

COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2209
(Reference to printed bill)

Amendment instruction key:

[GREEN UNDERLINING IN BRACKETS] indicates text added to statute or previously enacted session law.

[Green underlining in brackets] indicates text added to new session law or text restoring existing law.

~~[GREEN STRIKEOUT IN BRACKETS]~~ indicates new text removed from statute or previously enacted session law.

~~[Green strikeout in brackets]~~ indicates text removed from existing statute, previously enacted session law or new session law.

<<Green carets>> indicate a section added to the bill.

~~<<Green strikeout in carets>>~~ indicates a section removed from the bill.

1 The bill as proposed to be amended is reprinted as follows:

2 <<Section 1. Section 41-1954, Arizona Revised Statutes, is amended
3 to read:

4 41-1954. Powers and duties

5 A. In addition to the powers and duties of the agencies listed in
6 section 41-1953, subsection E, the department shall:

7 1. Administer the following services:

8 (a) Employment services, including manpower programs and work
9 training, field operations, technical services, unemployment compensation,
10 community work and training and other related functions in furtherance of
11 programs under the social security act, as amended, the Wagner-Peyser act,
12 as amended, the federal unemployment tax act, as amended, 33 United States
13 Code, the family support act of 1988 (P.L. 100-485) and other related
14 federal acts and titles.

15 (b) Individual and family services, which shall include a section
16 on aging, services to children, youth and adults and other related
17 functions in furtherance of social service programs under the social
18 security act, as amended, title IV, except parts B and E, grants to states
19 for aid and services to needy families with children and for child welfare
20 services, title XX, grants to states for services, the older Americans
21 act, as amended, the family support act of 1988 (P.L. 100-485) and other
22 related federal acts and titles.

23 (c) Income maintenance services, including categorical assistance
24 programs, special services unit, child support collection services,
25 establishment of paternity services, maintenance and operation of a state
26 case registry of child support orders, a state directory of new hires, a
27 support payment clearinghouse and other related functions in furtherance
28 of programs under the social security act, title IV, grants to states for
29 aid and services to needy families with children and for child welfare
30 services, title XX, grants to states for services, as amended, and other
31 related federal acts and titles.

32 (d) Rehabilitation services, including vocational rehabilitation
33 services and sections for the blind and visually impaired, communication

1 disorders, correctional rehabilitation and other related functions in
2 furtherance of programs under the vocational rehabilitation act, as
3 amended, the Randolph-Sheppard act, as amended, and other related federal
4 acts and titles.

5 (e) Administrative services, including the coordination of program
6 evaluation and research, interagency program coordination and in-service
7 training, planning, grants, development and management, information,
8 legislative liaison, budget, licensing and other related functions.

9 (f) Manpower planning, including a state manpower planning council
10 for the purposes of the federal-state-local cooperative manpower planning
11 system and other related functions in furtherance of programs under the
12 comprehensive employment and training act of 1973, as amended, and other
13 related federal acts and titles.

14 (g) Economic opportunity services, including the furtherance of
15 programs prescribed under the economic opportunity act of 1967, as
16 amended, and other related federal acts and titles.

17 (h) Intellectual disability and other developmental disability
18 programs, with emphasis on referral and purchase of services. The program
19 shall include educational, rehabilitation, treatment and training services
20 and other related functions in furtherance of programs under the
21 developmental disabilities services and facilities construction act (P.L.
22 91-517) and other related federal acts and titles.

23 (i) Nonmedical home and community based services and functions,
24 including department-designated case management, housekeeping services,
25 chore services, home health aid, personal care, visiting nurse services,
26 adult day care or adult day health, respite sitter care, attendant care,
27 home delivered meals and other related services and functions.

28 2. Provide a coordinated system of initial intake, screening,
29 evaluation and referral of persons served by the department.

30 3. Adopt rules it deems necessary or desirable to further the
31 objectives and programs of the department.

32 4. Formulate policies, plans and programs to effectuate the
33 missions and purposes of the department.

34 5. Employ and determine the conditions of employment and prescribe
35 the duties and powers of administrative, professional, technical,
36 secretarial, clerical and other persons subject to chapter 4, article 4
37 and, as applicable, article 5 of this title as may be necessary in the
38 performance of its duties, contract for the services of outside advisors,
39 consultants and aides as may be reasonably necessary and reimburse
40 department volunteers, designated by the director, for expenses in
41 transporting clients of the department on official business.

42 6. Make contracts and incur obligations within the general scope of
43 its activities and operations subject to the availability of funds.

44 7. Contract with or assist other departments, agencies and
45 institutions of the state, local and federal governments in the
46 furtherance of its purposes, objectives and programs.

1 8. Be designated as the single state agency for the purposes of
2 administering and in furtherance of each federally supported state plan.

3 9. Accept and disburse grants, matching funds and direct payments
4 from public or private agencies for the conduct of programs that are
5 consistent with the overall purposes and objectives of the department.

