

REFERENCE TITLE: short-term rentals; ordinance; limits

State of Arizona
Senate
Fifty-sixth Legislature
Second Regular Session
2024

SB 1205

Introduced by
Senators Kavanagh: Bennett, Marsh; Representatives Pawlik, Terech

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

- 1 (a) THE name, address, phone number and email address for the owner
2 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 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.

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

6 9. TO LIMIT THE NUMBER OF VACATION RENTALS OR SHORT-TERM RENTALS
7 WITHIN THE CITY OR TOWN BY ADOPTING AN ORDINANCE THAT DOES ANY OF THE
8 FOLLOWING:

9 (a) SETS A MAXIMUM NUMBER OF VACATION RENTAL OR SHORT-TERM RENTAL
10 REGULATORY PERMITS OR LICENSES THAT MAY BE ISSUED WITHIN THE BOUNDARIES OF
11 THE CITY OR TOWN.

12 (b) REQUIRES SPECIFIC DISTANCES BETWEEN VACATION RENTALS OR
13 SHORT-TERM RENTALS.

14 (c) SETS A MAXIMUM NUMBER OF VACATION RENTALS OR SHORT-TERM RENTALS
15 WITHIN A SPECIFIED AREA OF THE CITY OR TOWN.

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

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

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

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

27 4. The applicant provides false information.

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

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

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

41 2. One verified violation that results in or constitutes any of the
42 following:

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

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

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

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

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

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

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

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

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

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

40 G. A vacation rental or short-term rental that fails to apply for a
41 local regulatory permit or license in accordance with subsection B,
42 paragraph 5 of this section, within thirty days of the local regulatory
43 permit or license application process being made available by the city or
44 town issuing such permits or licenses, must cease operations. In addition
45 to any ~~times~~ CIVIL PENALTIES imposed pursuant to subsection F of this

1 section, a city or town may impose a civil penalty of up to \$1,000 per
2 month against the owner if the owner or owner's designee fails to apply
3 for a regulatory permit or license within thirty days after receiving
4 written notice of the failure to comply with subsection B, paragraph 5 of
5 this section.

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

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

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

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

32 L. A VACATION RENTAL OR SHORT-TERM RENTAL OWNER WHO HOLDS A CURRENT
33 VACATION RENTAL OR SHORT-TERM RENTAL PERMIT OR LICENSE ISSUED BY THE CITY
34 OR TOWN AND WHO IS IN GOOD STANDING AT THE TIME AN ORDINANCE IS PASSED
35 PURSUANT TO SUBSECTION B, PARAGRAPH 9 OF THIS SECTION IS EXEMPT FROM ANY
36 ORDINANCE ESTABLISHED PURSUANT TO SUBSECTION B, PARAGRAPH 9 OF THIS
37 SECTION. THIS SUBSECTION DOES NOT APPLY IF EITHER OF THE FOLLOWING
38 OCCURS:

39 1. THE CITY OR TOWN DETERMINES THAT APPLYING THE ORDINANCE TO THE
40 VACATION RENTAL OR SHORT-TERM RENTAL IS NECESSARY FOR THE PROTECTION OF
41 THE PUBLIC'S HEALTH AND SAFETY.

42 2. THE VACATION RENTAL'S OR SHORT-TERM RENTAL'S PERMIT OR LICENSE
43 IS REVOKED OR SUSPENDED BY THE CITY OR TOWN.

- 1 ~~E~~ M. For the purposes of this section:
2 1. "Online lodging marketplace" has the same meaning prescribed in
3 section 42-5076.
4 2. "Transient" has the same meaning prescribed in section 42-5070.
5 3. "Vacation rental" or "short-term rental":
6 (a) Means any individually or collectively owned single-family or
7 one-to-four-family house or dwelling unit or any unit or group of units in
8 a condominium or cooperative that is also a transient public lodging
9 establishment or owner-occupied residential home offered for transient use
10 if the accommodations are not classified for property taxation under
11 section 42-12001.
12 (b) Does not include a unit that is used for any nonresidential
13 use, including retail, restaurant, banquet space, event center or another
14 similar use.
15 4. "Verified violation" means a finding of guilt or civil
16 responsibility for violating any state law or local ordinance relating to
17 a purpose prescribed in subsection B, D, F or K of this section that has
18 been finally adjudicated.