

House Engrossed Senate Bill

transitional housing; reentry programs; licensure

State of Arizona
Senate
Fifty-seventh Legislature
First Regular Session
2025

CHAPTER 260

SENATE BILL 1537

AN ACT

AMENDING SECTIONS 36-414 AND 36-2061, ARIZONA REVISED STATUTES; AMENDING
TITLE 36, ARIZONA REVISED STATUTES, BY ADDING CHAPTER 42; RELATING TO
TRANSITIONAL HOUSING FOR REENTRY PROGRAMS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 36-414, Arizona Revised Statutes, is amended to
3 read:

4 36-414. Health services licensing fund; exemption

5 A. The health services licensing fund is established consisting of
6 monies deposited pursuant to sections 30-654, 32-1308, 32-2805, 36-405,
7 36-765.05, 36-766.06, 36-851.01, 36-882, 36-897.01, ~~and~~ 36-1903, 36-2063
8 AND 36-4204. The department of health services shall administer the fund.

9 B. Monies in the fund are subject to legislative appropriation.

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

12 Sec. 2. Section 36-2061, Arizona Revised Statutes, is amended to
13 read:

14 36-2061. Definitions

15 In this article, unless the context otherwise requires:

16 1. "Certifying organization" means an organization that certifies
17 homes as sober living homes and THAT is affiliated with a national
18 organization recognized by the department whose primary function is to
19 improve access to and the quality of sober living residences through
20 standards, education, research and advocacy.

21 2. "Medication-assisted treatment" means the use of pharmacological
22 medications that are approved by the United States food and drug
23 administration, in combination with counseling and behavioral therapies,
24 to provide a whole patient approach to ~~the treatment of~~ TREATING substance
25 use disorders.

26 3. "Sober living home":

27 (a) Means any premises, place or building that provides
28 alcohol-free or drug-free housing and that:

29 ~~(a)~~ (i) Promotes independent living and life skills development.

30 ~~(b)~~ (ii) May provide activities that are directed primarily toward
31 recovery from substance use disorders.

32 ~~(c)~~ (iii) Provides a supervised setting to a group of unrelated
33 individuals who are recovering from substance use disorders.

34 ~~(d)~~ (iv) Does not provide any medical or clinical services or
35 medication administration on-site, except for verification of abstinence.

36 (b) BEGINNING ON THE EFFECTIVE DATE OF THE RULES FOR LICENSURE
37 ADOPTED PURSUANT TO SECTIONS 36-4202 AND 36-4204, DOES NOT INCLUDE A
38 TRANSITIONAL HOUSING FACILITY AS DEFINED IN SECTION 36-4201.

39 Sec. 3. Title 36, Arizona Revised Statutes, is amended by adding
40 chapter 42, to read:

41 CHAPTER 42

42 TRANSITIONAL HOUSING FOR REENTRY PROGRAMS

43 ARTICLE 1. TRANSITIONAL HOUSING LICENSURE

44 36-4201. Definitions

45 IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

1 1. "DEPARTMENT" MEANS THE DEPARTMENT OF HEALTH SERVICES.

2 2. "DIRECTOR" MEANS THE DIRECTOR OF THE DEPARTMENT.

3 3. "TRANSITIONAL HOUSING FACILITY" MEANS A TEMPORARY LIVING
4 ARRANGEMENT FOR AN INDIVIDUAL WHO, AFTER PARTICIPATING IN A PRERELEASE
5 TRANSITIONAL PROGRAM WHILE INCARCERATED, IS TRANSITIONING FROM
6 INCARCERATION TO INDEPENDENT LIVING THAT PROVIDES BASIC NECESSITIES,
7 INCLUDING JOB TRAINING, EMPLOYMENT PLACEMENT SERVICES, DIRECT ACCESS TO
8 PAROLE OFFICERS, HOUSING, CLOTHING, PREPARED MEALS AND HYGIENE
9 NECESSITIES, AT NO COST TO THE INDIVIDUAL WHILE THE INDIVIDUAL IS
10 SIMULTANEOUSLY PARTICIPATING IN A VOLUNTARY REENTRY PROGRAM THAT
11 INCORPORATES LICENSED OUTPATIENT BEHAVIORAL HEALTH SERVICES THAT ARE ALL
12 LOCATED WITHIN THE SAME CAMPUS ENVIRONMENT.

