22 established by section 42-5029.

23 4. Amounts sufficient to meet the requirements of section 42-3104  
24 to the corrections fund.

25 5. Amounts sufficient to meet the requirements of section 49-282,  
26 subsection B relating to the water quality assurance revolving fund.

27 6. AMOUNTS COLLECTED FROM NONRESIDENT SALES OF REAL PROPERTY  
28 LOCATED IN THIS STATE AS FOLLOWS:

29 (a) \$5,000,000 TO THE STATE GENERAL FUND. THE LEGISLATURE MAY  
30 ANNUALLY APPROPRIATE AN AMOUNT NOT TO EXCEED ONE PERCENT OF THE MONIES  
31 COLLECTED FROM NONRESIDENT SALES OF REAL PROPERTY IN THIS STATE TO THE  
32 DEPARTMENT FOR ADMINISTRATIVE COSTS IN PROVIDING SERVICES RELATING TO  
33 NONRESIDENT REAL ESTATE SALES.

34 (b) AFTER THE DISTRIBUTION MADE PURSUANT TO SUBDIVISION (a) OF THIS  
35 PARAGRAPH, \$2,000,000 TO THE SERIOUSLY MENTALLY ILL HOUSING TRUST FUND  
36 ESTABLISHED BY SECTION 41-3955.01.

37 (c) AFTER THE DISTRIBUTIONS MADE PURSUANT TO SUBDIVISIONS (a) AND  
38 (b) OF THIS PARAGRAPH, ANY REMAINING MONIES TO THE HOUSING TRUST FUND  
39 ESTABLISHED BY SECTION 41-3955.

40 ~~6.~~ 7. All remaining monies to the state general fund.

41 C. From the monies and remittances received under this section,  
42 each month beginning July 2001 the state treasurer shall transmit to the  
43 tourism and sports authority, established by title 5, chapter 8, for  
44 deposit in its facility revenue clearing account established by section

1 5-834 one-twelfth of the amount reported by the department pursuant to  
2 section 43-209.

3 Sec. 5. Title 43, chapter 3, article 1, Arizona Revised Statutes,  
4 is amended by adding section 43-312, to read:

5 43-312. Information return of sales; nonresident real estate  
6 transactions

7 A. A PERSON LICENSED UNDER SECTION 6-813 TO CONDUCT ESCROW BUSINESS  
8 FOR THE PURCHASE AND SALE OF REAL PROPERTY LOCATED IN THIS STATE SHALL  
9 FILE AN INFORMATION RETURN OF SALES OF REAL PROPERTY LOCATED IN THIS STATE  
10 THAT ARE REPORTED PURSUANT TO FEDERAL REPORTING REQUIREMENTS UNDER SECTION  
11 6045(e) OF THE INTERNAL REVENUE CODE.

12 B. THE INFORMATION RETURN REQUIRED BY THIS SECTION SHALL BE FILED  
13 ON OR BEFORE THE THIRTY-FIRST DAY OF MARCH WITH RESPECT TO SALES OF REAL  
14 PROPERTY LOCATED IN THIS STATE THAT IS CLOSED ON OR BEFORE DECEMBER 31 OF  
15 THE PRECEDING CALENDAR YEAR.

16 C. THE INFORMATION RETURN SHALL BE FILED USING THE SAME FORM AND  
17 FORMAT OF THE RETURN FILED WITH THE INTERNAL REVENUE SERVICE UNDER SECTION  
18 6045(e) OF THE INTERNAL REVENUE CODE.

19 Sec. 6. Seriously mentally ill residential setting; program  
20 study

21 The Arizona health care cost containment system administration shall  
22 issue a request for proposals for a third-party entity to conduct a  
23 program study that measures the outcomes of seriously mentally ill  
24 residents in each setting described by section 41-3955.01, subsection D,  
25 Arizona Revised Statutes, as amended by this act, for a twelve-month  
26 period. The program study shall include an analysis of costs and  
27 effectiveness of the services provided in each setting that takes into  
28 consideration the encounters of the seriously mentally ill residents  
29 related to inpatient care, emergency department visits, hospitalization,  
30 civil commitment proceedings, incarceration, homelessness, employment,  
31 community engagement, encounters with police and fire personnel, including  
32 petitioning and contact with crisis centers, citation in lieu of  
33 detention, jail bookings and other contact with first responders.

34 Sec. 7. Department of health services; rules; exemption from  
35 rulemaking

36 A. On or before January 1, 2020, the director of the department of  
37 health services shall adopt rules to allow a behavioral health residential  
38 facility to be a secure facility if the behavioral health residential  
39 facility is the least restrictive environment that meets the resident's  
40 treatment needs and the resident is an incapacitated person as defined in  
41 section 14-5101, Arizona Revised Statutes, and is either ordered by the  
42 court or part of a post-conviction or pretrial diversion agreement to a  
43 secure behavioral health residential facility. The director may use the  
44 assisted living facility rules as guidelines in determining standards for  
45 a secure residential facility.

1           B. The department of health services is exempt from the rulemaking  
2 requirements of title 41, chapter 6, Arizona Revised Statutes, for one  
3 year after the effective date of this act. The department shall provide  
4 the public an opportunity to comment on the proposed rules.

5           Sec. 8. Effective date

6           This act is effective for taxable years beginning from and after  
7 December 31, 2019.