

REFERENCE TITLE: **rental assistance program**

State of Arizona
House of Representatives
Fifty-seventh Legislature
First Regular Session
2025

HB 2882

Introduced by
Representatives Hernandez A: Hernandez C, Hernandez L, Liguori, Luna-
Nájera, Tsosie, Volk

AN ACT

AMENDING TITLE 41, CHAPTER 14, ARTICLE 1, ARIZONA REVISED STATUTES, BY
ADDING SECTION 41-1970; AMENDING SECTIONS 41-3955 AND 42-5029, ARIZONA
REVISED STATUTES; RELATING TO THE DEPARTMENT OF ECONOMIC SECURITY.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Title 41, chapter 14, article 1, Arizona Revised
3 Statutes, is amended by adding section 41-1970, to read:

4 **41-1970. *Rental assistance program; requirements; notice***

5 A. THE DEPARTMENT SHALL ESTABLISH AND ADMINISTER THE RENTAL
6 ASSISTANCE PROGRAM. THE DEPARTMENT SHALL ADOPT RULES GOVERNING THE FORMS,
7 PROCESS AND CRITERIA FOR THE PROGRAM AND SHALL MAKE ALL FORMS AVAILABLE ON
8 THE DEPARTMENT'S WEBSITE FOR TENANTS IN THIS STATE TO APPLY.

9 B. THE DEPARTMENT SHALL APPROVE OR DENY AN APPLICATION FOR THE
10 RENTAL ASSISTANCE PROGRAM WITHIN FIVE BUSINESS DAYS AFTER RECEIVING THE
11 TENANT'S APPLICATION AND SEND WRITTEN NOTICE OF ITS DECISION TO THE TENANT
12 AND THE LANDLORD. A WRITTEN NOTICE OF APPROVAL SHALL INCLUDE THE TOTAL
13 AMOUNT OF RENTAL ASSISTANCE GRANTED AND AN ACCOUNTING OF THE SPECIFIC
14 MONTHS THE RENTAL ASSISTANCE PAYMENTS WILL COVER.

15 C. RENTAL ASSISTANCE MAY ONLY BE GRANTED TO A TENANT ONCE EVERY
16 TWELVE MONTHS. TENANTS ARE ELIGIBLE TO RECEIVE RENTAL ASSISTANCE FOR UP
17 TO THREE MONTHS. IF APPROVED, THE RENTAL ASSISTANCE PAYMENT SHALL BE PAID
18 DIRECTLY TO THE LANDLORD. IF THE LANDLORD REFUSES TO DIRECTLY ACCEPT THE
19 RENTAL ASSISTANCE PAYMENT FROM THE DEPARTMENT, THE DEPARTMENT MAY ISSUE
20 THE PAYMENT DIRECTLY TO THE TENANT AND SHALL NOTIFY THE LANDLORD OF THE
21 PAYMENT.

22 D. A TENANT IS NOT REQUIRED TO BE DELINQUENT ON RENT TO APPLY FOR
23 THE PROGRAM. RENTAL ASSISTANCE MAY COVER UPCOMING RENTAL PAYMENTS. ANY
24 PROSPECTIVE RENTAL PAYMENTS INCLUDED IN THE RENTAL ASSISTANCE SHALL BE
25 DELINEATED IN THE WRITTEN NOTICE OF APPROVAL TO THE TENANT AND THE
26 LANDLORD PURSUANT TO SUBSECTION B OF THIS SECTION.

27 E. IF A TENANT IS DELINQUENT ON RENT, THE LANDLORD MUST VERIFY WITH
28 THE DEPARTMENT THE BALANCE THAT IS DUE. IF THE LANDLORD REFUSES TO
29 PROVIDE TO THE DEPARTMENT ANY INFORMATION REGARDING THE BALANCE, THE
30 TENANT SHALL PROVIDE TO THE DEPARTMENT THE DETAILS REGARDING THE BALANCE.

31 F. THE DEPARTMENT SHALL ESTABLISH OR CONTRACT WITH A PROVIDER IN
32 THIS STATE TO ESTABLISH A FREE FINANCIAL LITERACY CLASS FOR TENANTS
33 REQUESTING RENTAL ASSISTANCE.

34 G. A LANDLORD THAT ACCEPTS RENTAL ASSISTANCE PAYMENTS FROM THE
35 DEPARTMENT OR THE TENANT MAY NOT EVICT THE TENANT FOR NONPAYMENT OF RENT
36 FOR THE MONTHS THAT ARE COVERED BY THE RENTAL ASSISTANCE PAYMENTS.