6 10. Provide information and advice on request by local, state and
7 federal agencies and by private citizens, business enterprises and
8 community organizations on matters within the scope of its duties subject
9 to the departmental rules on the confidentiality of information.

10 11. Establish and maintain separate financial accounts as required
11 by federal law or regulations.

12 12. Advise and make recommendations to the governor and the
13 legislature on all matters concerning its objectives.

14 13. Have an official seal that is judicially noticed.

15 14. Annually estimate the current year's population of each county,
16 city and town in this state, using the periodic census conducted by the
17 United States department of commerce, or its successor agency, as the
18 basis for such estimates and deliver such estimates to the economic
19 estimates commission before December 15.

20 15. Estimate the population of any newly annexed areas of a
21 political subdivision as of July 1 of the fiscal year in which the
22 annexation occurs and deliver such estimates as promptly as is feasible
23 after the annexation occurs to the economic estimates commission.

24 16. Establish and maintain a statewide program of services for
25 persons who are both hearing impaired and visually impaired and coordinate
26 appropriate services with other agencies and organizations to avoid
27 duplication of these services and to increase efficiency. The department
28 of economic security shall enter into agreements for the utilization of
29 the personnel and facilities of the department of economic security, the
30 department of health services and other appropriate agencies and
31 organizations in providing these services.

32 17. Establish and charge fees for deposit in the department of
33 economic security prelayoff assistance services fund to employers who
34 voluntarily participate in the services of the department that provide job
35 service and retraining for persons who have been or are about to be laid
36 off from employment. The department shall charge only those fees
37 necessary to cover the costs of administering the job service and
38 retraining services.

39 18. Establish a focal point for addressing the issue of hunger in
40 this state and provide coordination and assistance to public and private
41 nonprofit organizations that aid hungry persons and families throughout
42 this state. Specifically such activities shall include:

43 (a) Collecting and disseminating information regarding the location
44 and availability of surplus food for distribution to needy persons, the
45 availability of surplus food for donation to charity food bank

1 organizations, and the needs of charity food bank organizations for
2 surplus food.

3 (b) Coordinating the activities of federal, state, local and
4 private nonprofit organizations that provide food assistance to the
5 hungry.

6 (c) Accepting and disbursing federal monies, and any state monies
7 appropriated by the legislature, to private nonprofit organizations in
8 support of the collection, receipt, handling, storage and distribution of
9 donated or surplus food items.

10 (d) Providing technical assistance to private nonprofit
11 organizations that provide or intend to provide services to the hungry.

12 (e) Developing a state plan on hunger that, at a minimum,
13 identifies the magnitude of the hunger problem in this state, the
14 characteristics of the population in need, the availability and location
15 of charity food banks and the potential sources of surplus food, assesses
16 the effectiveness of the donated food collection and distribution network
17 and other efforts to alleviate the hunger problem, and recommends goals
18 and strategies to improve the status of the hungry. The state plan on
19 hunger shall be incorporated into the department's state comprehensive
20 plan prepared pursuant to section 41-1956.

21 (f) Establishing a special purpose advisory council on hunger
22 pursuant to section 41-1981.

23 19. Establish an office to address the issue of homelessness and to
24 provide coordination and assistance to public and private nonprofit
25 organizations that prevent homelessness or aid homeless individuals and
26 families throughout this state. These activities shall include:

27 (a) Promoting and participating in planning for the prevention of
28 homelessness and the development of services to homeless persons.

29 (b) Identifying and developing strategies for resolving barriers in
30 state agency service delivery systems that inhibit the provision and
31 coordination of appropriate services to homeless persons and persons in
32 danger of being homeless.

33 (c) Assisting in the coordination of the activities of federal,
34 state and local governments and the private sector that prevent
35 homelessness or provide assistance to homeless people.

36 (d) Assisting in obtaining and increasing funding from all
37 appropriate sources to prevent homelessness or assist in alleviating
38 homelessness.

39 (e) Serving as a clearinghouse on information regarding funding and
40 services available to assist homeless persons and persons in danger of
41 being homeless.

42 (f) Developing an annual state comprehensive homeless assistance
43 plan to prevent and alleviate homelessness.

44 (g) Submitting an annual report to the governor, the president of
45 the senate and the speaker of the house of representatives on the status
46 of homelessness and efforts to prevent and alleviate homelessness. [THE

1 REPORT SHALL INCLUDE ESTIMATES OF HOMELESS POPULATIONS AND SUBPOPULATIONS
2 FOR EACH MUNICIPALITY AND COUNTY OF THIS STATE BASED ON THE ANNUAL
3 POINT-IN-TIME COUNT.] The department shall provide a copy of this report
4 to the secretary of state.

5 20. Cooperate with the Arizona-Mexico commission in the governor's
6 office and with researchers at universities in this state to collect data
7 and conduct projects in the United States and Mexico on issues that are
8 within the scope of the department's duties and that relate to quality of
9 life, trade and economic development in this state in a manner that will
10 help the Arizona-Mexico commission to assess and enhance the economic
11 competitiveness of this state and of the Arizona-Mexico region.

