

State of Arizona  
Senate  
Fifty-fifth Legislature  
Second Regular Session  
2022

**CHAPTER 343**  
**SENATE BILL 1168**

AN ACT

AMENDING SECTIONS 9-500.39 AND 11-269.17, ARIZONA REVISED STATUTES; REPEALING SECTION 42-1125.02, ARIZONA REVISED STATUTES; AMENDING SECTION 42-5042, 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 ~~for the following purposes~~ AS  
14 **FOllOWS:**

15 1. **Protecting** TO PROTECT the public's health and safety, including  
16 rules and regulations related to fire and building codes, health and  
17 sanitation, transportation or traffic control, ~~AND~~ solid or hazardous  
18 waste and pollution control, ~~and designation of an emergency point of~~  
19 ~~contact~~, if the city or town demonstrates that the rule or regulation is  
20 for the primary purpose of protecting the public's health and safety.

21 2. **Adopting** TO ADOPT and ~~enforcing residential~~ ENFORCE use and  
22 zoning ordinances, including ordinances related to noise, protection of  
23 welfare, property maintenance and other nuisance issues, if the ordinance  
24 is applied in the same manner as other property classified under sections  
25 42-12003 and 42-12004.

26 3. ~~limiting~~ TO LIMIT or ~~prohibiting~~ PROHIBIT the use of a vacation  
27 rental or short-term rental for the purposes of housing sex offenders,  
28 operating or maintaining a sober living home, selling illegal drugs,  
29 liquor control or pornography, obscenity, nude or topless dancing and  
30 other adult-oriented businesses.

31 4. **Requiring** TO REQUIRE the owner of a vacation rental or  
32 short-term rental to provide the city or town ~~with~~ AN EMERGENCY POINT OF  
33 contact information for the owner or the owner's designee who is  
34 responsible for responding to complaints OR EMERGENCIES in a timely manner  
35 in person ~~IF REQUIRED BY PUBLIC SAFETY PERSONNEL~~, over the phone or by  
36 email at any time of day before offering for rent or renting the vacation  
37 rental or short-term rental. IN ADDITION TO ANY OTHER PENALTY PURSUANT TO  
38 THIS SECTION, THE CITY OR TOWN MAY IMPOSE A CIVIL PENALTY OF UP TO \$1,000  
39 AGAINST THE OWNER FOR EVERY THIRTY DAYS THE OWNER FAILS TO PROVIDE CONTACT  
40 INFORMATION AS PRESCRIBED BY THIS PARAGRAPH. THE CITY OR TOWN SHALL  
41 PROVIDE THIRTY DAYS' NOTICE TO THE OWNER BEFORE IMPOSING THE INITIAL CIVIL  
42 PENALTY.

43 5. TO REQUIRE AN OWNER OF A VACATION RENTAL OR SHORT-TERM RENTAL TO  
44 OBTAIN AND MAINTAIN A LOCAL REGULATORY PERMIT OR LICENSE PURSUANT TO TITLE  
45 9, CHAPTER 7, ARTICLE 4. AS A CONDITION OF ISSUANCE OF A PERMIT OR

1 LICENSE, THE APPLICATION FOR THE PERMIT OR LICENSE MAY ONLY REQUIRE AN  
2 APPLICANT TO PROVIDE THE FOLLOWING:

3 (a) NAME, ADDRESS, PHONE NUMBER AND EMAIL ADDRESS FOR THE OWNER OR  
4 OWNER'S AGENT.

5 (b) ADDRESS OF THE VACATION RENTAL OR SHORT-TERM RENTAL.

6 (c) PROOF OF COMPLIANCE WITH SECTION 42-5005.

7 (d) CONTACT INFORMATION REQUIRED PURSUANT TO PARAGRAPH 4 OF THIS  
8 SUBSECTION.

9 (e) ACKNOWLEDGMENT OF AN AGREEMENT TO COMPLY WITH ALL APPLICABLE  
10 LAWS, REGULATIONS AND ORDINANCES.

11 (f) A FEE NOT TO EXCEED THE ACTUAL COST OF ISSUING THE PERMIT OR  
12 LICENSE OR \$250, WHICHEVER IS LESS.

