Sponsorship has changed since the bill was introduced

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

State of Arizona
House of Representatives,
Fifty-fourth Legislature
First Regular Session
2019

HB 2672

*Introduced by
Representatives Kavanagh: Barto, Blackman, Bolick, Bowers, Butler,
Campbell, Cano, Carroll, Cobb, Dunn, Engel, Espinoza, Fernandez, Finchem,
Friese, Gabaldón, Grantham, Hernandez A, Jermaine, Kern, Lawrence,
Lieberman, Longdon, Meza, Osborne, Pawlik, Payne, Rivero, Roberts, Shah,
Sierra, Stringer, Thorpe, Toma, Tsosie, Senators Alston, Bowie, Boyer,
Bradley, Brophy McGee, Carter, Contreras, Dalessandro, Fann, Gray, Kerr,
Leach, Livingston, Mendez, Otondo, Peshlakai, Pratt, Quezada, Rios,
Ugenti-Rita

AN ACT

REVISED STATUTES; AMENDING TITLE 42, CHAPTER 5, ARTICLE 1, ARIZONA REVISED
STATUTES, BY ADDING SECTION 42-5042; RELATING TO VACATION RENTALS.

(TEXT OF BILL BEGINS ON NEXT PAGE)
Be it enacted by the Legislature of the State of Arizona:

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

9-500.39. Limits on regulation of vacation rentals and short-term rentals; state preemption; definitions

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

B. A city or town may not restrict the use of or regulate vacation rentals or short-term rentals based on their classification, use or occupancy EXCEPT AS PROVIDED IN THIS SECTION. A city or town may regulate vacation rentals or short-term rentals for the following purposes:

1. Protection of the public's health and safety, including rules and regulations related to fire and building codes, health and sanitation, transportation or traffic control, solid or hazardous waste and pollution control, and designation of an emergency point of contact, if the city or town demonstrates that the rule or regulation is for the primary purpose of protecting the public's health and safety.

2. Adopting and enforcing residential use and zoning ordinances, including ordinances related to noise, protection of welfare, property maintenance and other nuisance issues, if the ordinance is applied in the same manner as other property classified under sections 42-12003 and 42-12004.

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

4. Restricting the maximum number of adult occupants allowed on the vacation rental or short-term rental property at any one time to not more than two adults per sleeping room plus two adults.

5. Restricting the maximum number of guests allowed on the vacation rental or short-term rental property at any one time until 10:00 p.m. to not more than that of the allowed occupancy for that particular property.

6. Requiring the installation of safety and monitoring equipment that monitors and detects the level of noise and number of occupants on the property and the transmittal of that information to the property owner or manager of:

   (a) Any investor-owned vacation rental or short-term rental.

   (b) Any vacation rental or short-term rental that has received three or more verified violations of a city's or town's applicable laws, regulations and ordinances within a twelve-month period.

7. Requiring the owner of a vacation rental or short-term rental to provide the city or town with contact information for the person who is responsible for responding to complaints at any time of day before offering for rent or renting the vacation rental or short-term rental.
C. A CITY OR TOWN MAY REQUEST THE DEPARTMENT OF REVENUE TO PROVIDE
THE INFORMATION REQUIRED BY SECTION 42-5014, SUBSECTION E, PARAGRAPH 3 TO
ENFORCE REGULATIONS AND ORDINANCES PURSUANT TO THIS SECTION.

D. A CITY OR TOWN SHALL NOTIFY THE DEPARTMENT OF REVENUE OF
VERIFIED VIOLATIONS OF THE CITY'S OR TOWN'S APPLICABLE LAWS, REGULATIONS
AND ORDINANCES.

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

F. A VACATION RENTAL OR SHORT-TERM RENTAL MAY NOT BE USED FOR
NONRESIDENTIAL USES, INCLUDING A RETAIL, RESTAURANT, BANQUET SPACE, EVENT
CENTER OR OTHER SIMILAR USE.

G. For the purposes of this section:
1. "Transient" has the same meaning prescribed in section 42-5070.
2. "Vacation rental" or "short-term rental" means any individually
or collectively owned single-family or one-to-four-family house or
dwelling unit or any unit or group of units in a condominium, cooperative
or timeshare, that is also a transient public lodging establishment or
owner-occupied residential home offered for transient use if the
accommodations are not classified for property taxation under section
42-12001. Vacation rental and short-term rental do not include a unit
that is used for any nonresidential use, including retail, restaurant,
banquet space, event center or another similar use.