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

39 **41-3955. *Housing trust fund; purpose; annual report***

40 A. The housing trust fund is established, and the director shall
41 administer the fund. The fund consists of monies from unclaimed property
42 deposited in the fund pursuant to section 44-313, monies transferred
43 pursuant to section 35-751, ~~and~~ investment earnings PURSUANT TO SECTION
44 42-5029, SUBSECTION D, PARAGRAPH 4, SUBDIVISION (d).

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

4 C. FIFTY PERCENT OF THE MONIES TRANSFERRED FROM SECTION 42-5029,
5 SUBSECTION D, PARAGRAPH 4, SUBDIVISION (d) SHALL BE USED FOR THE PURPOSES
6 OF THE RENTAL ASSISTANCE PROGRAM ESTABLISHED PURSUANT TO SECTION 41-1970.
7 Except as provided in subsection D of this section, fund monies shall be
8 spent on approval of the department for developing projects and programs
9 connected with providing housing opportunities for low and moderate income
10 households and for housing affordability programs. ~~Pursuant to section~~
11 ~~44-313, subsection A,~~ A portion of fund monies shall be used exclusively
12 for housing in rural areas.

13 D. Fund monies may be spent on constructing or renovating
14 facilities and on housing assistance, including support services, for
15 persons who have been determined to be seriously mentally ill and to be
16 chronically resistant to treatment.

17 E. For the purposes of subsection C of this section, in approving
18 the expenditure of monies, the director shall give priority to funding
19 projects that provide for operating, constructing or renovating facilities
20 for housing for low-income families and that provide housing and shelter
21 to families that have children.

22 F. The director shall report annually to the legislature on the
23 status of the housing trust fund. The report shall include a summary of
24 facilities for which funding was provided during the preceding fiscal year
25 and shall show the cost and geographic location of each facility and the
26 number of individuals benefiting from the operation, construction or
27 renovation of the facility. The report shall also include the number of
28 individuals who benefit from housing assistance pursuant to subsection D
29 of this section. The report shall be submitted to the president of the
30 senate and the speaker of the house of representatives, and a copy
31 provided to the secretary of state, not later than September 1 of each
32 year.

33 G. Monies in the housing trust fund are exempt from the provisions
34 of section 35-190 relating to lapsing of appropriations.

35 H. An amount not to exceed ten percent of the housing trust fund
36 monies may be appropriated annually by the legislature to the department
37 for administrative costs in providing services relating to the housing
38 trust fund.

39 I. For any construction project financed by the department pursuant
40 to this section, the department shall notify a city, town, county or
41 tribal government that a project is planned for its jurisdiction and,
42 before proceeding, shall seek comment from the governing body of the city,
43 town, county or tribal government or an official authorized by the
44 governing body of the city, town, county or tribal government. The

1 department shall not interfere with or attempt to override the local
2 jurisdiction's planning, zoning or land use regulations.

3 Sec. 3. Section 42-5029, Arizona Revised Statutes, is amended to
4 read:

5 **42-5029. Remission and distribution of monies; withholding;**
6 **definition**

7 A. The department shall deposit, pursuant to sections 35-146 and
8 35-147, all revenues collected under this article and articles 4, 5 and 8
9 of this chapter pursuant to section 42-1116, separately accounting for:

10 1. Payments of estimated tax under section 42-5014, subsection D.
11 2. Revenues collected pursuant to section 42-5070.

12 3. Revenues collected under this article and article 5 of this
13 chapter from and after June 30, 2000 from sources located on Indian
14 reservations in this state.

15 4. Revenues collected pursuant to section 42-5010, subsection G and
16 section 42-5155, subsection D.

17 5. Revenues collected pursuant to section 42-5010.01 and section
18 42-5155, subsection E.

19 6. Revenues collected pursuant to section 42-5061 from a remote
20 seller.

21 B. The department shall credit payments of estimated tax to an
22 estimated tax clearing account and each month shall transfer all monies in
23 the estimated tax clearing account to a fund designated as the transaction
24 privilege and severance tax clearing account. The department shall credit
25 all other payments to the transaction privilege and severance tax clearing
26 account, separately accounting for the monies designated as distribution
27 base under sections 42-5010, 42-5164 and 42-5205. Each month the
28 department shall report to the state treasurer the amount of monies
29 collected pursuant to this article and articles 4, 5 and 8 of this
30 chapter.

31 C. On notification by the department, the state treasurer shall
32 distribute the monies deposited in the transaction privilege and severance
33 tax clearing account in the manner prescribed by this section and by
34 sections 42-5164 and 42-5205, after deducting warrants drawn against the
35 account pursuant to sections 42-1118 and 42-1254.