12 21. Exchange information, including case specific information, and
13 cooperate with the department of child safety for the administration of
14 the department of child safety's programs.

15 B. If the department of economic security has responsibility for
16 the care, custody or control of a child or is paying the cost of care for
17 a child, it may serve as representative payee to receive and administer
18 social security and United States department of veterans affairs benefits
19 and other benefits payable to such child. Notwithstanding any law to the
20 contrary, the department of economic security:

21 1. Shall deposit, pursuant to sections 35-146 and 35-147, such
22 monies as it receives to be retained separate and apart from the state
23 general fund on the books of the department of administration.

24 2. May use such monies to defray the cost of care and services
25 expended by the department of economic security for the benefit, welfare
26 and best interests of the child and invest any of the monies that the
27 director determines are not necessary for immediate use.

28 3. Shall maintain separate records to account for the receipt,
29 investment and disposition of funds received for each child.

30 4. On termination of the department of economic security's
31 responsibility for the child, shall release any [~~funds~~] [MONIES] remaining
32 to the child's credit in accordance with the requirements of the funding
33 source or in the absence of such requirements shall release the remaining
34 [~~funds~~] [MONIES] to:

35 (a) The child, if the child is at least eighteen years of age or is
36 emancipated.

37 (b) The person responsible for the child if the child is a minor
38 and not emancipated.

39 C. Subsection B of this section does not pertain to benefits
40 payable to or for the benefit of a child receiving services under title
41 36.

42 D. Volunteers reimbursed for expenses pursuant to subsection A,
43 paragraph 5 of this section are not eligible for workers' compensation
44 under title 23, chapter 6.

45 E. In implementing the temporary assistance for needy families
46 program pursuant to Public Law 104-193, the department shall provide for

1 cash assistance to two-parent families if both parents are able to work
2 only on documented participation by both parents in work activities
3 described in title 46, chapter 2, article 5, except that payments may be
4 made to families who do not meet the participation requirements if:

5 1. It is determined on an individual case basis that they have
6 emergency needs.

7 2. The family is determined to be eligible for diversion from
8 long-term cash assistance pursuant to title 46, chapter 2, article 5.

9 F. The department shall provide for cash assistance under temporary
10 assistance for needy families pursuant to Public Law 104-193 to two-parent
11 families for no longer than six months if both parents are able to work,
12 except that additional assistance may be provided on an individual case
13 basis to families with extraordinary circumstances. The department shall
14 establish by rule the criteria to be used to determine eligibility for
15 additional cash assistance.

16 G. The department shall adopt the following discount medical
17 payment system for persons who the department determines are eligible and
18 who are receiving rehabilitation services pursuant to subsection A,
19 paragraph 1, subdivision (d) of this section:

20 1. For inpatient hospital admissions and outpatient hospital
21 services the department shall reimburse a hospital according to the rates
22 established by the Arizona health care cost containment system
23 administration pursuant to section 36-2903.01, subsection G.

24 2. The department's liability for a hospital claim under this
25 subsection is subject to availability of [funds] [MONIES].

26 3. A hospital bill is considered received for purposes of
27 paragraph 5 of this subsection on initial receipt of the legible,
28 error-free claim form by the department if the claim includes the
29 following error-free documentation in legible form:

30 (a) An admission face sheet.

31 (b) An itemized statement.

32 (c) An admission history and physical.

33 (d) A discharge summary or an interim summary if the claim is
34 split.

35 (e) An emergency record, if admission was through the emergency
36 room.

37 (f) Operative reports, if applicable.

38 (g) A labor and delivery room report, if applicable.

39 4. The department shall require that the hospital pursue other
40 third-party payors before submitting a claim to the department. Payment
41 received by a hospital from the department pursuant to this subsection is
42 considered payment by the department of the department's liability for the
43 hospital bill. A hospital may collect any unpaid portion of its bill from
44 other third-party payors or in situations covered by title 33, chapter 7,
45 article 3.

1 5. For inpatient hospital admissions and outpatient hospital
2 services rendered on and after October 1, 1997, if the department receives
3 the claim directly from the hospital, the department shall pay a
4 hospital's rate established according to this section subject to the
5 following:

6 (a) If the hospital's bill is paid within thirty days of the date
7 the bill was received, the department shall pay ninety-nine percent of the
8 rate.

9 (b) If the hospital's bill is paid after thirty days but within
10 sixty days of the date the bill was received, the department shall pay one
11 hundred percent of the rate.

12 (c) If the hospital's bill is paid any time after sixty days of the
13 date the bill was received, the department shall pay one hundred percent
14 of the rate plus a fee of one percent per month for each month or portion
15 of a month following the sixtieth day of receipt of the bill until the
16 date of payment.