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

11-269.17. Limits on regulation of vacation rentals and
short-term rentals; state preemption;
definitions

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

B. A county may not restrict the use of or regulate vacation
rentals or short-term rentals based on their classification, use or
occupancy EXCEPT AS PROVIDED IN THIS SECTION. A county may regulate
vacation rentals or short-term rentals for the following purposes:
1. Protection of the public's health and safety,
   including rules and regulations related to fire and building codes, health
   and sanitation, transportation or traffic control, solid or hazardous
   waste and pollution control, and designation of an emergency point of
   contact, if the county demonstrates that the rule or regulation is for the
   primary purpose of protecting the public's health and safety.

2. Adopting and enforcing residential use and zoning ordinances,
   including ordinances related to noise, protection of welfare, property
   maintenance and other nuisance issues, if the ordinance is applied in the
same manner as other property classified under sections 42-12003 and 42-12004.

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

4. Restricting the maximum number of adult occupants allowed on the vacation rental or short-term rental property at any one time to not more than two adults per sleeping room plus two adults.

5. Restricting the maximum number of guests allowed on the vacation rental or short-term rental property at any one time until 10:00 P.M. to not more than that of the allowed occupancy for that particular property.

6. Requiring the installation of safety and monitoring equipment that monitors and detects the level of noise and number of occupants on the property and the transmittal of that information to the property owner or manager of:
   (a) Any investor-owned vacation rental or short-term rental.
   (b) Any vacation rental or short-term rental that has received three or more verified violations of a county’s applicable laws, regulations and ordinances within a twelve-month period.

7. Requiring the owner of a vacation rental or short-term rental to provide the county with contact information for the person who is responsible for responding to complaints at any time of day before offering for rent or renting the vacation rental or short-term rental.

C. A county may request the department of revenue to provide the information required by section 42-5014, subsection E, paragraph 3 to enforce regulations and ordinances pursuant to this section.

D. A county shall notify the department of revenue of verified violations of the county’s applicable laws, regulations and ordinances.

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

F. A vacation rental or short-term rental may not be used for nonresidential uses, including a retail, restaurant, banquet space, event center or other similar use.

G. For the purposes of this section:
   1. "Transient" has the same meaning prescribed in section 42-5070.
   2. "Vacation rental" or "short-term rental" means any individually or collectively owned single-family or one-to-four-family house or dwelling unit or any unit or group of units in a condominium, cooperative or timeshare, that is also a transient public lodging establishment or owner-occupied residential home offered for transient use if the accommodations are not classified for property taxation under section
42-12001. Vacation rental and short-term rental do not include a unit that is used for any nonresidential use, including retail, restaurant, banquet space, event center or another similar use.

Sec. 3. Section 42-2001, Arizona Revised Statutes, is amended to read:

42-2001. Definitions

In this article, unless the context otherwise requires:

1. "Confidential information":
   (a) Includes the following information whether it concerns individual taxpayers or is aggregate information for specifically identified taxpayers:
   (i) Returns and reports filed with the department for income tax, withholding tax, transaction privilege tax, luxury tax, use tax, property tax and severance tax.
   (ii) Applications for transaction-privilege licenses, luxury tax licenses, use tax licenses and withholding licenses.
   (iii) Information discovered concerning taxes and receipts by the department, whether or not by compulsory process.
   (iv) Return information obtained from the United States internal revenue service and United States bureau of alcohol, tobacco and firearms.
   (v) FINANCIAL information supplied at the special request of the department by a taxpayer which THAT the taxpayer requests to be held in confidence.
   (vi) Guidelines, standards or procedures that are established by the department for, or other information relating to, selecting returns or taxpayers for examination or settling or compromising any tax liability.
   (vii) A taxpayer's identity. The nature, source or amount of the taxpayer's income, payments, receipts, deductions, exemptions, credits, assets, liabilities, net worth, tax liability, tax withheld, deficiencies, overassessments or tax payments, whether the taxpayer's return was, is being or will be examined or subject to investigation, collection or processing or any other FINANCIAL data received by, recorded by, prepared by, furnished to or collected by the department with respect to a return or with respect to the termination, or possible existence, of liability of any person for any tax, penalty or interest imposed pursuant to this title or title 43.
   (viii) Information supplied by an employee to an employer regarding the employee's election to have the employee's withholding tax reduced for the purposes of contributions to qualifying charitable organizations, qualified school tuition organizations or public schools pursuant to section 43-401, subsection G.
   
