

REFERENCE TITLE: short-term rentals; vacation rentals

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

SCR 1003

Introduced by
Senator Marsh: Representative Terech

A CONCURRENT RESOLUTION

ENACTING AND ORDERING THE SUBMISSION TO THE PEOPLE OF A MEASURE RELATING
TO SHORT-TERM AND VACATION RENTALS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it resolved by the Senate of the State of Arizona, the House of
2 Representatives concurring:

3 1. Under the power of the referendum, as vested in the Legislature,
4 the following measure, relating to short-term and vacation rentals, is
5 enacted to become valid as a law if approved by the voters and on
6 proclamation of the Governor:

7 AN ACT

8 REPEALING SECTIONS 9-500.39 AND 11-269.17, ARIZONA REVISED
9 STATUTES; AMENDING SECTIONS 12-1134, 42-2003 AND 42-5042,
10 ARIZONA REVISED STATUTES; RELATING TO SHORT-TERM RENTALS AND
11 VACATION RENTALS.

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

13 Section 1. Repeal

14 Sections 9-500.39 and 11-269.17, Arizona Revised
15 Statutes, are repealed.

16 Sec. 2. Section 12-1134, Arizona Revised Statutes, is
17 amended to read:

18 12-1134. Diminution in value; just compensation;
19 exceptions; definitions

20 A. If the existing rights to use, divide, sell or
21 possess private real property are reduced by the enactment or
22 applicability of any land use law enacted after the date the
23 property is transferred to the owner and such action reduces
24 the fair market value of the property, the owner is entitled
25 to just compensation from this state or the political
26 subdivision of this state that enacted the land use law.

27 B. This section does not apply to land use laws that
28 MEET ANY OF THE FOLLOWING:

29 1. Limit or prohibit a use or division of real property
30 for the protection of the public's health and safety,
31 including rules and regulations relating to fire and building
32 codes, health and sanitation, transportation or traffic
33 control, solid or hazardous waste, and pollution control. ;

34 2. Limit or prohibit the use or division of real
35 property commonly and historically recognized as a public
36 nuisance under common law. ;

37 3. Are required by federal law. ;

38 4. Limit or prohibit the use or division of a property
39 for the purpose of housing sex offenders, selling illegal
40 drugs, liquor control, or pornography, obscenity, nude or
41 topless dancing, and other adult oriented businesses if the
42 land use laws are consistent with the constitutions of this
43 state and the United States. ;

44 5. Establish locations for utility facilities. ;

45 6. Do not directly regulate an owner's land. ;

1 7. Were enacted before ~~the effective date of this~~
2 ~~section~~ DECEMBER 7, 2006.

3 8. REGULATE A VACATION RENTAL OR SHORT-TERM RENTAL.

4 C. This state or the political subdivision of this
5 state that enacted the land use law has the burden of
6 demonstrating that the land use law is exempt pursuant to
7 subsection B OF THIS SECTION.

8 D. The owner shall not be required to first submit a
9 land use application to remove, modify, vary or otherwise
10 alter the application of the land use law to the owner's
11 property as a prerequisite to demanding or receiving just
12 compensation pursuant to this section.

13 E. If a land use law continues to apply to private real
14 property more than ninety days after the owner of the property
15 makes a written demand in a specific amount for just
16 compensation to this state or the political subdivision of
17 this state that enacted the land use law, the owner has a
18 cause of action for just compensation in a court in the county
19 in which the property is located, unless this state or THE
20 political subdivision of this state and the owner reach an
21 agreement on the amount of just compensation to be paid, or
22 unless this state or THE political subdivision of this state
23 amends, ~~OR~~ repeals, ~~THE LAND USE LAW~~ or issues to the
24 landowner a binding waiver of enforcement of the land use law
25 on the owner's specific parcel.

26 F. Any demand for landowner relief or any waiver that
27 is granted in lieu of compensation runs with the land.

28 G. An action for just compensation based on diminution
29 in value must be made or forever barred within three years of
30 the effective date of the land use law, or of the first date
31 the reduction of the existing rights to use, divide, sell or
32 possess property applies to the owner's parcel, whichever is
33 later.