13 6. TO REQUIRE, BEFORE OFFERING A VACATION RENTAL OR SHORT-TERM  
14 RENTAL FOR RENT FOR THE FIRST TIME, THE OWNER OR THE OWNER'S DESIGNEE OF A  
15 VACATION RENTAL OR SHORT-TERM RENTAL TO NOTIFY ALL SINGLE-FAMILY  
16 RESIDENTIAL PROPERTIES ADJACENT TO, DIRECTLY AND DIAGONALLY ACROSS THE  
17 STREET FROM THE VACATION RENTAL OR SHORT-TERM RENTAL. NOTICE SHALL BE  
18 DEEMED SUFFICIENT IN A MULTI-FAMILY RESIDENTIAL BUILDING IF GIVEN TO  
19 RESIDENTS ON THE SAME BUILDING FLOOR. A CITY OR TOWN MAY REQUIRE  
20 ADDITIONAL NOTIFICATION PURSUANT TO THIS PARAGRAPH IF THE CONTACT  
21 INFORMATION PREVIOUSLY PROVIDED CHANGES. NOTIFICATION PROVIDED IN  
22 COMPLIANCE WITH THIS PARAGRAPH SHALL INCLUDE THE PERMIT OR LICENSE NUMBER  
23 IF REQUIRED BY THE CITY OR TOWN, THE ADDRESS, AND THE INFORMATION REQUIRED  
24 PURSUANT TO PARAGRAPH 4 OF THIS SUBSECTION. THE OWNER OR THE OWNER'S  
25 DESIGNEE SHALL DEMONSTRATE COMPLIANCE WITH THIS PARAGRAPH BY PROVIDING THE  
26 CITY OR TOWN WITH AN ATTESTATION OF NOTIFICATION COMPLIANCE THAT CONSISTS  
27 OF THE FOLLOWING INFORMATION:

28 (a) THE PERMIT OR LICENSE NUMBER OF THE VACATION RENTAL OR  
29 SHORT-TERM RENTAL, IF REQUIRED BY THE CITY OR TOWN.

30 (b) THE ADDRESS OF EACH PROPERTY NOTIFIED.

31 (c) A DESCRIPTION OF THE MANNER IN WHICH THE OWNER OR OWNER'S  
32 DESIGNEE CHOSE TO PROVIDE NOTIFICATION TO EACH PROPERTY SUBJECT TO  
33 NOTIFICATION.

34 (d) THE NAME AND CONTACT INFORMATION OF THE PERSON ATTESTING TO  
35 COMPLIANCE WITH THIS PARAGRAPH.

36 7. TO REQUIRE THE OWNER OR OWNER'S DESIGNEE OF A VACATION RENTAL OR  
37 SHORT-TERM RENTAL TO DISPLAY THE LOCAL REGULATORY PERMIT NUMBER OR LICENSE  
38 NUMBER, IF ANY, ON EACH ADVERTISEMENT FOR A VACATION RENTAL OR SHORT-TERM  
39 RENTAL THAT THE OWNER OR OWNER'S DESIGNEE MAINTAINS. A CITY OR TOWN THAT  
40 DOES NOT REQUIRE A LOCAL REGULATORY PERMIT OR LICENSE MAY REQUIRE THE  
41 OWNER OR OWNER'S DESIGNEE OF A VACATION RENTAL OR SHORT-TERM RENTAL TO  
42 DISPLAY THE TRANSACTION PRIVILEGE TAX LICENSE REQUIRED BY SECTION 42-5042  
43 ON EACH ADVERTISEMENT FOR A VACATION RENTAL OR SHORT-TERM RENTAL THAT THE  
44 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       C. ~~Within thirty days after a verified violation, a city or town  
7 shall notify the department of revenue and the owner of the vacation  
8 rental or short-term rental of the verified violation of the city's or  
9 town's applicable laws, regulations or ordinances and, if the owner of the  
10 vacation rental or short-term rental received the verified violation,  
11 whether the city or town imposed a civil penalty on the owner of the  
12 vacation rental or short-term rental and the amount of the civil penalty,  
13 if assessed. If multiple verified violations arise out of the same  
14 response to an incident at a vacation rental or short-term rental, those  
15 verified violations are considered one verified violation for the purpose  
16 of assessing civil penalties pursuant to section 42-1125.02, subsection B.~~