   (b) Does not include information that is otherwise a public record.

2. "Report” includes a notice of insurance payments, a request for a release of a bank account and an inventory of a safe deposit box.
3. "Return" includes any form prescribed by the department and any supporting schedules, attachments and lists.

4. "Tax administration" includes assessment, collection, investigation, litigation, statistical gathering functions, enforcement, policy making functions or management of those functions of the tax revenue laws of this state.

5. "Taxpayer", with respect to a joint return, means either party.

Sec. 4. Section 42-2003, Arizona Revised Statutes, is amended to read:

42-2003. Authorized disclosure of confidential information

A. Confidential information relating to:

1. A taxpayer may be disclosed to the taxpayer, its successor in interest or a designee of the taxpayer who is authorized in writing by the taxpayer. A principal corporate officer of a parent corporation may execute a written authorization for a controlled subsidiary.

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

3. A partnership may be disclosed to any partner of the partnership. This exception does not include disclosure of confidential information of a particular partner unless otherwise authorized.

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

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

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

7. A government entity may be disclosed to the head of the entity or a member of the governing board of the entity, or any employee of the entity who has been delegated the authorization in writing by the head of the entity or the governing board of the entity.
8. Any taxpayer may be disclosed if the taxpayer has waived any rights to confidentiality either in writing or on the record in any administrative or judicial proceeding.

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

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

B. Confidential information may be disclosed to:

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

2. The office of the attorney general or any other law enforcement agency solely for its use in preparation for, or in an investigation that may result in, any proceeding involving tax administration before the department or any other agency or board of this state, or before any grand jury or any state or federal court. TO RECEIVE CONFIDENTIAL INFORMATION PURSUANT TO THIS PARAGRAPH, A LAW ENFORCEMENT AGENCY OTHER THAN THE OFFICE OF THE ATTORNEY GENERAL SHALL PROVIDE AN AFFIDAVIT TO THE DEPARTMENT DESCRIBING THE INVESTIGATION AND HOW IT MAY RESULT IN A PROCEEDING INVOLVING TAX ADMINISTRATION. THE DEPARTMENT MAY NOT RELEASE ANY CONFIDENTIAL INFORMATION IF THE DEPARTMENT DETERMINES THAT THE INFORMATION WILL NOT BE USED FOR THE PURPOSES SPECIFIED IN THIS PARAGRAPH. THIS PARAGRAPH DOES NOT AUTHORIZE THE DEPARTMENT TO DISCLOSE CONFIDENTIAL INFORMATION THAT WAS PROVIDED TO THE DEPARTMENT BY THE INTERNAL REVENUE SERVICE.

3. The department of liquor licenses and control for its use in determining whether a spirituous liquor licensee has paid all transaction privilege taxes and affiliated excise taxes incurred as a result of the sale of spirituous liquor, as defined in section 4-101, at the licensed establishment and imposed on the licensed establishments by this state and its political subdivisions.

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

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

   (a) The United States internal revenue service, alcohol and tobacco tax and trade bureau of the United States treasury, United States bureau of alcohol, tobacco, firearms and explosives of the United States
department of justice, United States drug enforcement agency and federal
bureau of investigation.
(b) A state tax official of another state.
(c) An organization of states, federation of tax administrators or
multistate tax commission that operates an information exchange for tax
administration purposes.
(d) An agency, official or organization of a foreign country with
responsibilities that are comparable to those listed in subdivision (a),
(b) or (c) of this paragraph.
(e) An agency, official or organization of an Indian tribal
government with responsibilities comparable to the responsibilities of the
agencies, officials or organizations identified in subdivision (a), (b) or
(c) of this paragraph.
6. The auditor general, in connection with any audit of the
department subject to the restrictions in section 42-2002, subsection D.
7. Any person to the extent necessary for effective tax
administration in connection with:
(a) The processing, storage, transmission, destruction and
reproduction of the information.
(b) The programming, maintenance, repair, testing and procurement
of equipment for purposes of tax administration.
(c) The collection of the taxpayer's civil liability.
8. The office of administrative hearings relating to taxes
administered by the department pursuant to section 42-1101, but the
department shall not disclose any confidential information without the
taxpayer's written consent:
(a) Regarding income tax or withholding tax.
(b) On any tax issue relating to information associated with the
reporting of income tax or withholding tax.
9. The United States treasury inspector general for tax
administration for the purpose of reporting a violation of internal
revenue code section 7213A (26 United States Code section 7213A),
unauthorized inspection of returns or return information.
10. The financial management service of the United States treasury
department for use in the treasury offset program.
11. The United States treasury department or its authorized agent
for use in the state income tax levy program and in the electronic federal
tax payment system.
12. The Arizona commerce authority for its use in:
(a) Qualifying renewable energy operations for the tax incentives
under section 42-12006.
(b) Qualifying businesses with a qualified facility for income tax
credits under sections 43-1083.03 and 43-1164.04.
(c) Fulfilling its annual reporting responsibility pursuant to section 41-1511, subsections U and V and section 41-1512, subsections U and V.

