

ARIZONA STATE LEGISLATURE

JOINT AD HOC COMMITTEE ON THE IMPACT OF SHORT-TERM RENTALS ON ARIZONA COMMUNITIES

**Minutes of the Meeting
December 16, 2019
5:00 p.m., Senate Hearing Room 1**

Members Present:

Senator Kate Brophy McGee, Co-Chair
Senator Sean Bowie

Representative John Kavanagh, Co-Chair
Representative Isela Blanc
Representative Travis W. Grantham

Members Excused:

Senator David Livingston

Staff:

Laura Benitez, Senate Research Staff

Co-Chair Brophy McGee called the meeting to order at 5:04 p.m. and attendance was taken.

APPROVAL OF MINUTES

Senator Brophy McGee stated that without objection, the minutes of the October 30, 2019 meeting are approved.

Representative Kavanagh made comments regarding agenda items.

Nick Ponder, League of Arizona Cities & Towns

Nick Ponder, League of Arizona Cities & Towns, testified regarding statutes, zoning codes and powers of municipalities with regards to short-term rentals. Mr. Ponder answered questions posed by the Committee.

Jim Lane, Mayor, City of Scottsdale, testified regarding the differences between residents and tourists, short-term and long-term rentals, and taxing regulations. Mayor Lane spoke of what some cities around the country have done regarding short-term rentals and answered questions posed by the Committee.

Sandy Moriarty, Mayor, City of Sedona, distributed and explained a PowerPoint presentation entitled "Impacts to Neighborhoods and Community" (Attachment A) and provided a transcript of her testimony (Attachment B). Mayor Moriarty testified regarding

the consequences of the sharing economy and the differences between short-term and long-term rentals. Mayor Moriarty testified regarding the application of various taxing categories and answered questions posed by the Committee.

Coral Evans, Mayor, City of Flagstaff, distributed and explained a PowerPoint presentation entitled "Short-Term/Vacation Rentals" (Attachment C). Mayor Evans testified regarding short-term rentals and transient lodging with emphasis on regulation and taxing. Mayor Evans suggested some statutory changes to improve the situation and answered questions posed by the Committee. Mayor Evans provided a transcript of her testimony (Attachment D).

Robin Hillyard, County Supervisors Association

Robin Hillyard, County Supervisors Association, testified regarding transient property tax, statutory classifications and business classifications for taxation.

Matt Ryan, County Supervisor, Coconino County, distributed and explained a PowerPoint presentation entitled "Investor Owned Short Term Vacation Rentals – Appropriate Property Tax Classification" (Attachment E). Mr. Ryan testified regarding tax equity and parity.

Armando Ruiz, Coconino County Assessor, continued to explain the PowerPoint presentation (Attachment E) and testified regarding the need for clarity and consistency in taxes. Mr. Ruiz answered questions posed by the Committee.

Mr. Ryan answered questions posed by the Committee.

Arizona Department of Revenue

Frank Boucek, Deputy Assistant Director, Department of Revenue (DOR), testified regarding property taxes and the lack of clarity in the definition of classifications and answered questions posed by the Committee.

Hsin Pai, Deputy Assistant Director for DOR's Tax Policy and Appeals section, distributed and explained a PowerPoint presentation entitled "The Online Lodging Marketplace Classification" (Attachment F). Mr. Pai explained how Transaction Privilege Tax (TPT) is applied to short-term rentals and the online lodging marketplace. Mr. Pai answered questions posed by the Committee.

Bill Ritz, Legislative Liaison, Department of Revenue, explained current enforcement efforts and answered questions posed by the Committee.

Mr. Ponder answered additional questions posed by the Committee.

Kate Bauer, Member, Take Action Phoenix

Kate Bauer, Member, Take Action Phoenix, gave a brief explanation of Take Action Phoenix and distributed maps showing clustering of residential group homes and short-

term rentals (Attachment G). Ms. Bauer testified regarding residential group home rules being applied to short-term rentals and answered questions posed by the Committee.

Senator Brophy McGee offered comments regarding unlicensed group and Seriously Mentally Ill (SMI) homes.

PUBLIC TESTIMONY

Steven Pollack, representing himself, testified in support of short-term rentals.

Bert Farmer, representing himself, testified in opposition to short-term rentals.

Sandra Scanlan, representing herself, testified in opposition to short-term rentals.

Liz Draeger, representing herself, testified in opposition to short-term rentals.

Alice Katz, representing herself, testified in opposition to short-term rentals.

John Nilson, representing himself, testified in opposition to short-term rentals.

Jim Oestman, representing himself, testified in support of short-term rentals.

Susan Edwards, representing herself, testified in opposition to short-term rentals and submitted a paper with two internet links showing how many short-term rentals are in certain areas (Attachment H).

Aaron Waldman, representing himself, testified in support of short-term rentals and submitted paperwork regarding his testimony (Attachment I).

Crystal Wood, representing herself, testified in support of short-term rentals and submitted a copy of her testimony (Attachment J).

Larry Stracke, representing himself, testified in support of short-term rentals and submitted a copy of his testimony (Attachment K).

Christian Eaton, representing himself, testified in support of short-term rentals.

Bill Chisholm, Sedona City Council, testified in support of regulating short-term rentals and submitted a copy of his testimony (Attachment L).

Jessica Williamson, Sedona City Council, testified in support of owner operated short-term rentals and in opposition to investor owned short-term rentals and boutique hotels.

Scott Jablow, Sedona City Council, testified in opposition to short-term rentals and their impact on census numbers.

Steven Pishdad, representing himself, testified in support of short-term rentals and submitted written testimony from Cyrus Pishdad (Attachment M).

Chuck Jones, representing himself, testified regarding taxes and voiced concerns about the short-term rental situation.

Leslie Oestmann, representing herself, testified in support of short-term rentals and submitted an informational paper (Attachment N).

Lane Bridwell, representing herself, testified in opposition to short-term rentals.

Mandy Worth, Jerome Town Council, testified regarding the need for the ability to tax short-term rentals as commercial property.

Ernie Strauch, representing himself, testified regarding problems with taxing definitions.

Charlotte Riess, representing herself, testified regarding limiting the number of short-term rentals in a given area.

Representative Kavanagh stated that if anyone had written testimony, they should submit it to staff for the record.

Mr. David Mason submitted written testimony (Attachment O).

COMMITTEE DISCUSSION

The Committee discussed possible legislative reforms regarding short-term rentals and subjects for a potential next meeting.

Attached is a list noting the individuals who registered their position on the agenda items (Attachment P).

Attached are forms noting the individuals who submitted a Speaker slip on the agenda items (Attachment Q).

There being no further business, the meeting was adjourned at 8:05 p.m.

Respectfully submitted,

Shelley Ponce
Committee Secretary

(Audio recordings and attachments are on file in the Secretary of the Senate's Office/Resource Center, Room 115. Audio archives are available at <http://www.azleg.gov>)