17       C. A CITY OR TOWN THAT REQUIRES A LOCAL REGULATORY PERMIT OR  
18 LICENSE PURSUANT TO THIS SECTION SHALL ISSUE OR DENY THE PERMIT OR LICENSE  
19 WITHIN SEVEN BUSINESS DAYS OF RECEIPT OF THE INFORMATION REQUIRED BY  
20 SUBSECTION B, PARAGRAPH 5 OF THIS SECTION AND OTHERWISE IN ACCORDANCE WITH  
21 SECTION 9-835, EXCEPT THAT A CITY OR TOWN MAY DENY ISSUANCE OF A PERMIT OR  
22 LICENSE ONLY FOR ANY OF THE FOLLOWING:

23       1. FAILURE TO PROVIDE THE INFORMATION REQUIRED BY SUBSECTION B,  
24 PARAGRAPH 5, SUBDIVISIONS (a) THROUGH (e) OF THIS SECTION.

25       2. FAILURE TO PAY THE REQUIRED PERMIT OR LICENSE FEE.

26       3. AT THE TIME OF APPLICATION THE OWNER HAS A SUSPENDED PERMIT OR  
27 LICENSE FOR THE SAME VACATION RENTAL OR SHORT-TERM RENTAL.

28       4. THE APPLICANT PROVIDES FALSE INFORMATION.

29       5. THE OWNER OR OWNER'S DESIGNEE OF A VACATION RENTAL OR SHORT-TERM  
30 RENTAL IS A REGISTERED SEX OFFENDER OR HAS BEEN CONVICTED OF ANY FELONY  
31 ACT THAT RESULTED IN DEATH OR SERIOUS PHYSICAL INJURY OR ANY FELONY USE OF  
32 A DEADLY WEAPON WITHIN THE PAST FIVE YEARS.

33       D. A CITY OR TOWN THAT REQUIRES A LOCAL REGULATORY PERMIT OR  
34 LICENSE PURSUANT TO THIS SECTION SHALL ADOPT AN ORDINANCE TO ALLOW THE  
35 CITY OR TOWN TO INITIATE AN ADMINISTRATIVE PROCESS TO SUSPEND A LOCAL  
36 REGULATORY PERMIT OR LICENSE FOR A PERIOD OF UP TO TWELVE MONTHS FOR THE  
37 FOLLOWING VERIFIED VIOLATIONS ASSOCIATED WITH A PROPERTY:

38       1. THREE VERIFIED VIOLATIONS WITHIN A TWELVE MONTH PERIOD, NOT  
39 INCLUDING ANY VERIFIED VIOLATION BASED ON AN AESTHETIC, SOLID WASTE  
40 DISPOSAL OR VEHICLE PARKING VIOLATION THAT IS NOT ALSO A SERIOUS THREAT TO  
41 PUBLIC HEALTH AND SAFETY.

42       2. ONE VERIFIED VIOLATION THAT RESULTS IN OR CONSTITUTES ANY OF THE  
43 FOLLOWING:

1       (a) A FELONY OFFENSE COMMITTED AT OR IN THE VICINITY OF A VACATION  
2 RENTAL OR SHORT-TERM RENTAL BY THE VACATION RENTAL OR SHORT-TERM RENTAL  
3 OWNER OR OWNER'S DESIGNEE.

4       (b) A SERIOUS PHYSICAL INJURY OR WRONGFUL DEATH AT OR RELATED TO A  
5 VACATION RENTAL OR SHORT-TERM RENTAL RESULTING FROM THE KNOWING,  
6 INTENTIONAL OR RECKLESS CONDUCT OF THE VACATION RENTAL OR SHORT-TERM  
7 RENTAL OWNER OR OWNER'S DESIGNEE.