34 H. The remedy created by this section is in addition to
35 any other remedy that is provided by the laws and constitution
36 of this state or the United States and is not intended to
37 modify or replace any other remedy.

38 I. ~~Nothing in~~ This section ~~prohibits~~ DOES NOT PROHIBIT
39 this state or any political subdivision of this state from
40 reaching an agreement with a private property owner to waive a
41 claim for diminution in value regarding any proposed action by
42 this state or a political subdivision of this state or action
43 requested by the property owner.

1 J. FOR THE PURPOSES OF THIS SECTION:

2 1. "TRANSIENT" HAS THE SAME MEANING PRESCRIBED IN
3 SECTION 42-5070.

4 2. "VACATION RENTAL" OR "SHORT-TERM RENTAL":

5 (a) MEANS ANY INDIVIDUALLY OR COLLECTIVELY OWNED
6 SINGLE-FAMILY OR ONE-TO-FOUR-FAMILY HOUSE OR DWELLING UNIT OR
7 ANY UNIT OR GROUP OF UNITS IN A CONDOMINIUM, COOPERATIVE OR
8 TIMESHARE, THAT IS ALSO A TRANSIENT PUBLIC LODGING
9 ESTABLISHMENT OR OWNER-OCCUPIED RESIDENTIAL HOME OFFERED FOR
10 TRANSIENT USE IF THE ACCOMMODATIONS ARE NOT CLASSIFIED FOR
11 PROPERTY TAXATION UNDER SECTION 42-12001.

12 (b) DOES NOT INCLUDE A UNIT THAT IS USED FOR ANY
13 NONRESIDENTIAL USE, INCLUDING A RETAIL, RESTAURANT, BANQUET
14 SPACE OR EVENT CENTER USE OR ANOTHER SIMILAR USE.

15 Sec. 3. Section 42-2003, Arizona Revised Statutes, is
16 amended to read:

17 42-2003. Authorized disclosure of confidential
18 information

19 A. Confidential information relating to:

20 1. A taxpayer may be disclosed to the taxpayer, its
21 successor in interest or a designee of the taxpayer who is
22 authorized in writing by the taxpayer. A principal corporate
23 officer of a parent corporation may execute a written
24 authorization for a controlled subsidiary. If a taxpayer
25 elects to file an Arizona small business income tax return
26 under section 43-302, a written authorization by the taxpayer
27 to allow the department to disclose personal income tax
28 information to a designee includes the corresponding Arizona
29 small business income tax return.

30 2. A corporate taxpayer may be disclosed to any
31 principal officer, any person designated by a principal
32 officer or any person designated in a resolution by the
33 corporate board of directors or other similar governing
34 body. If a corporate officer signs a statement under penalty
35 of perjury representing that the officer is a principal
36 officer, the department may rely on the statement until the
37 statement is shown to be false. For the purposes of this
38 paragraph, "principal officer" includes a chief executive
39 officer, president, secretary, treasurer, vice president of
40 tax, chief financial officer, chief operating officer or chief
41 tax officer or any other corporate officer who has the
42 authority to bind the taxpayer on matters related to state
43 taxes.

44 3. A partnership may be disclosed to any partner of the
45 partnership. This exception does not include disclosure of

1 confidential information of a particular partner unless
2 otherwise authorized.

3 4. A limited liability company may be disclosed to any
4 member of the company or, if the company is manager-managed,
5 to any manager.

6 5. An estate may be disclosed to the personal
7 representative of the estate and to any heir, next of kin or
8 beneficiary under the will of the decedent if the department
9 finds that the heir, next of kin or beneficiary has a material
10 interest that will be affected by the confidential
11 information.

12 6. A trust may be disclosed to the trustee or trustees,
13 jointly or separately, and to the grantor or any beneficiary
14 of the trust if the department finds that the grantor or
15 beneficiary has a material interest that will be affected by
16 the confidential information.

17 7. A government entity may be disclosed to the head of
18 the entity or a member of the governing board of the entity,
19 or any employee of the entity who has been delegated the
20 authorization in writing by the head of the entity or the
21 governing board of the entity.

22 8. Any taxpayer may be disclosed if the taxpayer has
23 waived any rights to confidentiality either in writing or on
24 the record in any administrative or judicial proceeding.

