

REFERENCE TITLE: landlord tenant rental assistance; fund

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

## **SB 1554**

Introduced by  
Senators Ortiz: Hatathlie, Kuby; Representatives Liguori, Sandoval

### **AN ACT**

AMENDING TITLE 33, CHAPTER 10, ARTICLE 1, ARIZONA REVISED STATUTES, BY  
ADDING SECTION 33-1320; AMENDING SECTION 42-5029, ARIZONA REVISED  
STATUTES; RELATING TO RESIDENTIAL LANDLORD AND TENANT.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Title 33, chapter 10, article 1, Arizona Revised  
3 Statutes, is amended by adding section 33-1320, to read:

4 33-1320. Rental assistance; application; Arizona rental  
5 assistance fund

6 A. FOR ANY TENANT WHO IS NOT CURRENT OR WHO ANTICIPATES NOT BEING  
7 CURRENT ON THE TENANT'S RENTAL PAYMENTS, THE LANDLORD AND THE TENANT MAY  
8 COORDINATE TO APPLY FOR RENTAL ASSISTANCE FROM THE ARIZONA RENTAL  
9 ASSISTANCE FUND ESTABLISHED BY THIS SECTION.

10 B. THE TENANT SHALL APPLY TO THE ARIZONA DEPARTMENT OF HOUSING FOR  
11 RENTAL ASSISTANCE BY SUBMITTING A FORM PROVIDED BY THE ARIZONA DEPARTMENT  
12 OF HOUSING. THE FORM MUST STATE THE AMOUNT OF THE EXISTING OR ANTICIPATED  
13 RENT DELINQUENCY AND THE LANDLORD SHALL VERIFY THAT PAYMENT OF THE AMOUNT  
14 INCLUDED ON THE APPLICATION WILL RESOLVE THE RENT DELINQUENCY AND RESULT  
15 IN A ZERO RENTAL BALANCE OWED AS OF THE DATE OF THE APPLICATION.

16 C. THE ARIZONA DEPARTMENT OF HOUSING SHALL TRANSMIT THE APPLICANT'S  
17 INFORMATION TO THE DEPARTMENT OF ECONOMIC SECURITY FOR REVIEW AND FOR A  
18 DETERMINATION OF ELIGIBILITY. THE DEPARTMENT OF ECONOMIC SECURITY SHALL  
19 APPROVE OR DENY AN APPLICATION FOR RENTAL ASSISTANCE WITHIN FIVE DAYS  
20 AFTER RECEIVING THE APPLICATION AND SHALL SEND WRITTEN NOTICE OF ITS  
21 DECISION TO THE TENANT AND LANDLORD PROMPTLY ON MAKING THE  
22 DETERMINATION. A WRITTEN NOTICE OF APPROVAL SHALL INCLUDE THE TOTAL  
23 AMOUNT OF RENTAL ASSISTANCE AND AN ACCOUNTING OF WHICH MONTHS THE RENTAL  
24 ASSISTANCE COVERS.

25 D. RENTAL ASSISTANCE REQUIREMENTS AND LIMITS ARE AS FOLLOWS:

26 1. A HOUSEHOLD MAY ONLY RECEIVE RENTAL ASSISTANCE ONCE IN ANY  
27 ROLLING TWELVE-MONTH PERIOD.

28 2. A TENANT IS ELIGIBLE FOR UP TO THREE MONTHS OF RENTAL ASSISTANCE  
29 FOR A SINGLE APPLICATION, WHICH SHALL BE PAID DIRECTLY TO THE LANDLORD.

30 3. A TENANT IS ELIGIBLE FOR RENTAL ASSISTANCE WITHOUT REGARD TO  
31 WHETHER THE TENANT IS NOT YET DELINQUENT ON RENTAL PAYMENTS.

32 4. RENTAL ASSISTANCE MAY COVER RENTAL PAYMENTS FOR FUTURE MONTHS.  
33 ANY PROSPECTIVE RENTAL PAYMENTS INCLUDED IN A RENTAL ASSISTANCE PAYMENT  
34 SHALL BE DELINEATED IN THE WRITTEN RENTAL ASSISTANCE NOTICE THAT IS SENT  
35 TO THE TENANT AND LANDLORD.