17 6. For medical services other than those for which a rate has been
18 established pursuant to section 36-2903.01, subsection G, the department
19 shall pay according to the Arizona health care cost containment system
20 capped fee-for-service schedule adopted pursuant to section 36-2904,
21 subsection K or any other established fee schedule the department
22 determines reasonable.

23 H. The department shall not pay claims for services pursuant to
24 this section that are submitted more than nine months after the date of
25 service for which the payment is claimed.

26 I. To assist in the location of persons or assets for the purpose
27 of establishing paternity, establishing, modifying or enforcing child
28 support obligations and other related functions, the department has
29 access, including automated access if the records are maintained in an
30 automated database, to records of state and local government agencies,
31 including:

32 1. Vital statistics, including records of marriage, birth and
33 divorce.

34 2. State and local tax and revenue records, including information
35 on residence address, employer, income and assets.

36 3. Records concerning real and titled personal property.

37 4. Records of occupational and professional licenses.

38 5. Records concerning the ownership and control of corporations,
39 partnerships and other business entities.

40 6. Employment security records.

41 7. Records of agencies administering public assistance programs.

42 8. Records of the motor vehicle division of the department of
43 transportation.

44 9. Records of the state department of corrections.

1 10. Any system used by a state agency to locate a person for motor
2 vehicle or law enforcement purposes, including access to information
3 contained in the Arizona criminal justice information system.

4 J. Notwithstanding subsection I of this section, the department or
5 its agents shall not seek or obtain information on the assets of an
6 individual unless paternity is presumed pursuant to section 25-814 or
7 established.

8 K. Access to records of the department of revenue pursuant to
9 subsection I of this section shall be provided in accordance with section
10 42-2003.

11 L. The department also has access to certain records held by
12 private entities with respect to child support obligors or obligees, or
13 individuals against whom such an obligation is sought. The information
14 shall be obtained as follows:

15 1. In response to a child support subpoena issued by the department
16 pursuant to section 25-520, the names and addresses of these persons and
17 the names and addresses of the employers of these persons, as appearing in
18 customer records of public utilities, cable operators and video service
19 providers.

20 2. Information on these persons held by financial institutions.

21 M. Pursuant to department rules, the department may compromise or
22 settle any support debt owed to the department if the director or an
23 authorized agent determines that it is in the best interest of this state
24 and after considering each of the following factors:

25 1. The obligor's financial resources.

26 2. The cost of further enforcement action.

27 3. The likelihood of recovering the full amount of the debt.

28 N. Notwithstanding any law to the contrary, a state or local
29 governmental agency or private entity is not subject to civil liability
30 for the disclosure of information made in good faith to the department
31 pursuant to this section.>>

32 Sec. 2. Repeal

33 Section 41-3025.06, Arizona Revised Statutes, is repealed.

34 Sec. 3. Title 41, chapter 27, article 2, Arizona Revised Statutes,
35 is amended by adding section 41-3026.14, to read:

36 41-3026.14. Arizona department of housing: termination July
37 1, 2026

38 A. THE ARIZONA DEPARTMENT OF HOUSING TERMINATES ON JULY 1, 2026.

39 B. TITLE 41, CHAPTER 37 AND THIS SECTION ARE REPEALED ON JANUARY 1,
40 2027.

41 <<Sec. 4. Section 41-3953, Arizona Revised Statutes, is amended to
42 read:

43 41-3953. Department powers and duties; definition

44 A. The department is responsible for establishing policies,
45 procedures and programs that the department is authorized to conduct to
46 address the affordable housing issues confronting this state, including

1 housing issues of ~~[low income]~~ [LOW-INCOME] families, ~~[moderate income]~~
2 [MODERATE-INCOME] families, housing affordability, special needs
3 populations and decaying housing stock. Among other things, the
4 department shall provide to qualified housing participants and political
5 subdivisions of this state financial, advisory, consultative, planning,
6 training and educational assistance for the development of safe, decent
7 and affordable housing, including housing for low and moderate income
8 households. The department is responsible for maintaining and enforcing
9 standards of quality and safety for manufactured homes, mobile homes and
10 factory-built buildings.

11 B. Under the direction of the director, the department shall:

12 1. Establish guidelines applicable to the programs and activities
13 of the department for the construction and financing of affordable housing
14 and housing for low and moderate income households in this state. These
15 guidelines shall meet or exceed all applicable state or local building and
16 health and safety code requirements and, if applicable, the national
17 manufactured home construction and safety standards act of 1974 and title
18 VI of the housing and community development act of 1974 (P.L. ~~[93-383]~~
19 [96-399], as amended by P.L. 95-128, 96-153 and 96-339). Guidelines
20 established pursuant to this paragraph do not apply to the department's
21 activities prescribed in section 35-726, subsection E.

22 2. Accept and allocate any monies as from time to time may be
23 appropriated by the legislature for the purposes set forth in this
24 article.

25 3. Perform other duties necessary to administer this chapter.