25 9. The name and taxpayer identification numbers of
26 persons issued direct payment permits may be publicly
27 disclosed.

28 10. Any taxpayer may be disclosed during a meeting or
29 telephone call if the taxpayer is present during the meeting
30 or telephone call and authorizes the disclosure of
31 confidential information.

32 B. Confidential information may be disclosed to:

33 1. Any employee of the department whose official duties
34 involve tax administration.

35 2. The office of the attorney general solely for its
36 use in preparation for, or in an investigation that may result
37 in, any proceeding involving tax administration before the
38 department or any other agency or board of this state, or
39 before any grand jury or any state or federal court.

40 3. The department of liquor licenses and control for
41 its use in determining whether a spirituous liquor licensee
42 has paid all transaction privilege taxes and affiliated excise
43 taxes incurred as a result of the sale of spirituous liquor,
44 as defined in section 4-101, at the licensed establishment and

1 imposed on the licensed establishments by this state and its
2 political subdivisions.

3 4. Other state tax officials whose official duties
4 require the disclosure for proper tax administration purposes
5 if the information is sought in connection with an
6 investigation or any other proceeding conducted by the
7 official. Any disclosure is limited to information of a
8 taxpayer who is being investigated or who is a party to a
9 proceeding conducted by the official.

10 5. The following agencies, officials and organizations,
11 if they grant substantially similar privileges to the
12 department for the type of information being sought, pursuant
13 to statute and a written agreement between the department and
14 the foreign country, agency, state, Indian tribe or
15 organization:

16 (a) The United States internal revenue service, alcohol
17 and tobacco tax and trade bureau of the United States
18 treasury, United States bureau of alcohol, tobacco, firearms
19 and explosives of the United States department of justice,
20 United States drug enforcement agency and federal bureau of
21 investigation.

22 (b) A state tax official of another state.

23 (c) An organization of states, federation of tax
24 administrators or multistate tax commission that operates an
25 information exchange for tax administration purposes.

26 (d) An agency, official or organization of a foreign
27 country with responsibilities that are comparable to those
28 listed in subdivision (a), (b) or (c) of this paragraph.

29 (e) An agency, official or organization of an Indian
30 tribal government with responsibilities comparable to the
31 responsibilities of the agencies, officials or organizations
32 identified in subdivision (a), (b) or (c) of this paragraph.

33 6. The auditor general, in connection with any audit of
34 the department subject to the restrictions in section 42-2002,
35 subsection D.

36 7. Any person to the extent necessary for effective tax
37 administration in connection with:

38 (a) The processing, storage, transmission, destruction
39 and reproduction of the information.

40 (b) The programming, maintenance, repair, testing and
41 procurement of equipment for purposes of tax administration.

42 (c) The collection of the taxpayer's civil liability.

43 8. The office of administrative hearings relating to
44 taxes administered by the department pursuant to section
45 42-1101, but the department shall not disclose any

1 confidential information without the taxpayer's written
2 consent:

3 (a) Regarding income tax or withholding tax.

4 (b) On any tax issue relating to information associated
5 with the reporting of income tax or withholding tax.

6 9. The United States treasury inspector general for tax
7 administration for the purpose of reporting a violation of
8 internal revenue code section 7213A (26 United States Code
9 section 7213A), unauthorized inspection of returns or return
10 information.

11 10. The financial management service of the United
12 States treasury department for use in the treasury offset
13 program.

14 11. The United States treasury department or its
15 authorized agent for use in the state income tax levy program
16 and in the electronic federal tax payment system.

17 12. The Arizona commerce authority for its use in:

18 (a) Qualifying renewable energy operations for the tax
19 incentives under section 42-12006.

20 (b) Qualifying businesses with a qualified facility for
21 income tax credits under sections 43-1083.03 and 43-1164.04.

22 (c) Fulfilling its annual reporting responsibility
23 pursuant to section 41-1512, subsections U and V and section
24 41-1517, subsection L.

25 (d) Certifying computer data centers for tax relief
26 under section 41-1519.

27 (e) Certifying applicants for the tax credit for motion
28 picture production costs under sections 43-1082 and 43-1165.

29 13. A prosecutor for purposes of section 32-1164,
30 subsection C.