36 5. A LANDLORD WHO ACCEPTS A RENTAL ASSISTANCE PAYMENT MAY NOT EVICT  
37 THE TENANT FOR THE SAME MONTH IN WHICH THE RENTAL ASSISTANCE IS RECEIVED  
38 OR IN ANY SUBSEQUENT MONTHS THAT ARE COVERED BY THE RENTAL ASSISTANCE.

39 E. THE ARIZONA RENTAL ASSISTANCE FUND IS ESTABLISHED CONSISTING OF  
40 MONIES TRANSFERRED IN AN ANNUAL AMOUNT OF TEN PERCENT OF THE STATE'S  
41 PORTION OF THE TRANSACTION PRIVILEGE TAX ON THE PRIME CONTRACTING  
42 CLASSIFICATION AS PRESCRIBED BY SECTION 42-5029, SUBSECTION D AND GIFTS,  
43 GRANTS AND DONATIONS AND ARE CONTINUOUSLY APPROPRIATED. THE DIRECTOR OF  
44 THE ARIZONA DEPARTMENT OF HOUSING SHALL ADMINISTER THE FUND. MONIES IN  
45 THE FUND SHALL BE USED FOR RENTAL ASSISTANCE PRESCRIBED BY THIS SECTION

1 AND OTHER EMERGENCY HOUSING NEEDS OF PERSONS IN THIS STATE. THE DIRECTOR  
2 OF THE ARIZONA DEPARTMENT OF HOUSING SHALL TRANSFER MONTHLY TO THE  
3 DEPARTMENT OF ECONOMIC SECURITY ONE-HALF OF THE MONIES RECEIVED BY THE  
4 ARIZONA RENTAL ASSISTANCE FUND IN THE PRECEDING MONTH. THE DEPARTMENT OF  
5 ECONOMIC SECURITY SHALL MAINTAIN THESE MONIES IN A SEPARATE ACCOUNT AND  
6 SHALL MAKE THE PAYMENTS FROM THAT ACCOUNT FOR APPROVED RENTAL ASSISTANCE  
7 PRESCRIBED BY THIS SECTION.

8 Sec. 2. Section 42-5029, Arizona Revised Statutes, is amended to  
9 read:

10 42-5029. Remission and distribution of monies; withholding;  
11 definition

12 A. The department shall deposit, pursuant to sections 35-146 and  
13 35-147, all revenues collected under this article and articles 4, 5 and 8  
14 of this chapter pursuant to section 42-1116, separately accounting for:

- 15 1. Payments of estimated tax under section 42-5014, subsection D.
- 16 2. Revenues collected pursuant to section 42-5070.
- 17 3. Revenues collected under this article and article 5 of this  
18 chapter from and after June 30, 2000 from sources located on Indian  
19 reservations in this state.
- 20 4. Revenues collected pursuant to section 42-5010, subsection G and  
21 section 42-5155, subsection D.
- 22 5. Revenues collected pursuant to section 42-5010.01 and section  
23 42-5155, subsection E.
- 24 6. Revenues collected pursuant to section 42-5061 from a remote  
25 seller.

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

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

41 D. Of the monies designated as distribution base, the department  
42 shall:

- 43 1. Pay twenty-five percent to the various incorporated  
44 municipalities in this state in proportion to their population to be used  
45 by the municipalities for any municipal purpose, except a municipality

1 shall use monies paid from revenues separately accounted for pursuant to  
2 subsection A, paragraph 6 of this section and paid pursuant to this  
3 paragraph for public safety before any other municipal purpose.