26 4. Perform the duties prescribed in sections 35-726 and 35-728.

27 5. Stimulate and encourage all local, state, regional and federal
28 governmental agencies and all private persons and enterprises that have
29 similar and related objectives and purposes, cooperate with the agencies,
30 persons and enterprises and correlate department plans, programs and
31 operations with those of the agencies, persons and enterprises.

32 6. Conduct research on its own initiative or at the request of the
33 governor, the legislature or state or local agencies pertaining to any
34 department objectives.

35 7. Provide information and advice on request of any local, state or
36 federal agencies, private persons and business enterprises on matters
37 within the scope of department activities.

38 8. Consult with and make recommendations to the governor and the
39 legislature on all matters concerning department objectives.

40 9. Make annual reports to the governor and the legislature on its
41 activities, including the geographic location of its activities, its
42 finances and the scope of its operations. [THE ANNUAL REPORTS SUBMITTED
43 PURSUANT TO THIS PARAGRAPH SHALL ALSO INCLUDE ALL OF THE FOLLOWING
44 OUTCOME-BASED METRICS:

45 (a) THE NUMBER OF AFFORDABLE HOUSING UNITS DEVELOPED IN THIS STATE.

1 (b) ANY CHANGES IN HOMELESSNESS RATES IN THIS STATE DUE TO
2 PERMANENT SUPPORTIVE HOUSING INITIATIVES.

3 (c) ANY IMPROVEMENTS IN HOUSING ACCESSIBILITY FOR UNDERSERVED AND
4 RURAL POPULATIONS IN THIS STATE.]

5 10. Maintain and enforce standards of quality and safety for
6 manufactured homes, mobile homes and factory-built buildings and enforce
7 rules adopted by the board pursuant to section 41-4010.

8 C. Under the direction of the director, the department may:

9 1. Assist in securing construction and mortgage financing from
10 public and private sector sources.

11 2. Assist mortgage financing programs established by industrial
12 development authorities and political subdivisions of this state.

13 3. Assist in the acquisition and use of federal housing assistance
14 programs pertinent to enhance the economic feasibility of a proposed
15 residential development.

16 4. Assist in the compliance of a proposed residential development
17 with applicable federal, state and local codes and ordinances.

18 5. Prepare and publish planning and development guidelines for the
19 establishment and delivery of housing assistance programs.

20 6. Contract with a federal agency to carry out financial work on
21 the federal agency's behalf and accept payment for the work.

22 7. Subcontract for the financial work prescribed in paragraph 6 of
23 this subsection and make payments for that subcontracted work based on the
24 expectation that the federal agency will pay for that work.

25 8. Accept payment from a federal agency for work prescribed in
26 paragraph 6 of this subsection and deposit those payments in the Arizona
27 department of housing program fund established by section 41-3957.

28 9. Contract for the services of outside advisers, consultants and
29 aides reasonably necessary or desirable to enable the department to
30 adequately perform its duties.

31 10. Contract for and incur obligations reasonably necessary or
32 desirable within the general scope of department activities and operations
33 to enable the department to adequately perform its duties.

34 11. Use any media of communication, publication and exhibition in
35 the dissemination of information, advertising and publicity in any field
36 of its purposes, objectives or duties.

37 12. Adopt rules deemed necessary or desirable to govern its
38 procedures and business.

39 13. Contract with other agencies in furtherance of any department
40 program.

41 14. Use monies, facilities or services to provide contributions
42 under federal or other programs that further the objectives and programs
43 of the department.

44 15. Accept gifts, grants, matching monies or direct payments from
45 public or private agencies or private persons and enterprises for the
46 conduct of programs that are consistent with the general purposes and

1 objectives of this article and deposit these monies in the Arizona
2 department of housing program fund established by section 41-3957.

3 16. Establish and collect fees and receive reimbursement of costs
4 in connection with any programs or duties performed by the department and
5 deposit the fees and cost reimbursements in the Arizona department of
6 housing program fund established by section 41-3957.

7 17. Provide staff support to the board of manufactured housing.

8 D. For the purposes of this section, the department is exempt from
9 chapter 23 of this title.

10 E. The department is the designated state public housing agency as
11 defined in the United States housing act of 1937 (42 United States Code
12 sections 1401 through 1440) for the purpose of accepting federal housing
13 assistance monies and may participate in the housing assistance payments
14 program. Federal monies may be secured for all areas of this state
15 subject only to the limitations prescribed in subsection F of this
16 section.

17 F. For areas of this state where an existing public housing
18 authority has not been established pursuant to section 36-1404, subsection
19 A, the department acting as a public housing agency may undertake all
20 activities under the section 8 tenant-based rental housing assistance
21 payment program, except that the department shall not undertake a section
22 8 tenant-based rental housing assistance payment program within the
23 boundaries of a city, town or county unless authorized by resolution of
24 the governing body of the city, town or county. If the department accepts
25 monies for a section 8 tenant-based rental housing assistance payment
26 program for areas of this state where an existing public housing authority
27 has been established pursuant to section 36-1404, subsection A, the
28 department shall only accept and secure federal monies to provide housing
29 for the seriously mentally ill or other populations with
30 disabilities. The department may accept and secure federal monies for
31 undertaking all contract administrator activities authorized under a
32 section 8 project-based rental housing assistance payment program in all
33 areas of this state and this participation does not require the
34 authorization of any local governing body.