31 14. The office of the state fire marshal for use in
32 determining compliance with and enforcing title 37, chapter 9,
33 article 5.

34 15. The department of transportation for its use in
35 administering taxes, surcharges and penalties prescribed by
36 title 28.

37 16. The Arizona health care cost containment system
38 administration for its use in administering nursing facility
39 provider assessments.

40 17. The department of administration risk management
41 division and the office of the attorney general if the
42 information relates to a claim against this state pursuant to
43 section 12-821.01 involving the department of revenue.

44 18. Another state agency if the taxpayer authorizes the
45 disclosure of confidential information in writing, including

1 an authorization that is part of an application form or other
2 document submitted to the agency.

3 19. The department of economic security for its use in
4 determining whether an employer has paid all amounts due under
5 the unemployment insurance program pursuant to title 23,
6 chapter 4.

7 20. The department of health services for its use in
8 determining the following:

9 (a) Whether a medical marijuana dispensary is in
10 compliance with the tax requirements of chapter 5 of this
11 title for the purposes of section 36-2806, subsection A.

12 (b) Whether a marijuana establishment, marijuana
13 testing facility or dual licensee licensed under title 36,
14 chapter 28.2 is in compliance with the tax obligations under
15 this title or title 43.

16 21. The Arizona department of agriculture for the
17 purpose of ascertaining compliance with the licensing
18 provisions in title 3.

19 22. The office of economic opportunity for the purpose
20 of performing the duties and obligations to or on behalf of
21 this state prescribed by title 41, chapter 53.

22 C. Confidential information may be disclosed in any
23 state or federal judicial or administrative proceeding
24 pertaining to tax administration pursuant to the following
25 conditions:

26 1. One or more of the following circumstances must
27 apply:

28 (a) The taxpayer is a party to the proceeding.

29 (b) The proceeding arose out of, or in connection with,
30 determining the taxpayer's civil or criminal liability, or the
31 collection of the taxpayer's civil liability, with respect to
32 any tax imposed under this title or title 43.

33 (c) The treatment of an item reflected on the
34 taxpayer's return is directly related to the resolution of an
35 issue in the proceeding.

36 (d) Return information directly relates to a
37 transactional relationship between a person who is a party to
38 the proceeding and the taxpayer and directly affects the
39 resolution of an issue in the proceeding.

40 2. Confidential information may not be disclosed under
41 this subsection if the disclosure is prohibited by section
42 42-2002, subsection C or D.

43 D. Identity information may be disclosed for purposes
44 of notifying persons entitled to tax refunds if the department
45 is unable to locate the persons after reasonable effort.

1 E. The department, on the request of any person, shall
2 provide the names and addresses of bingo licensees as defined
3 in section 5-401, verify whether or not a person has a
4 privilege license and number, a tobacco product distributor's
5 license and number or a withholding license and number or
6 disclose the information to be posted on the department's
7 website or otherwise publicly accessible pursuant to section
8 42-1124, subsection F and section 42-3401.

9 F. A department employee, in connection with the
10 official duties relating to any audit, collection activity or
11 civil or criminal investigation, may disclose return
12 information to the extent that disclosure is necessary to
13 obtain information that is not otherwise reasonably
14 available. These official duties include the correct
15 determination of and liability for tax, the amount to be
16 collected or the enforcement of other state tax revenue laws.

17 G. Confidential information relating to transaction
18 privilege tax, use tax, severance tax, jet fuel excise and use
19 tax and any other tax collected by the department on behalf of
20 any jurisdiction may be disclosed to any county, city or town
21 tax official if the information relates to a taxpayer who is
22 or may be taxable by a county, city or town or who may be
23 subject to audit by the department pursuant to section
24 42-6002. Any taxpayer information that is released by the
25 department to the county, city or town:

26 1. May be used only for internal purposes, including
27 audits. ~~If there is a legitimate business need relating to~~
28 ~~enforcing laws, regulations and ordinances pursuant to section~~
29 ~~9-500.39 or 11-269.17, a county, city or town tax official may~~
30 ~~redisclose transaction privilege tax information relating to a~~
31 ~~vacation rental or short-term rental property owner or online~~
32 ~~lodging operator from the new license report and license~~
33 ~~update report, subject to the following:~~

