

REFERENCE TITLE: vacation rentals; short-term rentals; restrictions

State of Arizona  
House of Representatives  
Fifty-sixth Legislature  
First Regular Session  
2023

## **HB 2047**

Introduced by  
Representative Bliss

AN ACT

AMENDING SECTION 9-500.39, ARIZONA REVISED STATUTES; RELATING TO VACATION  
RENTALS AND SHORT-TERM RENTALS

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 9-500.39, Arizona Revised Statutes, is amended  
3 to read:

4 9-500.39. Limits on regulation of vacation rentals and  
5 short-term rentals; state preemption; civil  
6 penalties; transaction privilege tax license  
7 suspension; definitions

8 A. A city or town may not prohibit vacation rentals or short-term  
9 rentals.

10 B. A city or town may not restrict the use of or regulate vacation  
11 rentals or short-term rentals based on their classification, use or  
12 occupancy except as provided in this section. A city or town may regulate  
13 vacation rentals or short-term rentals as follows:

14 1. To protect the public's health and safety, including rules and  
15 regulations related to fire and building codes, health and sanitation,  
16 transportation or traffic control and solid or hazardous waste and  
17 pollution control, if the city or town demonstrates that the rule or  
18 regulation is for the primary purpose of protecting the public's health  
19 and safety.

20 2. To adopt and enforce use and zoning ordinances, including  
21 ordinances related to noise, protection of welfare, property maintenance  
22 and other nuisance issues, if the ordinance is applied in the same manner  
23 as other property classified under sections 42-12003 and 42-12004.

24 3. To limit or prohibit the use of a vacation rental or short-term  
25 rental for the purposes of housing sex offenders, operating or maintaining  
26 a sober living home, selling illegal drugs, liquor control or pornography,  
27 obscenity, nude or topless dancing and other adult-oriented businesses.

28 4. To require the owner of a vacation rental or short-term rental  
29 to provide the city or town ~~an~~ WITH emergency ~~point of~~ contact information  
30 for the owner or the owner's designee who is responsible for responding to  
31 complaints or emergencies in a timely manner in person if required by  
32 public safety personnel, over the phone or by email at any time of day  
33 before offering for rent or renting the vacation rental or short-term  
34 rental. In addition to any other penalty IMPOSED pursuant to this  
35 section, the city or town may impose a civil penalty of up to \$1,000  
36 against the owner for every thirty days the owner fails to provide contact  
37 information as prescribed by this paragraph. The city or town shall  
38 provide thirty days' notice to the owner before imposing the initial civil  
39 penalty.

40 5. To require ~~an~~ THE owner of a vacation rental or short-term  
41 rental to obtain and maintain a local regulatory permit or license  
42 ~~pursuant to title 9, chapter 7, article 4~~. As a condition of issuance of  
43 a permit or license, the application for the permit or license may require  
44 an applicant to provide only the following:

- 1 (a) THE name, address, ~~phone~~ TELEPHONE number and email address for  
2 the owner or owner's agent.
- 3 (b) THE address of the vacation rental or short-term rental.
- 4 (c) Proof of compliance with section 42-5005.
- 5 (d) Contact information required pursuant to paragraph 4 of this  
6 subsection.
- 7 (e) Acknowledgment of an agreement to comply with all applicable  
8 laws, regulations and ordinances.
- 9 (f) A fee not to exceed the actual cost of issuing the permit or  
10 license or \$250, whichever is less.
- 11 6. To require, before offering a vacation rental or short-term  
12 rental for rent for the first time, the owner or the owner's designee of a  
13 vacation rental or short-term rental to notify all single-family  
14 residential properties adjacent to, ~~AND~~ AND directly and diagonally across  
15 the street from the vacation rental or short-term rental. Notice shall be  
16 deemed sufficient in a multifamily residential building if given to  
17 residents on the same building floor. A city or town may require  
18 additional notification pursuant to this paragraph if the contact  
19 information previously provided changes. Notification provided in  
20 compliance with this paragraph shall include the permit or license number  
21 if required by the city or town, the address, ~~OF THE VACATION RENTAL OR~~  
22 SHORT-TERM RENTAL and the information required pursuant to paragraph 4 of  
23 this subsection. The owner or the owner's designee shall demonstrate  
24 compliance with this paragraph by providing the city or town with an  
25 attestation of notification compliance that consists of the following  
26 information:
- 27 (a) The permit or license number of the vacation rental or  
28 short-term rental, if required by the city or town.
- 29 (b) The address of each property notified.
- 30 (c) A description of the manner in which the owner or owner's  
31 designee chose to provide notification to each property subject to  
32 notification.
- 33 (d) The name and contact information of the person attesting to  
34 compliance with this paragraph.
- 35 7. To require the owner or owner's designee of a vacation rental or  
36 short-term rental to display the local regulatory permit number or license  
37 number, if any, on each advertisement for a vacation rental or short-term  
38 rental that the owner or owner's designee maintains. A city or town that  
39 does not require a local regulatory permit or license may require the  
40 owner or owner's designee of a vacation rental or short-term rental to  
41 display the transaction privilege tax license NUMBER required by section  
42 42-5042 on each advertisement for a vacation rental or short-term rental  
43 that the owner or owner's designee maintains.
- 44 8. To require the vacation rental or short-term rental to maintain  
45 liability insurance appropriate to cover the vacation rental or short-term