8       (c) AN OWNER OR OWNER'S DESIGNEE KNOWINGLY OR INTENTIONALLY HOUSING  
9 A SEX OFFENDER, ALLOWING OFFENSES RELATED TO ADULT-ORIENTED BUSINESSES,  
10 SEXUAL OFFENSES OR PROSTITUTION, OR OPERATING OR MAINTAINING A SOBER  
11 LIVING HOME, IN VIOLATION OF A REGULATION OR ORDINANCE ADOPTED PURSUANT TO  
12 SUBSECTION B, PARAGRAPH 3 OF THIS SECTION.

13       (d) AN OWNER OR OWNER'S DESIGNEE KNOWINGLY OR INTENTIONALLY  
14 ALLOWING THE USE OF A VACATION RENTAL OR SHORT-TERM RENTAL FOR A SPECIAL  
15 EVENT THAT WOULD OTHERWISE REQUIRE A PERMIT OR LICENSE PURSUANT TO A CITY  
16 OR TOWN ORDINANCE OR A STATE LAW OR RULE OR FOR A RETAIL, RESTAURANT,  
17 BANQUET SPACE OR OTHER SIMILAR USE.

18       3. NOTWITHSTANDING PARAGRAPHS 1 AND 2 OF THIS SUBSECTION, ANY  
19 ATTEMPTED OR COMPLETED FELONY ACT, ARISING FROM THE OCCUPANCY OR USE OF A  
20 VACATION RENTAL OR SHORT-TERM RENTAL, THAT RESULTS IN A DEATH, OR ACTUAL  
21 OR ATTEMPTED SERIOUS PHYSICAL INJURY, SHALL BE GROUNDS FOR JUDICIAL RELIEF  
22 IN THE FORM OF A SUSPENSION OF THE PROPERTY'S USE AS A VACATION RENTAL OR  
23 SHORT-TERM RENTAL FOR A PERIOD OF TIME THAT SHALL NOT EXCEED TWELVE  
24 MONTHS.

25       E. A CITY OR TOWN THAT REQUIRES SEX OFFENDER BACKGROUND CHECKS ON A  
26 VACATION RENTAL OR SHORT-TERM RENTAL GUEST SHALL WAIVE THE REQUIREMENT IF  
27 AN ONLINE LODGING MARKETPLACE PERFORMS A SEX OFFENDER BACKGROUND CHECK OF  
28 THE BOOKING GUEST.

29       F. NOTWITHSTANDING ANY OTHER LAW, A CITY OR TOWN MAY IMPOSE A CIVIL  
30 PENALTY OF THE FOLLOWING AMOUNTS AGAINST AN OWNER OF A VACATION RENTAL OR  
31 SHORT-TERM RENTAL IF THE OWNER RECEIVES ONE OR MORE VERIFIED VIOLATIONS  
32 RELATED TO THE SAME VACATION RENTAL OR SHORT-TERM RENTAL PROPERTY WITHIN  
33 THE SAME TWELVE-MONTH PERIOD:

34       1. UP TO \$500 OR UP TO AN AMOUNT EQUAL TO ONE NIGHT'S RENT FOR THE  
35 VACATION RENTAL OR SHORT-TERM RENTAL AS ADVERTISED, WHICHEVER IS GREATER,  
36 FOR THE FIRST VERIFIED VIOLATION.

37       2. UP TO \$1,000 OR UP TO AN AMOUNT EQUAL TO TWO NIGHTS' RENT FOR  
38 THE VACATION RENTAL OR SHORT-TERM RENTAL AS ADVERTISED, WHICHEVER IS  
39 GREATER, FOR THE SECOND VERIFIED VIOLATION.

40       3. UP TO \$3,500 OR UP TO AN AMOUNT EQUAL TO THREE NIGHTS' RENT FOR  
41 THE VACATION RENTAL OR SHORT-TERM RENTAL AS ADVERTISED, WHICHEVER IS  
42 GREATER, FOR A THIRD AND ANY SUBSEQUENT VERIFIED VIOLATION.