35 G. The department shall not itself directly own, construct, operate
36 or rehabilitate any housing units, except as may be necessary to protect
37 the department's collateral or security interest arising out of any
38 department programs.

39 H. Notwithstanding any other provision of this section, the
40 department may obligate monies as loans or grants applicable to programs
41 and activities of the department for the purpose of providing housing
42 opportunities for low or moderate income households or for housing
43 affordability or to prevent or combat decaying housing stock. Unless
44 otherwise required by federal or state law, any loan repayments shall be
45 deposited in the Arizona department of housing program fund established by
46 section 41-3957.

1 I. For any construction project financed by the department pursuant
2 to subsection C of this section, except for contract administration
3 activities in connection with the project-based section 8 program, the
4 department shall notify a city, town, county or tribal government that a
5 project is planned for its jurisdiction and, before proceeding, shall seek
6 comment from the governing body of the city, town, county or tribal
7 government or an official authorized by the governing body of the city,
8 town, county or tribal government. The department shall not interfere
9 with or attempt to override the local jurisdiction's planning, zoning or
10 land use regulations.

11 J. The department has the administrative responsibility through its
12 hearing officer function concerning alleged violations of the Arizona
13 mobile home parks residential landlord and tenant act under title 33,
14 chapter 11.

15 K. The [ARIZONA] department [OF HOUSING] shall act consistently
16 with the minimum standards of the United States department of housing and
17 urban development so as to be designated the [-]state inspector[-] for
18 manufactured homes and related industries. The [ARIZONA] department [OF
19 HOUSING] shall implement all existing laws and regulations established by
20 the federal government, its agencies and this state for that purpose.

21 [L. FOR THE PURPOSES OF THIS SECTION, "PERMANENT SUPPORTIVE
22 HOUSING" MEANS LONG-TERM HOUSING ASSISTANCE PAIRED WITH SUPPORTIVE
23 SERVICES AIMED AT INDIVIDUALS EXPERIENCING HOMELESSNESS OR INDIVIDUALS
24 WITH SPECIAL NEEDS.]>>

25 <<Sec. 5. Section 41-3955, Arizona Revised Statutes, is amended to
26 read:

27 41-3955. Housing trust fund; purpose; annual report

28 A. The housing trust fund is established, and the director shall
29 administer the fund. The fund consists of monies from unclaimed property
30 deposited in the fund pursuant to section 44-313, monies transferred
31 pursuant to section 35-751 and investment earnings.

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

35 C. Except as provided in subsection D of this section, fund monies
36 shall be spent on approval of the department for developing projects and
37 programs connected with providing housing opportunities for low and
38 moderate income households and for housing affordability programs.
39 ~~[Pursuant to section 44-313, subsection A,]~~ A portion of fund monies shall
40 be used exclusively for housing in rural areas.

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

1 [E. EXCEPT AS AUTHORIZED BY LAW, FUND MONIES MAY NOT BE SPENT ON
2 ANY DOWN PAYMENT ASSISTANCE PROGRAMS THAT AID WITH THE PURCHASE OF
3 PROPERTIES IN THIS STATE.]

4 ~~[F.]~~ [E.] For the purposes of subsection C of this section, in
5 approving the expenditure of monies, the director shall give priority to
6 funding projects that provide for operating, constructing or renovating
7 facilities for housing for low-income families and that provide housing
8 and shelter to families that have children.

9 [G. ALL PROGRAMS ESTABLISHED BY THE DEPARTMENT AND FUNDED BY THE
10 HOUSING TRUST FUND PURSUANT TO THIS SECTION SHALL REQUIRE PRIOR REVIEW BY
11 THE JOINT LEGISLATIVE BUDGET COMMITTEE.]

12 ~~[F.]~~ [H.] The director shall report annually to the legislature on
13 the status of the housing trust fund. The report shall include a summary
14 of facilities for which funding was provided during the preceding fiscal
15 year and shall show the cost and geographic location of each facility and
16 the number of individuals benefiting from the operation, construction or
17 renovation of the facility. The report shall also include the number of
18 individuals who benefit from housing assistance pursuant to subsection D
19 of this section. The report shall be submitted to the president of the
20 senate and the speaker of the house of representatives, and a copy
21 provided to the secretary of state, not later than September 1 of each
22 year.

23 ~~[G.]~~ [I.] Monies in the housing trust fund are exempt from the
24 provisions of section 35-190 relating to lapsing of appropriations.