13 36-4202. Licensure; standards; civil penalties; use of title

14 A. THE DIRECTOR SHALL ADOPT RULES TO ESTABLISH MINIMUM STANDARDS
15 AND REQUIREMENTS FOR THE LICENSURE OF TRANSITIONAL HOUSING FACILITIES IN
16 THIS STATE NECESSARY TO ENSURE THE PUBLIC HEALTH, SAFETY AND WELFARE. THE
17 STANDARDS SHALL INCLUDE:

18 1. A REQUIREMENT THAT EACH TRANSITIONAL HOUSING FACILITY DEVELOP
19 POLICIES AND PROCEDURES TO PROMOTE REENTRY OF INDIVIDUALS INTO SOCIETY
20 AFTER INCARCERATION BY REQUIRING THE INDIVIDUALS TO PARTICIPATE IN
21 TREATMENT, SELF-HELP GROUPS OR OTHER COMMUNITY SUPPORT.

22 2. POLICIES REQUIRING ABSTINENCE FROM ALCOHOL AND ILLICIT DRUGS.

23 3. A REQUIREMENT THAT EACH TRANSITIONAL HOUSING FACILITY DEVELOP
24 POLICIES AND PROCEDURES TO ALLOW INDIVIDUALS WHO ARE ON MEDICATION OR
25 MEDICATION-ASSISTED TREATMENT TO CONTINUE TO RECEIVE THIS MEDICATION OR
26 TREATMENT WHILE LIVING IN THE TRANSITIONAL HOUSING FACILITY.

27 4. A POLICY THAT ENSURES INDIVIDUALS ARE INFORMED OF ALL
28 TRANSITIONAL HOUSING FACILITY RULES AND AGREEMENTS.

29 5. A POLICY THAT REQUIRES EACH RESIDENT TO COMPLETE A HOUSING
30 AGREEMENT OUTLINING THE RULES OF THE LIVING ARRANGEMENT WITHIN THE
31 TRANSITIONAL HOUSING FACILITY, THE LENGTH OF STAY AND REASONS THE
32 INDIVIDUAL CAN BE DISCHARGED FROM THE TRANSITIONAL HOUSING FACILITY.

33 6. POLICIES AND PROCEDURES THAT REQUIRE EACH TRANSITIONAL HOUSING
34 FACILITY TO MAINTAIN AN ENVIRONMENT THAT PROMOTES THE SAFETY OF THE
35 SURROUNDING NEIGHBORHOOD AND THE COMMUNITY AT LARGE.

36 7. POLICIES AND PROCEDURES FOR DISCHARGE PLANNING OF PERSONS LIVING
37 IN THE TRANSITIONAL HOUSING FACILITY THAT DO NOT NEGATIVELY IMPACT THE
38 SURROUNDING COMMUNITY.

39 8. A GOOD NEIGHBOR POLICY TO ADDRESS NEIGHBORHOOD CONCERNS AND
40 COMPLAINTS.

41 9. A REQUIREMENT THAT EACH TRANSITIONAL HOUSING FACILITY POST A
42 STATEMENT OF INDIVIDUAL RIGHTS THAT INCLUDES THE RIGHT TO FILE A COMPLAINT
43 ABOUT THE TRANSITIONAL HOUSING FACILITY OR PROVIDER AND INFORMATION ABOUT
44 HOW TO FILE A COMPLAINT.

1 10. POLICIES REGARDING THE MAINTENANCE OF TRANSITIONAL HOUSING
2 FACILITIES, INCLUDING THE INSTALLATION OF FUNCTIONING SMOKE DETECTORS,
3 CARBON MONOXIDE DETECTORS AND FIRE EXTINGUISHERS AND COMPLIANCE WITH LOCAL
4 FIRE CODES.

5 11. POLICIES AND PROCEDURES THAT PROHIBIT A TRANSITIONAL HOUSING
6 FACILITY OWNER, EMPLOYEE OR ADMINISTRATOR FROM REQUIRING AN INDIVIDUAL TO
7 SIGN ANY DOCUMENT FOR THE PURPOSE OF RELINQUISHING THE INDIVIDUAL'S PUBLIC
8 ASSISTANCE BENEFITS, INCLUDING MEDICAL ASSISTANCE BENEFITS, CASH
9 ASSISTANCE AND SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM BENEFITS.

10 12. POLICIES AND PROCEDURES FOR MANAGING COMPLAINTS ABOUT
11 TRANSITIONAL HOUSING FACILITIES.

12 13. REQUIREMENTS FOR NOTIFYING AN INDIVIDUAL'S FAMILY MEMBER OR
13 OTHER EMERGENCY CONTACT AS DESIGNATED BY THE INDIVIDUAL UNDER CERTAIN
14 CIRCUMSTANCES, INCLUDING DEATH.