43       G. A VACATION RENTAL OR SHORT-TERM RENTAL THAT FAILS TO APPLY FOR A  
44 LOCAL REGULATORY PERMIT OR LICENSE IN ACCORDANCE WITH SUBSECTION B,  
45 PARAGRAPH 5 OF THIS SECTION, WITHIN 30 DAYS OF THE LOCAL REGULATORY PERMIT

1 OR LICENSE APPLICATION PROCESS BEING MADE AVAILABLE BY THE CITY OR TOWN  
2 ISSUING SUCH PERMITS OR LICENSES, MUST CEASE OPERATIONS. IN ADDITION TO  
3 ANY FINES IMPOSED PURSUANT TO SUBSECTION F OF THIS SECTION, A CITY OR TOWN  
4 MAY IMPOSE A CIVIL PENALTY OF UP TO \$1,000 PER MONTH AGAINST THE OWNER IF  
5 THE OWNER OR OWNER'S DESIGNEE FAILS TO APPLY FOR A REGULATORY PERMIT OR  
6 LICENSE WITHIN 30 DAYS AFTER RECEIVING WRITTEN NOTICE OF THE FAILURE TO  
7 COMPLY WITH SUBSECTION B, PARAGRAPH 5 OF THIS SECTION.

8 H. IF MULTIPLE VERIFIED VIOLATIONS ARISE OUT OF THE SAME RESPONSE  
9 TO AN INCIDENT AT A VACATION RENTAL OR SHORT-TERM RENTAL, THOSE VERIFIED  
10 VIOLATIONS ARE CONSIDERED ONE VERIFIED VIOLATION FOR THE PURPOSE OF  
11 ASSESSING CIVIL PENALTIES OR SUSPENDING THE REGULATORY PERMIT OR LICENSE  
12 OF THE OWNER OR OWNER'S DESIGNEE PURSUANT TO THIS SECTION.

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

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

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

34 ~~G.~~ L. For the purposes of this section:

35 1. "ONLINE LODGING MARKETPLACE" HAS THE SAME MEANING PRESCRIBED IN  
36 SECTION 42-5076.

37 ~~H.~~ 2. "Transient" has the same meaning prescribed in section  
38 42-5070.

39 ~~I.~~ 3. "Vacation rental" or "short-term rental":

40 (a) Means any individually or collectively owned single-family or  
41 one-to-four-family house or dwelling unit or any unit or group of units in  
42 a condominium, ~~OR~~ cooperative ~~or timeshare~~, that is also a transient  
43 public lodging establishment or owner-occupied residential home offered  
44 for transient use if the accommodations are not classified for property  
45 taxation under section 42-12001. ~~Vacation rental and short-term rental do~~

1       (b) DOES not include a unit that is used for any nonresidential  
2 use, including retail, restaurant, banquet space, event center or another  
3 similar use.

4       3. 4. "Verified violation" means a finding of guilt or civil  
5 responsibility for violating any state law or local ordinance relating to  
6 a purpose prescribed in subsection B or ~~F~~ K of this section that has been  
7 finally adjudicated.

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

10       11-269.17. Limits on regulation of vacation rentals and  
11       short-term rentals; state preemption; civil  
12       penalties; transaction privilege tax license  
13       suspension; definitions

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

16       B. A county may not restrict the use of or regulate vacation  
17 rentals or short-term rentals based on their classification, use or  
18 occupancy except as provided in this section. A county may regulate  
19 vacation rentals or short-term rentals ~~for the following purposes~~ **WITHIN**  
20 **THE UNINCORPORATED AREAS OF THE COUNTY AS FOLLOWS:**

21       1. **Protecting** TO **PROTECT** the public's health and safety, including  
22 rules and regulations related to fire and building codes, health and  
23 sanitation, transportation or traffic control, ~~AND~~ solid or hazardous  
24 waste and pollution control, ~~and designation of an emergency point of~~  
25 ~~contact~~, if the county demonstrates that the rule or regulation is for the  
26 primary purpose of protecting the public's health and safety.

27       2. **Adopting** TO **ADOPT** and ~~enforcing residential~~ **ENFORCE** use and  
28 zoning ordinances, including ordinances related to noise, protection of  
29 welfare, property maintenance and other nuisance issues, if the ordinance  
30 is applied in the same manner as other property classified under sections  
31 42-12003 and 42-12004.