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

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

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

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

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

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

18. Another state agency if the taxpayer authorizes the disclosure of confidential information in writing, including an authorization that is part of an application form or other document submitted to the agency.

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

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

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

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

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

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

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

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

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

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

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

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

   1. May only be used for internal purposes, including audits.
   2. May not be disclosed to the public in any manner that does not comply with confidentiality standards established by the department. The county, city or town shall agree in writing with the department that any release of confidential information that violates the confidentiality standards adopted by the department will result in the immediate suspension of any rights of the county, city or town to receive taxpayer information under this subsection.

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

   1. The state treasurer in order to comply with the requirements of section 42-5029, subsection A, paragraph 3.
   2. The joint legislative income tax credit review committee, the joint legislative budget committee staff and the legislative staff in order to comply with the requirements of section 43-221.

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

J. Except as provided in section 42-2002, subsection C, confidential information, described in section 42-2001, paragraph 1,
subdivision (a), item (ii), may be disclosed to a law enforcement agencies for law enforcement purposes. EXCEPT AS PROVIDED IN SECTION 42-2002, SUBSECTION D, THE DEPARTMENT MAY DISCLOSE OTHER CONFIDENTIAL INFORMATION TO A LAW ENFORCEMENT AGENCY IF THE LAW ENFORCEMENT AGENCY PROVIDES A GRAND JURY SUBPOENA OR A COURT ORDER DIRECTING THE DEPARTMENT TO PROVIDE THE CONFIDENTIAL INFORMATION.

K. The department may provide transaction privilege tax license information to property tax officials in a county for the purpose of identification and verification of the tax status of commercial property.

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

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

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

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

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

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

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

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

1. Any public health control law relating to tobacco sales as provided under title 36, chapter 6, article 14.
2. Any law relating to reduced cigarette ignition propensity standards as provided under title 37, chapter 9, article 5.

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

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

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

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

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

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

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

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

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

V. The department may provide the name and address of qualifying hospitals and qualifying health care organizations, as defined in section
42-5001, to a business THAT IS classified and reporting transaction privilege tax under the utilities classification.

W. The department may disclose to an official of any city, town or county in a current agreement or considering a prospective agreement with the department as described in section 42-5032.02, subsection G any information relating to amounts subject to distribution THAT ARE required by section 42-5032.02. Information disclosed by the department under this subsection:

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

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

X. Notwithstanding any other provision of this section, the department may not disclose information provided by an online lodging marketplace, as defined in section 42-5076, without ONLY WITH the written consent of the online lodging marketplace. The information:

1. May be disclosed only pursuant to subsection A, paragraphs 1 through 6, 8 and 10, subsection B, paragraphs 1, 2, 7 and 8 and subsections C, and D AND J of this section AND TO A CITY, TOWN OR COUNTY FOR THE PURPOSE OF ENFORCING LAWS, REGULATIONS AND ORDINANCES ADOPTED PURSUANT TO SECTIONS 9-500.39 AND 11-269.17. Such information:

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

3. May not be disclosed to any agency of this state or of any county, city, town or other political subdivision of this state FOR PURPOSES OTHER THAN THOSE PROVIDED IN PARAGRAPH 1 OF THIS SUBSECTION.

Sec. 5. Title 42, chapter 5, article 1, Arizona Revised Statutes, is amended by adding section 42-5042, to read: 42-5042. Online lodging operators; requirements; penalties; definitions

A. AN ONLINE LODGING OPERATOR MAY NOT OFFER FOR RENT OR RENT A LODGING ACCOMMODATION WITHOUT A CURRENT TRANSACTION PRIVILEGE TAX LICENSE. THE ONLINE LODGING OPERATOR SHALL LIST THE TRANSACTION PRIVILEGE TAX LICENSE NUMBER ON EACH ADVERTISEMENT FOR EACH LODGING ACCOMMODATION THE ONLINE LODGING OPERATOR MAINTAINS, INCLUDING ONLINE LODGING MARKETPLACE POSTINGS.