25 ~~[H.]~~ [J.] An amount not to exceed ten percent of the housing trust
26 fund monies may be appropriated annually by the legislature to the
27 department for administrative costs in providing services relating to the
28 housing trust fund.

29 ~~[I.]~~ [K.] For any construction project financed by the department
30 pursuant to this section, the department shall notify a city, town, county
31 or tribal government that a project is planned for its jurisdiction and,
32 before proceeding, shall seek comment from the governing body of the city,
33 town, county or tribal government or an official authorized by the
34 governing body of the city, town, county or tribal government. The
35 department shall not interfere with or attempt to override the local
36 jurisdiction's planning, zoning or land use regulations.>>

37 <<Sec. 6. Title 41, chapter 37, article 2, Arizona Revised
38 Statutes, is amended by adding section 41-3958, to read:

39 41-3958. Comprehensive performance measurement system;
40 tracking system; wire transfer protocols;
41 reporting requirements; definitions

42 [A. THE DEPARTMENT SHALL:

43 1. ESTABLISH AND IMPLEMENT A COMPREHENSIVE PERFORMANCE MEASUREMENT
44 SYSTEM WITHIN TWELVE MONTHS AFTER THE EFFECTIVE DATE OF THIS SECTION. THE
45 SYSTEM SHALL REQUIRE ALL OF THE FOLLOWING:

1 (a) ANNUAL GOALS WITH MEASURABLE BENCHMARKS FOR EACH HOUSING
2 PROGRAM IN THIS STATE.

3 (b) MECHANISMS FOR DATA COLLECTION AND REVIEW TO ASSESS THE
4 EFFECTIVENESS OF THE HOUSING PROGRAMS IN THIS STATE.

5 (c) QUARTERLY REPORTING TO THE PRESIDENT OF THE SENATE AND THE
6 SPEAKER OF THE HOUSE OF REPRESENTATIVES REGARDING PROGRAM PERFORMANCE
7 OUTCOMES, SUGGESTED IMPROVEMENTS FOR AFFORDABLE HOUSING, REDUCTIONS IN
8 HOMELESSNESS AND OTHER KEY METRICS.

9 2. CONDUCT A BIENNIAL EVALUATION OF ALL HOUSING PROGRAMS IN THIS
10 STATE TO ASSESS PROGRAM ALIGNMENT WITH STATE HOUSING GOALS AND ENSURE
11 COMPLIANCE WITH ALL STATUTORY REQUIREMENTS.

12 3. ESTABLISH SECURE WIRE TRANSFER PROTOCOLS TO MITIGATE FRAUD
13 RISKS, INCLUDING ALL OF THE FOLLOWING:

14 (a) DUAL AUTHORIZATION FOR ALL WIRE TRANSFERS EXCEEDING \$10,000.

15 (b) REAL-TIME FRAUD DETECTION AND REPORTING MEASURES INTEGRATED
16 INTO THE FINANCIAL MANAGEMENT SYSTEM.

17 (c) MANDATORY RECONCILIATION AND AUDITING OF ALL WIRE TRANSFERS ON
18 A MONTHLY BASIS.

19 4. CONDUCT BIENNIAL REVIEWS OF REGULATORY FEES ASSOCIATED WITH
20 MANUFACTURED HOUSING IN THIS STATE TO ENSURE ALIGNMENT WITH REGULATORY
21 COSTS. ANY PROPOSED FEE CHANGES SHALL BE SUBMITTED TO THE BOARD OF
22 MANUFACTURED HOUSING ESTABLISHED BY SECTION 41-4009 FOR APPROVAL AND ARE
23 SUBJECT TO A THIRTY-DAY PUBLIC COMMENT PERIOD. ALL COMPLAINTS RELATED TO
24 MANUFACTURED HOUSING MUST BE RESOLVED WITHIN ONE HUNDRED TWENTY DAYS.

25 5. ESTABLISH A TRACKING SYSTEM THAT MONITORS COMPLAINT RESOLUTION
26 TIMELINES. THE DEPARTMENT SHALL PROVIDE QUARTERLY REPORTS REGARDING ANY
27 UNRESOLVED COMPLAINTS TO THE BOARD OF MANUFACTURED HOUSING. THE PRESIDENT
28 OF THE SENATE AND THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

29 B. ANY INSTANCE OF FRAUDULENT ACTIVITY INVOLVING STATE MONIES SHALL
30 BE REPORTED TO THE GOVERNOR, THE JOINT LEGISLATIVE BUDGET COMMITTEE AND
31 THE AUDITOR GENERAL WITHIN TEN BUSINESS DAYS. RESTITUTION EFFORTS SHALL
32 BE INITIATED WITHIN THIRTY DAYS AFTER IDENTIFYING THE FRAUDULENT ACTIVITY.