36 D. Of the monies designated as distribution base, the department
37 shall:

38 1. Pay twenty-five percent to the various incorporated
39 municipalities in this state in proportion to their population to be used
40 by the municipalities for any municipal purpose, except a municipality
41 shall use monies paid from revenues separately accounted for pursuant to
42 subsection A, paragraph 6 of this section and paid pursuant to this
43 paragraph for public safety before any other municipal purpose.

1 2. Pay 38.08 percent to the counties in this state by averaging the
2 following proportions:

3 (a) The proportion that the population of each county bears to the
4 total state population.

5 (b) The proportion that the distribution base monies collected
6 during the calendar month in each county under this article, section
7 42-5164, subsection B and section 42-5205, subsection B bear to the total
8 distribution base monies collected under this article, section 42-5164,
9 subsection B and section 42-5205, subsection B throughout the state for
10 the calendar month.

11 3. Pay an additional 2.43 percent to the counties in this state as
12 follows:

13 (a) Average the following proportions:

14 (i) The proportion that the assessed valuation used to determine
15 secondary property taxes of each county, after deducting that part of the
16 assessed valuation that is exempt from taxation at the beginning of the
17 month for which the amount is to be paid, bears to the total assessed
18 valuations used to determine secondary property taxes of all the counties
19 after deducting that portion of the assessed valuations that is exempt
20 from taxation at the beginning of the month for which the amount is to be
21 paid. Property of a city or town that is not within or contiguous to the
22 municipal corporate boundaries and from which water is or may be withdrawn
23 or diverted and transported for use on other property is considered to be
24 taxable property in the county for purposes of determining assessed
25 valuation in the county under this item.

26 (ii) The proportion that the distribution base monies collected
27 during the calendar month in each county under this article, section
28 42-5164, subsection B and section 42-5205, subsection B bear to the total
29 distribution base monies collected under this article, section 42-5164,
30 subsection B and section 42-5205, subsection B throughout this state for
31 the calendar month.

32 (b) If the proportion computed under subdivision (a) of this
33 paragraph for any county is greater than the proportion computed under
34 paragraph 2 of this subsection, the department shall compute the
35 difference between the amount distributed to that county under paragraph 2
36 of this subsection and the amount that would have been distributed under
37 paragraph 2 of this subsection using the proportion computed under
38 subdivision (a) of this paragraph and shall pay that difference to the
39 county from the amount available for distribution under this paragraph.
40 Any monies remaining after all payments under this subdivision shall be
41 distributed among the counties according to the proportions computed under
42 paragraph 2 of this subsection.

43 4. After any distributions required by sections 42-5030,
44 42-5030.01, 42-5031, 42-5032, 42-5032.01 and 42-5032.02, and after making
45 any transfer to the water quality assurance revolving fund as required by

1 section 49-282, subsection B, credit the remainder of the monies
2 designated as distribution base to the state general fund. From this
3 amount the legislature shall annually appropriate to:

4 (a) The department of revenue, sufficient monies to administer and
5 enforce this article and articles 5 and 8 of this chapter.

6 (b) The department of economic security, monies to be used for the
7 purposes stated in title 46, chapter 1.

8 (c) The firearms safety and ranges fund established by section
9 17-273, \$50,000 derived from the taxes collected from the retail
10 classification pursuant to section 42-5061 for the current fiscal year.

11 (d) THE HOUSING TRUST FUND ESTABLISHED BY SECTION 41-3955, AN
12 ANNUAL AMOUNT TOTALING FIVE PERCENT OF THE TAXES COLLECTED FROM THE PRIME
13 CONTRACTING CLASSIFICATION PURSUANT TO SECTION 42-5075 FOR THE CURRENT
14 FISCAL YEAR.

15 E. If approved by the qualified electors voting at a statewide
16 general election, all monies collected pursuant to section 42-5010,
17 subsection G and section 42-5155, subsection D shall be distributed each
18 fiscal year pursuant to this subsection. The monies distributed pursuant
19 to this subsection are in addition to any other appropriation, transfer or
20 other allocation of public or private monies from any other source and
21 shall not supplant, replace or cause a reduction in other school district,
22 charter school, university or community college funding sources. The
23 monies shall be distributed as follows:

24 1. If there are outstanding state school facilities revenue bonds
25 pursuant to title 15, chapter 16, article 7, each month one-twelfth of the
26 amount that is necessary to pay the fiscal year's debt service on
27 outstanding state school improvement revenue bonds for the current fiscal
28 year shall be transferred each month to the school improvement revenue
29 bond debt service fund established by section 15-2084. The total amount
30 of bonds for which these monies may be allocated for the payment of debt
31 service shall not exceed a principal amount of eight hundred million
32 dollars exclusive of refunding bonds and other refinancing obligations.