32       3. ~~limiting~~ TO **LIMIT** or ~~prohibiting~~ **PROHIBIT** the use of a vacation  
33 rental or short-term rental for the purposes of housing sex offenders,  
34 operating or maintaining a sober living home, selling illegal drugs,  
35 liquor control or pornography, obscenity, nude or topless dancing and  
36 other adult-oriented businesses.

37       4. **Requiring** TO **REQUIRE** the owner of a vacation rental or  
38 short-term rental to provide the county with contact information for the  
39 owner or the owner's designee who is responsible for responding to  
40 complaints **OR** **EMERGENCIES** in a timely manner in person **IF REQUIRED BY**  
41 **PUBLIC SAFETY PERSONNEL**, over the phone or by email at any time of day  
42 before offering for rent or renting the vacation rental or short-term  
43 rental. **IN ADDITION TO ANY OTHER PENALTY PURSUANT TO THIS SECTION, THE**  
44 **COUNTY MAY IMPOSE A CIVIL PENALTY OF UP TO \$1,000 AGAINST THE OWNER FOR**  
45 **EVERY THIRTY DAYS THE OWNER FAILS TO PROVIDE CONTACT INFORMATION AS**

1 PRESCRIBED BY THIS PARAGRAPH. THE COUNTY SHALL PROVIDE THIRTY DAYS'  
2 NOTICE TO THE OWNER BEFORE IMPOSING THE INITIAL CIVIL PENALTY.

3 5. TO REQUIRE AN OWNER OF A VACATION RENTAL OR SHORT-TERM RENTAL TO  
4 OBTAIN AND MAINTAIN A LOCAL REGULATORY PERMIT OR LICENSE. AS A CONDITION  
5 OF ISSUANCE OF A PERMIT OR LICENSE, THE APPLICATION FOR THE PERMIT OR  
6 LICENSE MAY ONLY REQUIRE AN APPLICANT TO PROVIDE THE FOLLOWING:

7 (a) NAME, ADDRESS, PHONE NUMBER AND EMAIL ADDRESS FOR THE OWNER OR  
8 OWNER'S AGENT.

9 (b) ADDRESS OF THE VACATION RENTAL OR SHORT-TERM RENTAL.

10 (c) PROOF OF COMPLIANCE WITH SECTION 42-5005.

11 (d) CONTACT INFORMATION REQUIRED PURSUANT TO PARAGRAPH 4 OF THIS  
12 SUBSECTION.

13 (e) ACKNOWLEDGMENT OF AN AGREEMENT TO COMPLY WITH ALL APPLICABLE  
14 LAWS, REGULATIONS AND ORDINANCES.

15 (f) A FEE NOT TO EXCEED THE ACTUAL COST OF ISSUING THE PERMIT OR  
16 LICENSE OR \$250, WHICHEVER IS LESS.

17 6. TO REQUIRE, BEFORE OFFERING A VACATION RENTAL OR SHORT-TERM  
18 RENTAL FOR RENT FOR THE FIRST TIME, THE OWNER OR THE OWNER'S DESIGNEE OF A  
19 VACATION RENTAL OR SHORT-TERM RENTAL TO NOTIFY ALL SINGLE-FAMILY  
20 RESIDENTIAL PROPERTIES ADJACENT TO, DIRECTLY AND DIAGONALLY ACROSS THE  
21 STREET FROM THE VACATION RENTAL OR SHORT-TERM RENTAL. NOTICE SHALL BE  
22 DEEMED SUFFICIENT IN A MULTI-FAMILY RESIDENTIAL BUILDING IF GIVEN TO  
23 RESIDENTS ON THE SAME BUILDING FLOOR. A COUNTY MAY REQUIRE ADDITIONAL  
24 NOTIFICATION PURSUANT TO THIS PARAGRAPH IF THE CONTACT INFORMATION  
25 PREVIOUSLY PROVIDED CHANGES. NOTIFICATION PROVIDED IN COMPLIANCE WITH  
26 THIS PARAGRAPH SHALL INCLUDE THE PERMIT OR LICENSE NUMBER IF REQUIRED BY  
27 THE COUNTY, THE ADDRESS, AND THE INFORMATION REQUIRED PURSUANT TO  
28 PARAGRAPH 4 OF THIS SUBSECTION. THE OWNER OR THE OWNER'S DESIGNEE SHALL  
29 DEMONSTRATE COMPLIANCE WITH THIS PARAGRAPH BY PROVIDING THE COUNTY WITH AN  
30 ATTESTATION OF NOTIFICATION COMPLIANCE THAT CONSISTS OF THE FOLLOWING  
31 INFORMATION:

32 (a) THE PERMIT OR LICENSE NUMBER OF THE VACATION RENTAL OR  
33 SHORT-TERM RENTAL, IF REQUIRED BY THE COUNTY.

34 (b) THE ADDRESS OF EACH PROPERTY NOTIFIED.

35 (c) A DESCRIPTION OF THE MANNER IN WHICH THE OWNER OR OWNER'S  
36 DESIGNEE CHOSE TO PROVIDE NOTIFICATION TO EACH PROPERTY SUBJECT TO  
37 NOTIFICATION.

38 (d) THE NAME AND CONTACT INFORMATION OF THE PERSON ATTESTING TO  
39 COMPLIANCE WITH THIS PARAGRAPH.

40 7. TO REQUIRE THE OWNER OR OWNER'S DESIGNEE OF A VACATION RENTAL OR  
41 SHORT-TERM RENTAL TO DISPLAY THE LOCAL REGULATORY PERMIT NUMBER OR LICENSE  
42 NUMBER, IF ANY, ON EACH ADVERTISEMENT FOR A VACATION RENTAL OR SHORT-TERM  
43 RENTAL THAT THE OWNER OR OWNER'S DESIGNEE MAINTAINS. A COUNTY THAT DOES  
44 NOT REQUIRE A LOCAL REGULATORY PERMIT OR LICENSE MAY REQUIRE THE OWNER OR  
45 OWNER'S DESIGNEE OF A VACATION RENTAL OR SHORT-TERM RENTAL TO DISPLAY THE

1 TRANSACTION PRIVILEGE TAX LICENSE REQUIRED BY SECTION 42-5042 ON EACH  
2 ADVERTISEMENT FOR A VACATION RENTAL OR SHORT-TERM RENTAL THAT THE OWNER OR  
3 OWNER'S DESIGNEE MAINTAINS.

4 8. TO REQUIRE THE VACATION RENTAL OR SHORT-TERM RENTAL TO MAINTAIN  
5 LIABILITY INSURANCE APPROPRIATE TO COVER THE VACATION RENTAL OR SHORT-TERM  
6 RENTAL IN THE AGGREGATE OF AT LEAST \$500,000 OR TO ADVERTISE AND OFFER  
7 EACH VACATION RENTAL OR SHORT-TERM RENTAL THROUGH AN ONLINE LODGING  
8 MARKETPLACE THAT PROVIDES EQUAL OR GREATER COVERAGE.

9 ~~C. Within thirty days after a verified violation, a county shall~~  
10 ~~notify the department of revenue and the owner of the vacation rental or~~  
11 ~~short-term rental of the verified violation of the county's applicable~~  
12 ~~laws, regulations or ordinances and, if the property owner received the~~  
13 ~~verified violation, whether the county imposed a civil penalty on the~~  
14 ~~owner of the vacation rental or short-term rental and the amount of the~~  
15 ~~civil penalty, if assessed. If multiple verified violations arise out of~~  
16 ~~the same response to an incident at a vacation rental or short-term~~  
17 ~~rental, those verified violations are considered one verified violation~~  
18 ~~for the purpose of assessing civil penalties pursuant to section~~  
19 ~~42-1125.02, subsection B.~~