33 C. FOR THE PURPOSES OF THIS SECTION:

34 1. "COMPREHENSIVE PERFORMANCE MEASUREMENT SYSTEM" MEANS A
35 SYSTEMATIC PROCESS FOR TRACKING, EVALUATING AND REPORTING ON PROGRAM
36 OUTCOMES, INCLUDING ESTABLISHING GOALS, PERFORMANCE BENCHMARKS AND
37 MEASURABLE OUTCOMES.

38 2. "WIRE TRANSFER PROTOCOLS" MEANS SECURE PROCESSES AND STANDARDS
39 TO PREVENT UNAUTHORIZED FINANCIAL TRANSFERS.]>>

40 <<Sec. 7. Quarterly reporting; delayed repeal

41 [A. The Arizona department of housing shall provide quarterly
42 reports to the president of the senate and the speaker of the house of
43 representatives regarding the use of monies from the housing trust fund
44 pursuant to section 41-3955, Arizona Revised Statutes, as amended by this
45 act, that includes all of the following:

46 1. Details on all financial transactions in the housing trust fund.

1 2. Detailed information on recipients of monies from the housing
2 trust fund and any projected and realized results and analyses of the
3 performance of the housing trust fund in comparison to the goals of the
4 housing trust fund.

5 B. The Arizona department of housing shall also conduct a review of
6 approved and paid payment requests since July 1, 2021 to identify any
7 improper payments made to grantees and how to recover those monies. The
8 status of the review and recovery activities shall be outlined in the
9 quarterly reports pursuant to subsection A of this section.

10 C. This section is repealed from and after December 31, 2026.]]>>

11 Sec. 8. Purpose

12 Pursuant to section 41-2955, subsection B, Arizona Revised Statutes,
13 the legislature continues the Arizona department of housing to address the
14 affordable housing issues confronting this state, including housing issues
15 of low and moderate income families, housing affordability, housing for
16 special needs populations and decaying housing stock, to maintain
17 standards of quality and safety for manufactured homes, factory-built
18 buildings, mobile homes and accessory structures and to adjudicate
19 complaints regarding and ensure compliance with the Arizona mobile home
20 parks residential landlord and tenant act.

21 <<Sec. 9. Auditor general; special audit; report; delayed
22 repeal

23 [A. The auditor general shall conduct a special audit, as defined
24 in section 41-1278, Arizona Revised Statutes, of the amount of monies
25 spent on programs and services for individuals experiencing homelessness
26 in this state for the past five years, including all of the following:

27 1. Expenditures by this state.

28 2. Expenditures by municipalities and counties for all of the
29 following:

30 (a) Housing, rental assistance, outreach and supportive services.

31 (b) Emergency and law enforcement responses.

32 (c) Public rights-of-way maintenance, sanitation and encampment
33 mitigation.

34 (d) Mental health, behavioral health and substance use disorder
35 treatment and case management.

36 3. Expenditures of federal monies allocated to this state for
37 homeless programs.

38 4. Expenditures by state and local law enforcement agencies to
39 address homelessness, including transportation to emergency shelters,
40 responding to crisis calls, providing overnight shelter in jail and
41 enforcing camping bans.

42 B. All state agencies and local governmental entities of this state
43 and organizations serving as continuum of care collaborative applications
44 for the three continuums of care recognized by the United States
45 department of housing and urban development shall cooperate with the

1 special audit and grant access, at no cost, to all financial records and
2 any other information necessary to complete the special audit.
3 C. The special audit shall examine all of the following:
4 1. The awarding of any contracts and grants relating to homeless
5 services and support.
6 2. Any metrics used to examine the success of any expenditures.
7 3. The efficiency of the use of data management systems in relation
8 to the programs.
9 4. The expenditure for each individual experiencing homelessness
10 for each service provided.
11 5. Anonymized homeless management information system
12 individual-level data paired with state health and criminal justice data.
13 D. On or before December 31, 2026, the auditor general shall submit
14 copies of the special audit report to the governor, the president of the
15 senate and the speaker of the house of representatives and provide a copy
16 of this report to the secretary of state.
17 E. This section is repealed from and after June 30, 2027.]>>
18 <<Sec. 10. Appropriation; auditor general; special audit;
19 exemption
20 [A. The sum of \$1,650,000 is appropriated from the housing trust
21 fund established by section 41-3955, Arizona Revised Statutes, in fiscal
22 year 2025-2026 to the auditor general for the purposes of conducting the
23 special audit pursuant to section 5 of this act.
24 B. The appropriation made in subsection A of this section is exempt
25 from the provisions of section 35-190, Arizona Revised Statutes, relating
26 to lapsing of appropriations. All monies remaining unencumbered and
27 unexpended for the purposes of this section on August 31, 2027 revert to
28 the housing trust fund.]>>
29 Sec. 11. Retroactivity
30 Sections ~~[1]~~[2] and ~~[2]~~[3] of this act apply retroactively to from
31 and after July 1, 2025.

32 Enroll and engross to conform
33 Amend title to conform
And, as so amended, it do pass

DAVID LIVINGSTON
CHAIRMAN

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