1 rental in the aggregate of at least \$500,000 or to advertise and offer  
2 each vacation rental or short-term rental through an online lodging  
3 marketplace that provides equal or greater coverage.

4 C. A city or town that requires a local regulatory permit or  
5 license pursuant to this section shall issue or deny the permit or license  
6 within seven business days of receipt of the information required by  
7 subsection B, paragraph 5 of this section and otherwise in accordance with  
8 section 9-835, except that a city or town may deny issuance of a permit or  
9 license only for any of the following:

10 1. Failure to provide the information required by subsection B,  
11 paragraph 5, subdivisions (a) through (e) of this section.

12 2. Failure to pay the required permit or license fee.

13 3. At the time of application the owner has a suspended permit or  
14 license for the same vacation rental or short-term rental.

15 4. The applicant provides false information.

16 5. The owner or owner's designee of a vacation rental or short-term  
17 rental is a registered sex offender or has been convicted of any felony  
18 ~~act~~ OFFENSE that resulted in death or serious physical injury or any  
19 felony use of a deadly weapon within the past five years.

20 D. A city or town that requires a local regulatory permit or  
21 license pursuant to this section shall adopt an ordinance to allow the  
22 city or town to initiate an administrative process to suspend a local  
23 regulatory permit or license for a period of up to twelve months for the  
24 following verified violations associated with a property:

25 1. Three verified violations within a twelve-month period, not  
26 including any verified violation based on an aesthetic, solid waste  
27 disposal or vehicle parking violation that is not also a serious threat to  
28 public health and safety.

29 2. One verified violation that results in or constitutes any of the  
30 following:

31 (a) A felony offense committed at or in the vicinity of a vacation  
32 rental or short-term rental by the vacation rental or short-term rental  
33 owner or owner's designee.

34 (b) A serious physical injury or wrongful death at or related to a  
35 vacation rental or short-term rental resulting from the knowing,  
36 intentional or reckless conduct of the vacation rental or short-term  
37 rental owner or owner's designee.

38 (c) An owner or owner's designee knowingly or intentionally housing  
39 a sex offender, allowing offenses related to adult-oriented businesses,  
40 sexual offenses or prostitution, or operating or maintaining a sober  
41 living home, in violation of a regulation or ordinance adopted pursuant to  
42 subsection B, paragraph 3 of this section.

43 (d) An owner or owner's designee knowingly or intentionally  
44 allowing the use of a vacation rental or short-term rental for a special  
45 event that would otherwise require a permit or license pursuant to a city

1 or town ordinance or a state law or rule or for a retail, restaurant,  
2 banquet space or other similar use.

3 3. Notwithstanding paragraphs 1 and 2 of this subsection, any  
4 attempted or completed felony ~~act~~ OFFENSE, arising from the occupancy or  
5 use of a vacation rental or short-term rental, that results in a death, or  
6 actual or attempted serious physical injury, shall be grounds for judicial  
7 relief in the form of a suspension of the property's use as a vacation  
8 rental or short-term rental for a period of time that shall not exceed  
9 twelve months.

10 E. A city or town that requires sex offender background checks on a  
11 vacation rental or short-term rental guest shall waive the requirement if  
12 an online lodging marketplace performs a sex offender background check of  
13 the booking guest.