15 B. A PERSON OR ORGANIZATION OPERATING A TRANSITIONAL HOUSING
16 FACILITY IN THIS STATE THAT HAS FAILED TO ATTAIN OR MAINTAIN LICENSURE OF
17 THE TRANSITIONAL HOUSING FACILITY SHALL PAY A CIVIL PENALTY OF UP TO
18 \$1,000.

19 C. TO RECEIVE AND MAINTAIN LICENSURE, A TRANSITIONAL HOUSING
20 FACILITY MUST COMPLY WITH ALL FEDERAL, STATE AND LOCAL LAWS, INCLUDING THE
21 AMERICANS WITH DISABILITIES ACT OF 1990 (P.L. 101-336; 104 STAT. 327).

22 D. A TREATMENT FACILITY THAT IS LICENSED BY THE DEPARTMENT TO TREAT
23 BEHAVIORAL HEALTH, MENTAL HEALTH, SUBSTANCE USE OR CO-OCCURRING DISORDERS
24 MAY BE LOCATED ON THE SAME CAMPUS AS A TRANSITIONAL HOUSING FACILITY. THE
25 TRANSITIONAL HOUSING FACILITY SHALL BE SEPARATELY LICENSED PURSUANT TO
26 THIS ARTICLE.

27 E. ONCE THE DIRECTOR ADOPTS THE MINIMUM STANDARDS AND REQUIREMENTS
28 FOR LICENSURE AS REQUIRED BY SUBSECTION A OF THIS SECTION AND THE RULES
29 REQUIRED BY SECTION 36-4204, A PERSON OR ORGANIZATION MAY NOT ESTABLISH,
30 CONDUCT OR MAINTAIN IN THIS STATE A TRANSITIONAL HOUSING FACILITY UNLESS
31 THAT PERSON OR ORGANIZATION HOLDS A CURRENT AND VALID LICENSE ISSUED BY
32 THE DEPARTMENT. THE LICENSE IS VALID ONLY FOR THE ESTABLISHMENT,
33 OPERATION AND MAINTENANCE OF A TRANSITIONAL HOUSING FACILITY. THE
34 LICENSEE MAY NOT:

35 1. IMPLY BY ADVERTISING OR DIRECTORY LISTING OR OTHERWISE IMPLY
36 THAT THE LICENSEE IS AUTHORIZED TO PERFORM SERVICES THAT ARE MORE
37 SPECIALIZED OR OF A HIGHER DEGREE OF CARE THAN IS AUTHORIZED BY THIS
38 ARTICLE AND RULES ADOPTED PURSUANT TO THIS ARTICLE FOR TRANSITIONAL
39 HOUSING FACILITIES.

40 2. TRANSFER OR ASSIGN THE LICENSE. A LICENSE IS VALID ONLY FOR THE
41 PREMISES OCCUPIED BY THE TRANSITIONAL HOUSING FACILITY AT THE TIME OF THE
42 ISSUANCE OF THE LICENSE.

1 36-4203. Staff education and training

2 THE DEPARTMENT SHALL ESTABLISH BY RULE ANNUAL CONTINUING EDUCATION
3 AND TRAINING REQUIREMENTS FOR EMPLOYEES, VOLUNTEERS AND CONTRACTORS WHO
4 WORK IN A TRANSITIONAL HOUSING FACILITY.

5 36-4204. Fees; licensure; inspections; violation;
6 classification; civil penalties

7 A. THE DIRECTOR BY RULE SHALL ESTABLISH FEES FOR INITIAL AND ANNUAL
8 LICENSURE AND A FEE FOR THE LATE PAYMENT OF LICENSING FEES THAT INCLUDES A
9 GRACE PERIOD. THE DEPARTMENT SHALL DEPOSIT, PURSUANT TO SECTIONS 35-146
10 AND 35-147, NINETY PERCENT OF THE FEES COLLECTED PURSUANT TO THIS SECTION
11 IN THE HEALTH SERVICES LICENSING FUND ESTABLISHED BY SECTION 36-414 AND
12 TEN PERCENT OF THE FEES COLLECTED PURSUANT TO THIS SECTION IN THE STATE
13 GENERAL FUND.

14 B. A TRANSITIONAL HOUSING FACILITY LICENSE DOES NOT EXPIRE AND
15 REMAINS VALID UNLESS EITHER:

16 1. THE DEPARTMENT SUBSEQUENTLY REVOKES OR SUSPENDS THE LICENSE
17 PURSUANT TO THIS ARTICLE AND THE RULES ADOPTED PURSUANT TO THIS ARTICLE.