33 2. After any transfer of monies pursuant to paragraph 1 of this
34 subsection, twelve per cent of the remaining monies collected during the
35 preceding month shall be transferred to the technology and research
36 initiative fund established by section 15-1648 to be distributed among the
37 universities for the purpose of investment in technology and
38 research-based initiatives.

39 3. After the transfer of monies pursuant to paragraph 1 of this
40 subsection, three per cent of the remaining monies collected during the
41 preceding month shall be transferred to the workforce development account
42 established in each community college district pursuant to section 15-1472
43 for the purpose of investment in workforce development programs.

44 4. After transferring monies pursuant to paragraphs 1, 2 and 3 of
45 this subsection, one-twelfth of the amount a community college that is

1 owned, operated or chartered by a qualifying Indian tribe on its own
2 Indian reservation would receive pursuant to section 15-1472, subsection
3 D, paragraph 2 if it were a community college district shall be
4 distributed each month to the treasurer or other designated depository of
5 a qualifying Indian tribe. Monies distributed pursuant to this paragraph
6 are for the exclusive purpose of providing support to one or more
7 community colleges owned, operated or chartered by a qualifying Indian
8 tribe and shall be used in a manner consistent with section 15-1472,
9 subsection B. For the purposes of this paragraph, "qualifying Indian
10 tribe" has the same meaning as defined in section 42-5031.01,
11 subsection D.

12 5. After transferring monies pursuant to paragraphs 1, 2 and 3 of
13 this subsection, one-twelfth of the following amounts shall be transferred
14 each month to the department of education for the increased cost of basic
15 state aid under section 15-971 due to added school days and associated
16 teacher salary increases enacted in 2000:

- 17 (a) In fiscal year 2001-2002, \$15,305,900.
- 18 (b) In fiscal year 2002-2003, \$31,530,100.
- 19 (c) In fiscal year 2003-2004, \$48,727,700.
- 20 (d) In fiscal year 2004-2005, \$66,957,200.
- 21 (e) In fiscal year 2005-2006 and each fiscal year thereafter,
22 \$86,280,500.

23 6. After transferring monies pursuant to paragraphs 1, 2 and 3 of
24 this subsection, seven million eight hundred thousand dollars is
25 appropriated each fiscal year, to be paid in monthly installments, to the
26 department of education to be used for school safety as provided in
27 section 15-154 and two hundred thousand dollars is appropriated each
28 fiscal year, to be paid in monthly installments to the department of
29 education to be used for the character education matching grant program as
30 provided in section 15-154.01.

31 7. After transferring monies pursuant to paragraphs 1, 2 and 3 of
32 this subsection, no more than seven million dollars may be appropriated by
33 the legislature each fiscal year to the department of education to be used
34 for accountability purposes as described in section 15-241 and title 15,
35 chapter 9, article 8.

36 8. After transferring monies pursuant to paragraphs 1, 2 and 3 of
37 this subsection, one million five hundred thousand dollars is appropriated
38 each fiscal year, to be paid in monthly installments, to the failing
39 schools tutoring fund established by section 15-241.

40 9. After transferring monies pursuant to paragraphs 1, 2 and 3 of
41 this subsection, twenty-five million dollars shall be transferred each
42 fiscal year to the state general fund to reimburse the general fund for
43 the cost of the income tax credit allowed by section 43-1072.01.

44 10. After the payment of monies pursuant to paragraphs 1 through 9
45 of this subsection, the remaining monies collected during the preceding

1 month shall be transferred to the classroom site fund established by
2 section 15-977. The monies shall be allocated as follows in the manner
3 prescribed by section 15-977:

4 (a) Forty per cent shall be allocated for teacher compensation
5 based on performance.

6 (b) Twenty per cent shall be allocated for increases in teacher
7 base compensation and employee related expenses.

8 (c) Forty per cent shall be allocated for maintenance and operation
9 purposes.

10 F. The department shall credit the remainder of the monies in the
11 transaction privilege and severance tax clearing account to the state
12 general fund, subject to any distribution required by section 42-5030.01.

