

REFERENCE TITLE: vacation rentals; number; population; cap

State of Arizona
House of Representatives
Fifty-sixth Legislature
Second Regular Session
2024

HB 2220

Introduced by
Representatives Terech; Schwiebert; Senator Marsh

AN ACT

AMENDING SECTIONS 9-500.39 AND 11-269.17, 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 9. TO LIMIT THE NUMBER OF VACATION RENTALS OR SHORT-TERM RENTALS
5 WITHIN THE CITY OR TOWN. A CITY OR TOWN MAY CHOOSE TO LIMIT THE NUMBER OF
6 VACATION RENTALS OR SHORT-TERM RENTALS USING EITHER OF THE FOLLOWING
7 METHODS:

8 1. A LIMIT BASED ON THE POPULATION OF THE CITY OR TOWN.

9 2. AN OVERALL CAP ON THE NUMBER OF VACATION RENTALS OR SHORT-TERM
10 RENTALS THAT ARE ALLOWED WITHIN THE CITY OR TOWN.

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

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

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

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

22 4. The applicant provides false information.

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

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

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

36 2. One verified violation that results in or constitutes any of the
37 following:

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

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

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

6 (d) An owner or owner's designee knowingly or intentionally
7 allowing the use of a vacation rental or short-term rental for a special
8 event that would otherwise require a permit or license pursuant to a city
9 or town ordinance or a state law or rule or for a retail, restaurant,
10 banquet space or other similar use.

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

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

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

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

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

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

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

1 written notice of the failure to comply with subsection B, paragraph 5 of
2 this section.

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

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

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

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

29 L. For the purposes of this section:

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

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

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

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

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

43 4. "Verified violation" means a finding of guilt or civil
44 responsibility for violating any state law or local ordinance relating to

1 a purpose prescribed in subsection B, D, F or K of this section that has
2 been finally adjudicated.

3 Sec. 2. Section 11-269.17, Arizona Revised Statutes, is amended to
4 read:

5 11-269.17. Limits on regulation of vacation rentals and
6 short-term rentals; state preemption; civil
7 penalties; transaction privilege tax license
8 suspension; definitions

9 A. A county may not prohibit vacation rentals or short-term
10 rentals.

11 B. A county may not restrict the use of or regulate vacation
12 rentals or short-term rentals based on their classification, use or
13 occupancy except as provided in this section. A county may regulate
14 vacation rentals or short-term rentals within the unincorporated areas of
15 the county as follows:

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

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

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

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

44 (a) THE name, address, ~~phone~~ TELEPHONE number and email address for
45 the owner or owner's agent.

1 (b) THE address of the vacation rental or short-term rental.

2 (c) Proof of compliance with section 42-5005.

3 (d) Contact information required pursuant to paragraph 4 of this
4 subsection.

5 (e) Acknowledgment of an agreement to comply with all applicable
6 laws, regulations and ordinances.

7 (f) A fee not to exceed the actual cost of issuing the permit or
8 license or \$250, whichever is less.

9 6. To require, before offering a vacation rental or short-term
10 rental for rent for the first time, the owner or the owner's designee of a
11 vacation rental or short-term rental to notify all single-family
12 residential properties adjacent to, ~~AND~~ AND directly and diagonally across
13 the street from the vacation rental or short-term rental. Notice shall be
14 deemed sufficient in a multifamily residential building if given to
15 residents on the same building floor. A county may require additional
16 notification pursuant to this paragraph if the contact information
17 previously provided changes. Notification provided in compliance with
18 this paragraph shall include the permit or license number if required by
19 the county, the address, ~~OF THE VACATION RENTAL OR SHORT-TERM RENTAL~~ OF THE VACATION RENTAL OR SHORT-TERM RENTAL and
20 the information required pursuant to paragraph 4 of this subsection. The
21 owner or the owner's designee shall demonstrate compliance with this
22 paragraph by providing the county with an attestation of notification
23 compliance that consists of the following information:

24 (a) The permit or license number of the vacation rental or
25 short-term rental, if required by the county.

26 (b) The address of each property notified.

27 (c) A description of the manner in which the owner or owner's
28 designee chose to provide notification to each property subject to
29 notification.

30 (d) The name and contact information of the person attesting to
31 compliance with this paragraph.

32 7. To require the owner or owner's designee of a vacation rental or
33 short-term rental to display the local regulatory permit number or license
34 number, if any, on each advertisement for a vacation rental or short-term
35 rental that the owner or owner's designee maintains. A county that does
36 not require a local regulatory permit or license may require the owner or
37 owner's designee of a vacation rental or short-term rental to display the
38 transaction privilege tax license NUMBER required by section 42-5042 on
39 each advertisement for a vacation rental or short-term rental that the
40 owner or owner's designee maintains.

41 8. To require the vacation rental or short-term rental to maintain
42 liability insurance appropriate to cover the vacation rental or short-term
43 rental in the aggregate of at least \$500,000 or to advertise and offer
44 each vacation rental or short-term rental through an online lodging
45 marketplace that provides equal or greater coverage.

1 9. TO LIMIT THE NUMBER OF VACATION RENTALS OR SHORT-TERM RENTALS
2 WITHIN THE COUNTY. A COUNTY MAY CHOOSE TO LIMIT THE NUMBER OF VACATION
3 RENTALS OR SHORT-TERM RENTALS USING EITHER OF THE FOLLOWING METHODS:

4 1. A LIMIT BASED ON THE POPULATION OF THE COUNTY.

5 2. AN OVERALL CAP ON THE NUMBER OF VACATION RENTALS OR SHORT-TERM
6 RENTALS THAT ARE ALLOWED WITHIN THE COUNTY.

7 C. A county that requires a local regulatory permit or license
8 pursuant to this section shall issue or deny the permit or license within
9 seven business days of receipt of the information required by subsection
10 B, paragraph 5 of this section and otherwise in accordance with section
11 11-1602, except that a county may deny issuance of a permit or license
12 only for any of the following:

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

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

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

18 4. The applicant provides false information.

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

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

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

32 2. One verified violation that results in or constitutes any of the
33 following:

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

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

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

1 (d) An owner or owner's designee knowingly or intentionally
2 allowing the use of a vacation rental or short-term rental for a special
3 event that would otherwise require a permit or license pursuant to a
4 county ORDINANCE or a state law or rule or for a retail, restaurant,
5 banquet space or other similar use.

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

13 E. A county that requires sex offender background checks on a
14 vacation rental or short-term rental guest shall waive the requirement if
15 an online lodging marketplace performs a sex offender background check of
16 the booking guest.

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

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

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

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

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

42 H. If multiple verified violations arise out of the same response
43 to an incident at a vacation rental or short-term rental, those verified
44 violations are considered one verified violation for the purpose of

1 assessing civil penalties or suspending the regulatory permit or license
2 of the owner ~~or owner's designee~~ pursuant to this section.

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

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

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

23 L. For the purposes of this section:

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

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

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

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

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

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