18 2. THE LICENSE IS CONSIDERED VOID BECAUSE THE LICENSEE DID NOT PAY
19 THE LICENSING FEE, CIVIL PENALTIES OR PROVIDER AGREEMENT FEES BEFORE THE
20 RELEVANT DUE DATE OR DID NOT ENTER INTO AN AGREEMENT WITH THE DEPARTMENT
21 BEFORE THE RELEVANT DUE DATE TO PAY ALL OUTSTANDING FEES OR CIVIL
22 PENALTIES.

23 C. THE DEPARTMENT SHALL CONDUCT ANNUAL INSPECTIONS TO VERIFY
24 COMPLIANCE WITH THE REQUIREMENTS OF THIS ARTICLE AND THE RULES ADOPTED
25 PURSUANT TO THIS ARTICLE. ON A DETERMINATION BY THE DIRECTOR THAT THERE
26 IS REASONABLE CAUSE TO BELIEVE A TRANSITIONAL HOUSING FACILITY IS NOT
27 ADHERING TO THE LICENSING REQUIREMENTS OF THIS ARTICLE, THE DIRECTOR OR
28 ANY DULY DESIGNATED EMPLOYEE OR AGENT OF THE DIRECTOR MAY ENTER ON AND
29 INTO THE PREMISES OF ANY TRANSITIONAL HOUSING FACILITY THAT IS LICENSED OR
30 REQUIRED TO BE LICENSED PURSUANT TO THIS ARTICLE AT ANY REASONABLE TIME
31 FOR THE PURPOSE OF DETERMINING THE STATE OF COMPLIANCE WITH THIS ARTICLE,
32 THE RULES ADOPTED PURSUANT TO THIS ARTICLE AND LOCAL FIRE ORDINANCES OR
33 RULES. AN APPLICATION FOR LICENSURE UNDER THIS ARTICLE CONSTITUTES
34 PERMISSION FOR AND COMPLETE ACQUIESCENCE IN ANY ENTRY OR INSPECTION OF THE
35 PREMISES DURING THE PENDENCY OF THE APPLICATION AND, IF LICENSED, DURING
36 THE TERM OF THE LICENSE. IF AN INSPECTION REVEALS THAT THE TRANSITIONAL
37 HOUSING FACILITY IS NOT ADHERING TO THE LICENSING REQUIREMENTS ESTABLISHED
38 PURSUANT TO THIS ARTICLE, THE DIRECTOR MAY TAKE ACTION AUTHORIZED BY THIS
39 ARTICLE.

40 D. ANY TRANSITIONAL HOUSING FACILITY WHOSE LICENSE HAS BEEN
41 SUSPENDED OR REVOKED IN ACCORDANCE WITH THIS ARTICLE IS SUBJECT TO
42 INSPECTION ON APPLICATION FOR RELICENSURE OR REINSTATEMENT OF THE
43 TRANSITIONAL HOUSING FACILITY'S LICENSE. IF A TRANSITIONAL HOUSING
44 FACILITY LICENSE IS REVOKED IN THIS STATE OR ANY OTHER STATE, THE LICENSEE
45 OF THE TRANSITIONAL HOUSING FACILITY WHOSE LICENSE WAS REVOKED MAY NOT

1 REAPPLY FOR ANY LICENSE ISSUED PURSUANT TO THIS TITLE FOR A PERIOD OF AT
2 LEAST FIVE YEARS.

3 E. A TRANSITIONAL HOUSING FACILITY THAT KNOWINGLY OPERATES IN THIS
4 STATE WITHOUT A LICENSE IN VIOLATION OF THIS ARTICLE IS GUILTY OF A CLASS
5 6 FELONY AND THE DIRECTOR SHALL ASSESS A CIVIL PENALTY OF NOT MORE THAN
6 \$1,000 FOR EACH VIOLATION. EACH DAY THE TRANSITIONAL HOUSING FACILITY
7 OPERATES WITHOUT A LICENSE IS A SEPARATE VIOLATION.

8 F. THE DIRECTOR MAY IMPOSE A CIVIL PENALTY ON A PERSON THAT
9 VIOLATES THIS ARTICLE OR THE RULES ADOPTED PURSUANT TO THIS ARTICLE IN AN
10 AMOUNT OF NOT MORE THAN \$1,000 FOR EACH VIOLATION. EACH DAY THAT A
11 VIOLATION OCCURS CONSTITUTES A SEPARATE VIOLATION. THE DIRECTOR SHALL
12 ISSUE A NOTICE THAT INCLUDES THE PROPOSED AMOUNT OF THE CIVIL PENALTY
13 ASSESSMENT. IF A PERSON REQUESTS A HEARING TO APPEAL AN ASSESSMENT, THE
14 DIRECTOR MAY NOT TAKE FURTHER ACTION TO ENFORCE AND COLLECT THE ASSESSMENT
15 UNTIL THE HEARING PROCESS IS COMPLETE. THE DIRECTOR SHALL IMPOSE A CIVIL
16 PENALTY ONLY FOR THOSE DAYS FOR WHICH THE VIOLATION HAS BEEN DOCUMENTED BY
17 THE DEPARTMENT.