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

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

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

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

16 (a) Average the following proportions:

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

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

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

4. After any distributions required by sections 42-5030, 42-5030.01, 42-5031, 42-5032, 42-5032.01 and 42-5032.02, and after making any transfer to the water quality assurance revolving fund as required by section 49-282, subsection B, credit the remainder of the monies designated as distribution base to the state general fund. From this amount the legislature shall annually appropriate to:

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

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

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

(d) THE ARIZONA RENTAL ASSISTANCE FUND ESTABLISHED BY SECTION 33-1320, AN ANNUAL AMOUNT TOTALING TEN PERCENT OF THE STATE'S PORTION OF THE TRANSACTION PRIVILEGE TAX ON THE PRIME CONTRACTING CLASSIFICATION. BEGINNING THE MONTH AFTER THE EFFECTIVE DATE OF THIS AMENDMENT TO THIS SECTION, THE STATE TREASURER SHALL TRANSMIT THE TEN PERCENT EACH MONTH TO THE ARIZONA RENTAL ASSISTANCE FUND ESTABLISHED BY SECTION 33-1320.

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

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

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

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

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

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

- 24           (a) In fiscal year 2001-2002, \$15,305,900.
- 25           (b) In fiscal year 2002-2003, \$31,530,100.
- 26           (c) In fiscal year 2003-2004, \$48,727,700.
- 27           (d) In fiscal year 2004-2005, \$66,957,200.
- 28           (e) In fiscal year 2005-2006 and each fiscal year thereafter,  
29 \$86,280,500.

30           6. After transferring monies pursuant to paragraphs 1, 2 and 3 of  
31 this subsection, seven million eight hundred thousand dollars is  
32 appropriated each fiscal year, to be paid in monthly installments, to the  
33 department of education to be used for school safety as provided in  
34 section 15-154 and two hundred thousand dollars is appropriated each  
35 fiscal year, to be paid in monthly installments to the department of  
36 education to be used for the character education matching grant program as  
37 provided in section 15-154.01.

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

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

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

10. After the payment of monies pursuant to paragraphs 1 through 9 of this subsection, the remaining monies collected during the preceding month shall be transferred to the classroom site fund established by section 15-977. The monies shall be allocated as follows in the manner prescribed by section 15-977:

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

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

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

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

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

H. On receiving a certificate of default from the greater Arizona development authority pursuant to section 41-2257 or 41-2258 and to the extent not otherwise expressly prohibited by law, the state treasurer shall withhold from the next succeeding distribution of monies pursuant to this section due to the defaulting political subdivision the amount specified in the certificate of default and immediately deposit the amount withheld in the greater Arizona development authority revolving fund. The

1 state treasurer shall continue to withhold and deposit the monies until  
2 the greater Arizona development authority certifies to the state treasurer  
3 that the default has been cured. In no event may the state treasurer  
4 withhold any amount that the defaulting political subdivision certifies to  
5 the state treasurer and the authority as being necessary to make any  
6 required deposits then due for the payment of principal and interest on  
7 bonds of the political subdivision that were issued before the date of the  
8 loan repayment agreement or bonds and that have been secured by a pledge  
9 of distributions made pursuant to this section.

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

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

31 K. On notice from the auditor general pursuant to section 9-626,  
32 subsection D, the state treasurer shall withhold from the distribution of  
33 monies pursuant to this section to the affected city the amount computed  
34 pursuant to section 9-626, subsection D. The state treasurer shall  
35 continue to withhold monies pursuant to this subsection until the entire  
36 amount specified in the notice has been withheld. The state treasurer  
37 shall credit any monies withheld pursuant to this subsection to the state  
38 general fund as provided by subsection D, paragraph 4 of this section.

39 L. Except as otherwise provided by this subsection, on notice from  
40 the attorney general pursuant to section 41-194.01, subsection B,  
41 paragraph 1 that an ordinance, regulation, order or other official action  
42 adopted or taken by the governing body of a county, city or town violates  
43 state law or the Constitution of Arizona, the state treasurer shall  
44 withhold the distribution of monies pursuant to this section to the  
45 affected county, city or town and shall continue to withhold monies



1 pursuant to this subsection until the attorney general certifies to the  
2 state treasurer that the violation has been resolved. The state treasurer  
3 shall redistribute the monies withheld pursuant to this subsection among  
4 all other counties, cities and towns in proportion to their population as  
5 provided by subsection D of this section. The state treasurer shall not  
6 withhold any amount that the county, city or town certifies to the  
7 attorney general and the state treasurer as being necessary to make any  
8 required deposits or payments for debt service on bonds or other long-term  
9 obligations of the county, city or town that were issued or incurred  
10 before committing the violation.

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