34 ~~(a) The information redisclosed is limited to the~~
35 ~~following:~~

36 ~~(i) The transaction privilege tax license number.~~

37 ~~(ii) The type of organization or ownership of the~~
38 ~~business.~~

39 ~~(iii) The legal business name and doing business as~~
40 ~~name, if different from the legal name.~~

41 ~~(iv) The business mailing address, tax record physical~~
42 ~~location address, telephone number, email address and fax~~
43 ~~number.~~

1 ~~(v) The date the business started in this state, the~~
2 ~~business description and the North American industry~~
3 ~~classification system code.~~

4 ~~(vi) The name, address and telephone number for each~~
5 ~~owner, partner, corporate officer, member, managing member or~~
6 ~~official of the employing unit.~~

7 ~~(b) Redislosure is limited to nonelected officials in~~
8 ~~other units within the county, city or town. The information~~
9 ~~may not be redisclosed to an elected official or the elected~~
10 ~~official's staff.~~

11 ~~(c) All redisclosures of confidential information made~~
12 ~~pursuant to this paragraph are subject to paragraph 2 of this~~
13 ~~subsection.~~

14 2. May not be disclosed to the public in any manner
15 that does not comply with confidentiality standards
16 established by the department. The county, city or town shall
17 agree in writing with the department that any release of
18 confidential information that violates the confidentiality
19 standards adopted by the department will result in the
20 immediate suspension of any rights of the county, city or town
21 to receive taxpayer information under this subsection.

22 H. The department may disclose statistical information
23 gathered from confidential information if it does not disclose
24 confidential information attributable to any one taxpayer.
25 The department may disclose statistical information gathered
26 from confidential information, even if it discloses
27 confidential information attributable to a taxpayer, to:

28 1. The state treasurer in order to comply with the
29 requirements of section 42-5029, subsection A, paragraph 3.

30 2. The joint legislative income tax credit review
31 committee, the joint legislative budget committee staff and
32 the legislative staff in order to comply with the requirements
33 of section 43-221.

34 I. The department may disclose the aggregate amounts of
35 any tax credit, tax deduction or tax exemption enacted after
36 January 1, 1994. Information subject to disclosure under this
37 subsection shall not be disclosed if a taxpayer demonstrates
38 to the department that such information would give an unfair
39 advantage to competitors.

40 J. Except as provided in section 42-2002, subsection C,
41 confidential information, described in section 42-2001,
42 paragraph 1, subdivision (a), item (ii), may be disclosed to
43 law enforcement agencies for law enforcement purposes.

44 K. The department may provide transaction privilege tax
45 license information to property tax officials in a county for

1 the purpose of identification and verification of the tax
2 status of commercial property.

3 L. The department may provide transaction privilege
4 tax, luxury tax, use tax, property tax and severance tax
5 information to the ombudsman-citizens aide pursuant to title
6 41, chapter 8, article 5.

7 M. Except as provided in section 42-2002, subsection D,
8 a court may order the department to disclose confidential
9 information pertaining to a party to an action. An order
10 shall be made only on a showing of good cause and that the
11 party seeking the information has made demand on the taxpayer
12 for the information.

13 N. This section does not prohibit the disclosure by the
14 department of any information or documents submitted to the
15 department by a bingo licensee. Before disclosing the
16 information, the department shall obtain the name and address
17 of the person requesting the information.

18 O. If the department is required or allowed to disclose
19 confidential information, it may charge the person or agency
20 requesting the information for the reasonable cost of its
21 services.

22 P. Except as provided in section 42-2002, subsection D,
23 the department of revenue shall release confidential
24 information as requested by the department of economic
25 security pursuant to section 42-1122 or 46-291. Information
26 disclosed under this subsection is limited to the same type of
27 information that the United States internal revenue service is
28 authorized to disclose under section 6103(1)(6) of the
29 internal revenue code.

30 Q. Except as provided in section 42-2002, subsection D,
31 the department shall release confidential information as
32 requested by the courts and clerks of the court pursuant to
33 section 42-1122.