B. IF AN ONLINE LODGING OPERATOR FAILS TO COMPLY WITH THIS SECTION, THE DEPARTMENT SHALL:

1. FOR A FIRST OFFENSE, IMPOSE A CIVIL PENALTY OF NOT MORE THAN $250 AGAINST THE ONLINE LODGING OPERATOR.
2. FOR A SECOND AND ANY SUBSEQUENT OFFENSE, IMPOSE A CIVIL PENALTY
OF NOT MORE THAN $1,000 AGAINST THE ONLINE LODGING OPERATOR.

C. THE DEPARTMENT SHALL SUSPEND OR REVOKE AN ONLINE LODGING
OPERATOR'S LODGING ACCOMMODATION'S TRANSACTION PRIVILEGE LICENSES ON
NOTIFICATION OF VERIFIED VIOLATIONS FROM A CITY, TOWN OR COUNTY AS
FOLLOWS:

1. FOR AN ONLINE LODGING OPERATOR THAT IS REQUIRED TO INSTALL
SAFETY AND MONITORING EQUIPMENT PURSUANT TO SECTION 9-500.39, SUBSECTION
B, PARAGRAPH 6, SUBDIVISION (a) AND SECTION 11-269.17, SUBDIVISION B,
PARAGRAPH 6, SUBDIVISION (a) AND THAT:

(a) RECEIVES NOTICE OF TWO VERIFIED VIOLATIONS OF A CITY'S, TOWN'S
OR COUNTY'S APPLICABLE LAWS, REGULATIONS AND ORDINANCES WITHIN A SIX-MONTH
PERIOD, THE DEPARTMENT SHALL SUSPEND THE ONLINE LODGING OPERATOR'S
TRANSACTION PRIVILEGE TAX LICENSE FOR A PERIOD OF SIXTY DAYS.

(b) RECEIVES NOTICE OF THREE ADDITIONAL VERIFIED VIOLATIONS OF A
CITY'S, TOWN'S OR COUNTY'S APPLICABLE LAWS, REGULATIONS AND ORDINANCES
WITHIN THE TWELVE-MONTH PERIOD AFTER THE SUSPENSION ENDS, THE DEPARTMENT
SHALL REVOKE ALL OF THE ONLINE LODGING OPERATOR'S TRANSACTION PRIVILEGE
TAX LICENSES.

2. FOR AN ONLINE LODGING OPERATOR THAT IS REQUIRED TO INSTALL
SAFETY AND MONITORING EQUIPMENT PURSUANT TO SECTION 9-500.39, SUBSECTION
B, PARAGRAPH 6, SUBDIVISION (b) AND SECTION 11-269.17, SUBDIVISION B,
PARAGRAPH 6, SUBDIVISION (b) AND THAT:

(a) RECEIVES NOTICE OF TWO ADDITIONAL VERIFIED VIOLATIONS OF A
CITY'S, TOWN'S OR COUNTY'S APPLICABLE LAWS, REGULATIONS AND ORDINANCES
WITHIN THE SIX-MONTH PERIOD AFTER THE DATE THE ONLINE LODGING OPERATOR IS
REQUIRED TO INSTALL SAFETY AND MONITORING EQUIPMENT, THE DEPARTMENT SHALL
SUSPEND THE ONLINE LODGING OPERATOR'S TRANSACTION PRIVILEGE TAX LICENSES
FOR A PERIOD OF SIXTY DAYS.

(b) RECEIVES NOTICE OF THREE ADDITIONAL VERIFIED VIOLATIONS OF A
CITY'S, TOWN'S OR COUNTY'S APPLICABLE LAWS, REGULATIONS AND ORDINANCES
WITHIN THE TWELVE-MONTH PERIOD AFTER THE SUSPENSION ENDS, THE DEPARTMENT
SHALL REVOKE THE ONLINE LODGING OPERATOR'S TRANSACTION PRIVILEGE TAX
LICENSE.

D. FOR THE PURPOSES OF THIS SECTION, "LODGING ACCOMMODATION",
"ONLINE LODGING MARKETPLACE" AND "ONLINE LODGING OPERATOR" HAVE THE SAME
MEANINGS PRESCRIBED IN SECTION 42-5076.