18 G. THE DEPARTMENT MAY IMPOSE SANCTIONS AND COMMENCE DISCIPLINARY
19 ACTIONS AGAINST A LICENSED TRANSITIONAL HOUSING FACILITY, INCLUDING
20 REVOKING THE LICENSE. A LICENSE MAY NOT BE SUSPENDED OR REVOKED UNDER
21 THIS ARTICLE WITHOUT AFFORDING THE LICENSEE NOTICE AND AN OPPORTUNITY FOR
22 A HEARING AS PROVIDED IN TITLE 41, CHAPTER 6, ARTICLE 10.

23 H. THE DEPARTMENT MAY CONTRACT WITH A THIRD PARTY TO ASSIST THE
24 DEPARTMENT WITH LICENSURE AND INSPECTIONS.

25 36-4205. Posting; transitional housing facility information

26 THE DEPARTMENT SHALL POST ON ITS PUBLIC WEBSITE THE NAME AND
27 TELEPHONE NUMBER, THE DEPARTMENT-ISSUED LICENSE NUMBER, THE LOCAL
28 JURISDICTION BUSINESS LICENSE NUMBER AND THE LICENSURE STATUS OF EACH
29 LICENSED TRANSITIONAL HOUSING FACILITY IN THIS STATE AND SHALL UPDATE THE
30 LIST QUARTERLY.

31 36-4206. Notification requirements; rules; sex offender
32 registration

33 A. TRANSITIONAL HOUSING FACILITY STAFF SHALL NOTIFY THE DEPARTMENT,
34 IN A DEPARTMENT-PROVIDED FORMAT, IMMEDIATELY AND NOT MORE THAN ONE
35 BUSINESS DAY AFTER ANY OF THE FOLLOWING OCCURS:

36 1. THE DEATH OF AN INDIVIDUAL RESIDING IN A TRANSITIONAL HOUSING
37 FACILITY IF THE RESIDENT'S DEATH IS REQUIRED TO BE REPORTED PURSUANT TO
38 SECTION 11-593, INCLUDING WHETHER THE DEATH MAY HAVE BEEN DRUG-RELATED.

39 2. A SEX-RELATED CRIME MAY HAVE BEEN COMMITTED AT THE TRANSITIONAL
40 HOUSING FACILITY.

41 3. ANY OTHER INCIDENT SPECIFIED IN THE RULE BY THE DEPARTMENT.

42 B. TRANSITIONAL HOUSING FACILITY STAFF MAY NOT HAVE A PERSONAL OR
43 INTIMATE RELATIONSHIP WITH ANY INDIVIDUAL RESIDING IN THE TRANSITIONAL
44 HOUSING FACILITY.

1 C. TRANSITIONAL HOUSING FACILITY STAFF SHALL CONTACT LAW
2 ENFORCEMENT IF THE STAFF IS INFORMED THAT AN INDIVIDUAL RESIDING IN THE
3 TRANSITIONAL HOUSING FACILITY MAY HAVE BEEN INVOLVED IN A SEX-RELATED
4 CRIME.

5 D. A TRANSITIONAL HOUSING FACILITY LICENSEE SHALL ENSURE THAT ANY
6 INDIVIDUAL RESIDING IN THE LICENSEE'S TRANSITIONAL HOUSING FACILITY WHO IS
7 REQUIRED TO REGISTER PURSUANT TO SECTION 13-3821 REGISTERS WITHIN THE
8 STATUTORILY REQUIRED TIME FRAME AFTER ADMISSION TO THE TRANSITIONAL
9 HOUSING FACILITY.

10 Sec. 4. Transitional housing facilities; licensure

11 A facility that is a transitional housing facility as defined in
12 section 36-4201, Arizona Revised Statutes, as added by this act, and that
13 was licensed as a sober living home before the effective date of the rules
14 for licensure adopted pursuant to sections 36-4202 and 36-4204, Arizona
15 Revised Statutes, as added by this act, shall become licensed as a
16 transitional housing facility not later than thirty days after the
17 effective date of the rules for licensure adopted pursuant to sections
18 36-4202 and 36-4204, Arizona Revised Statutes, as added by this act.

APPROVED BY THE GOVERNOR JULY 1, 2025.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JULY 1, 2025.