34 R. To comply with the requirements of section 42-5031,
35 the department may disclose to the state treasurer, to the
36 county stadium district board of directors and to any city or
37 town tax official that is part of the county stadium district
38 confidential information attributable to a taxpayer's business
39 activity conducted in the county stadium district.

40 S. The department shall release to the attorney general
41 confidential information as requested by the attorney general
42 for purposes of determining compliance with or enforcing any
43 of the following:

44 1. Any public health control law relating to tobacco
45 sales as provided under title 36, chapter 6, article 14.

1 2. Any law relating to reduced cigarette ignition
2 propensity standards as provided under title 37, chapter 9,
3 article 5.

4 3. Sections 44-7101 and 44-7111, the master settlement
5 agreement referred to in those sections and all agreements
6 regarding disputes under the master settlement agreement.

7 T. For proceedings before the department, the office of
8 administrative hearings, the state board of tax appeals or any
9 state or federal court involving penalties that were assessed
10 against a return preparer, an electronic return preparer or a
11 payroll service company pursuant to section 42-1103.02,
12 42-1125.01 or 43-419, confidential information may be
13 disclosed only before the judge or administrative law judge
14 adjudicating the proceeding, the parties to the proceeding and
15 the parties' representatives in the proceeding prior to its
16 introduction into evidence in the proceeding. The
17 confidential information may be introduced as evidence in the
18 proceeding only if the taxpayer's name, the names of any
19 dependents listed on the return, all social security numbers,
20 the taxpayer's address, the taxpayer's signature and any
21 attachments containing any of the foregoing information are
22 redacted and if either:

23 1. The treatment of an item reflected on such a return
24 is or may be related to the resolution of an issue in the
25 proceeding.

26 2. Such a return or the return information relates or
27 may relate to a transactional relationship between a person
28 who is a party to the proceeding and the taxpayer that
29 directly affects the resolution of an issue in the proceeding.

30 3. The method of payment of the taxpayer's withholding
31 tax liability or the method of filing the taxpayer's
32 withholding tax return is an issue for the period.

33 U. The department and attorney general may share the
34 information specified in subsection S of this section with any
35 of the following:

36 1. Federal, state or local agencies located in this
37 state for the purposes of enforcement of the statutes or
38 agreements specified in subsection S of this section or for
39 the purposes of enforcement of corresponding laws of other
40 states.

41 2. Indian tribes located in this state for the purposes
42 of enforcement of the statutes or agreements specified in
43 subsection S of this section.

1 3. A court, arbitrator, data clearinghouse or similar
2 entity for the purpose of assessing compliance with or making
3 calculations required by the master settlement agreement or
4 agreements regarding disputes under the master settlement
5 agreement, and with counsel for the parties or expert
6 witnesses in any such proceeding, if the information otherwise
7 remains confidential.

8 V. The department may provide the name and address of
9 qualifying hospitals and qualifying health care organizations,
10 as defined in section 42-5001, to a business that is
11 classified and reporting transaction privilege tax under the
12 utilities classification.

13 W. The department may disclose to an official of any
14 city, town or county in a current agreement or considering a
15 prospective agreement with the department as described in
16 section 42-5032.02, subsection G any information relating to
17 amounts that are subject to distribution and that are required
18 by section 42-5032.02. Information disclosed by the
19 department under this subsection:

20 1. May be used only by the city, town or county for
21 internal purposes.

22 2. May not be disclosed to the public in any manner
23 that does not comply with confidentiality standards
24 established by the department. The city, town or county must
25 agree with the department in writing that any release of
26 confidential information that violates the confidentiality
27 standards will result in the immediate suspension of any
28 rights of the city, town or county to receive information
29 under this subsection.

30 X. Notwithstanding any other provision of this section,
31 the department may not disclose information provided by an
32 online lodging marketplace, as defined in section 42-5076,
33 without the written consent of the online lodging marketplace,
34 and the information may be disclosed only pursuant to
35 subsection A, paragraphs 1 through 6, 8 and 10, subsection B,
36 paragraphs 1, 2, 7 and 8 and subsections C, D and G of this
37 section. Such information:

38 1. Is not subject to disclosure pursuant to title 39,
39 relating to public records.

40 2. May not be disclosed to any agency of this state or
41 of any county, city, town or other political subdivision of
42 this state.