13 G. Notwithstanding subsection D of this section, if a court of
14 competent jurisdiction finally determines that tax monies distributed
15 under this section were illegally collected under this article or articles
16 5 and 8 of this chapter and orders the monies to be refunded to the
17 taxpayer, the department shall compute the amount of such monies that was
18 distributed to each city, town and county under this section. Each
19 city's, town's and county's proportionate share of the costs shall be
20 based on the amount of the original tax payment each municipality and
21 county received. Each month the state treasurer shall reduce the amount
22 otherwise distributable to the city, town and county under this section by
23 1/36 of the total amount to be recovered from the city, town or county
24 until the total amount has been recovered, but the monthly reduction for
25 any city, town or county shall not exceed ten percent of the full monthly
26 distribution to that entity. The reduction shall begin for the first
27 calendar month after the final disposition of the case and shall continue
28 until the total amount, including interest and costs, has been recovered.

29 H. On receiving a certificate of default from the greater Arizona
30 development authority pursuant to section 41-2257 or 41-2258 and to the
31 extent not otherwise expressly prohibited by law, the state treasurer
32 shall withhold from the next succeeding distribution of monies pursuant to
33 this section due to the defaulting political subdivision the amount
34 specified in the certificate of default and immediately deposit the amount
35 withheld in the greater Arizona development authority revolving fund. The
36 state treasurer shall continue to withhold and deposit the monies until
37 the greater Arizona development authority certifies to the state treasurer
38 that the default has been cured. In no event may the state treasurer
39 withhold any amount that the defaulting political subdivision certifies to
40 the state treasurer and the authority as being necessary to make any
41 required deposits then due for the payment of principal and interest on
42 bonds of the political subdivision that were issued before the date of the
43 loan repayment agreement or bonds and that have been secured by a pledge
44 of distributions made pursuant to this section.

1 I. Except as provided by sections 42-5033 and 42-5033.01, the
2 population of a county, city or town as determined by the most recent
3 United States decennial census plus any revisions to the decennial census
4 certified by the United States bureau of the census shall be used as the
5 basis for apportioning monies pursuant to subsection D of this section.

6 J. Except as otherwise provided by this subsection, on notice from
7 the department of revenue pursuant to section 42-6010, subsection B, the
8 state treasurer shall withhold from the distribution of monies pursuant to
9 this section to the affected city or town the amount of the penalty for
10 business location municipal tax incentives provided by the city or town to
11 a business entity that locates a retail business facility in the city or
12 town. The state treasurer shall continue to withhold monies pursuant to
13 this subsection until the entire amount of the penalty has been withheld.
14 The state treasurer shall credit any monies withheld pursuant to this
15 subsection to the state general fund as provided by subsection D,
16 paragraph 4 of this section. The state treasurer shall not withhold any
17 amount that the city or town certifies to the department of revenue and
18 the state treasurer as being necessary to make any required deposits or
19 payments for debt service on bonds or other long-term obligations of the
20 city or town that were issued or incurred before the location incentives
21 provided by the city or town.

22 K. On notice from the auditor general pursuant to section 9-626,
23 subsection D, the state treasurer shall withhold from the distribution of
24 monies pursuant to this section to the affected city the amount computed
25 pursuant to section 9-626, subsection D. The state treasurer shall
26 continue to withhold monies pursuant to this subsection until the entire
27 amount specified in the notice has been withheld. The state treasurer
28 shall credit any monies withheld pursuant to this subsection to the state
29 general fund as provided by subsection D, paragraph 4 of this section.

30 L. Except as otherwise provided by this subsection, on notice from
31 the attorney general pursuant to section 41-194.01, subsection B,
32 paragraph 1 that an ordinance, regulation, order or other official action
33 adopted or taken by the governing body of a county, city or town violates
34 state law or the Constitution of Arizona, the state treasurer shall
35 withhold the distribution of monies pursuant to this section to the
36 affected county, city or town and shall continue to withhold monies
37 pursuant to this subsection until the attorney general certifies to the
38 state treasurer that the violation has been resolved. The state treasurer
39 shall redistribute the monies withheld pursuant to this subsection among
40 all other counties, cities and towns in proportion to their population as
41 provided by subsection D of this section. The state treasurer shall not
42 withhold any amount that the county, city or town certifies to the
43 attorney general and the state treasurer as being necessary to make any
44 required deposits or payments for debt service on bonds or other long-term

1 obligations of the county, city or town that were issued or incurred
2 before committing the violation.

3 M. For the purposes of this section, "community college district"
4 means a community college district that is established pursuant to
5 sections 15-1402 and 15-1403 and that is a political subdivision of this
6 state and, unless otherwise specified, includes a community college
7 tuition financing district established pursuant to section 15-1409.