14 F. Notwithstanding any other law, a city or town may impose a civil  
15 penalty of the following amounts against an owner of a vacation rental or  
16 short-term rental if the owner receives one or more verified violations  
17 related to the same vacation rental or short-term rental property within  
18 the same twelve-month period:

19 1. Up to \$500 or up to an amount equal to one night's rent for the  
20 vacation rental or short-term rental as advertised, whichever is greater,  
21 for the first verified violation.

22 2. Up to \$1,000 or up to an amount equal to two nights' rent for  
23 the vacation rental or short-term rental as advertised, whichever is  
24 greater, for the second verified violation.

25 3. Up to \$3,500 or up to an amount equal to three nights' rent for  
26 the vacation rental or short-term rental as advertised, whichever is  
27 greater, for a third and any subsequent verified violation.

28 G. A vacation rental or short-term rental that fails to apply for a  
29 local regulatory permit or license in accordance with subsection B,  
30 paragraph 5 of this section, within thirty days of the local regulatory  
31 permit or license application process being made available by the city or  
32 town issuing such permits or licenses, must cease operations. In addition  
33 to any ~~finer~~ CIVIL PENALTIES imposed pursuant to subsection F of this  
34 section, a city or town may impose a civil penalty of up to \$1,000 per  
35 month against the owner if the owner or owner's designee fails to apply  
36 for a regulatory permit or license within thirty days after receiving  
37 written notice of the failure to comply with subsection B, paragraph 5 of  
38 this section.

39 H. If multiple verified violations arise out of the same response  
40 to an incident at a vacation rental or short-term rental, those verified  
41 violations are considered one verified violation for the purpose of  
42 assessing civil penalties or suspending the regulatory permit or license  
43 of the owner ~~or owner's designee~~ pursuant to this section.

44 I. If the owner of a vacation rental or short-term rental has  
45 provided contact information to a city or town pursuant to subsection B,

1 paragraph 4 of this section and if the city or town issues a citation for  
2 a violation of the city's or town's applicable laws, regulations or  
3 ordinances or a state law that occurred on the owner's vacation rental or  
4 short-term rental property, the city or town shall make a reasonable  
5 attempt to notify the owner or the owner's designee of the citation within  
6 seven business days after the citation is issued using the contact  
7 information provided pursuant to subsection B, paragraph 4 of this  
8 section. If the owner of a vacation rental or short-term rental has not  
9 provided contact information pursuant to subsection B, paragraph 4 of this  
10 section, the city or town is not required to provide such notice.

11 J. This section does not exempt an owner of a residential rental  
12 property, as defined in section 33-1901, from maintaining with the  
13 assessor of the county in which the property is located information  
14 required under title 33, chapter 17, article 1.

15 K. A vacation rental or short-term rental may not be used for  
16 nonresidential uses, including for a special event that would otherwise  
17 require a permit or license pursuant to a city or town ordinance or a  
18 state law or rule or for a retail, restaurant, banquet space or other  
19 similar use.

20 L. NOTWITHSTANDING SUBSECTION B OF THIS SECTION, A CITY OR TOWN  
21 WITH A POPULATION OF LESS THAN SEVENTEEN THOUSAND PERSONS MAY:

22 1. LIMIT THE NUMBER OF VACATION RENTALS AND SHORT-TERM RENTALS  
23 BASED ON A PERCENTAGE OF TOTAL RESIDENTIALLY ZONED BUILDINGS OR STRUCTURES  
24 IN THAT CITY OR TOWN.

25 2. REGULATE VACATION RENTALS OR SHORT-TERM RENTALS IN THE SAME  
26 MANNER AS TRANSIENT LODGING ACTIVITIES.

27 ~~L.~~ M. For the purposes of this section:

28 1. "Online lodging marketplace" has the same meaning prescribed in  
29 section 42-5076.

30 2. "Transient" has the same meaning prescribed in section 42-5070.

31 3. "Vacation rental" or "short-term rental":

32 (a) Means any individually or collectively owned single-family or  
33 one-to-four-family house or dwelling unit or any unit or group of units in  
34 a condominium or cooperative that is also a transient public lodging  
35 establishment or owner-occupied residential home offered for transient use  
36 if the accommodations are not classified for property taxation under  
37 section 42-12001.

38 (b) Does not include a unit that is used for any nonresidential  
39 use, including retail, restaurant, banquet space, event center or another  
40 similar use.

41 4. "Verified violation" means a finding of guilt or civil  
42 responsibility for violating any state law or local ordinance relating to  
43 a purpose prescribed in subsection B, D, F or K of this section that has  
44 been finally adjudicated.