20 C. A COUNTY THAT REQUIRES A LOCAL REGULATORY PERMIT OR LICENSE  
21 PURSUANT TO THIS SECTION SHALL ISSUE OR DENY THE PERMIT OR LICENSE WITHIN  
22 SEVEN BUSINESS DAYS OF RECEIPT OF THE INFORMATION REQUIRED BY SUBSECTION  
23 B, PARAGRAPH 5 OF THIS SECTION AND OTHERWISE IN ACCORDANCE WITH SECTION  
24 11-1602, EXCEPT THAT A COUNTY MAY DENY ISSUANCE OF A PERMIT OR LICENSE  
25 ONLY FOR ANY OF THE FOLLOWING:

26 1. FAILURE TO PROVIDE THE INFORMATION REQUIRED BY SUBSECTION B,  
27 PARAGRAPH 5, SUBDIVISIONS (a) THROUGH (e) OF THIS SECTION.

28 2. FAILURE TO PAY THE REQUIRED PERMIT OR LICENSE FEE.

29 3. AT THE TIME OF APPLICATION THE OWNER HAS A SUSPENDED PERMIT OR  
30 LICENSE FOR THE SAME VACATION RENTAL OR SHORT-TERM RENTAL.

31 4. THE APPLICANT PROVIDES FALSE INFORMATION.

32 5. THE OWNER OR OWNER'S DESIGNEE OF A VACATION RENTAL OR SHORT-TERM  
33 RENTAL IS A REGISTERED SEX OFFENDER OR HAS BEEN CONVICTED OF ANY FELONY  
34 ACT THAT RESULTS IN DEATH OR SERIOUS PHYSICAL INJURY OR ANY FELONY USE OF  
35 A DEADLY WEAPON WITHIN THE PAST FIVE YEARS.

36 D. A COUNTY THAT REQUIRES A LOCAL REGULATORY PERMIT OR LICENSE  
37 PURSUANT TO THIS SECTION SHALL ADOPT AN ORDINANCE TO ALLOW THE COUNTY TO  
38 INITIATE AN ADMINISTRATIVE PROCESS TO SUSPEND A LOCAL REGULATORY PERMIT OR  
39 LICENSE FOR A PERIOD OF UP TO TWELVE MONTHS FOR THE FOLLOWING VERIFIED  
40 VIOLATIONS ASSOCIATED WITH A PROPERTY:

41 1. THREE VERIFIED VIOLATIONS WITHIN A TWELVE MONTH PERIOD, NOT  
42 INCLUDING ANY VERIFIED VIOLATION BASED ON AN AESTHETIC, SOLID WASTE  
43 DISPOSAL OR VEHICLE PARKING VIOLATION THAT IS NOT ALSO A SERIOUS THREAT TO  
44 PUBLIC HEALTH OR SAFETY.

1           2. ONE VERIFIED VIOLATION THAT RESULTS IN OR CONSTITUTES ANY OF THE  
2 FOLLOWING:

3           (a) A FELONY OFFENSE COMMITTED AT OR IN THE VICINITY OF A VACATION  
4 RENTAL OR SHORT-TERM RENTAL BY THE VACATION RENTAL OR SHORT-TERM RENTAL  
5 OWNER OR OWNER'S DESIGNEE.

6           (b) A SERIOUS PHYSICAL INJURY OR WRONGFUL DEATH AT OR RELATED TO A  
7 VACATION RENTAL OR SHORT-TERM RENTAL RESULTING FROM THE KNOWING,  
8 INTENTIONAL OR RECKLESS CONDUCT OF THE VACATION RENTAL OR SHORT-TERM  
9 RENTAL OWNER OR OWNER'S DESIGNEE.

10          (c) AN OWNER OR OWNER'S DESIGNEE KNOWINGLY OR INTENTIONALLY HOUSING  
11 A SEX OFFENDER, ALLOWING OFFENSES RELATED TO ADULT-ORIENTED BUSINESSES,  
12 SEXUAL OFFENSES OR PROSTITUTION, OR OPERATING OR MAINTAINING A SOBER  
13 LIVING HOME, IN VIOLATION OF REGULATION OR ORDINANCE ADOPTED PURSUANT TO  
14 SUBSECTION B, PARAGRAPH 3 OF THIS SECTION.

15          (d) AN OWNER OR OWNER'S DESIGNEE KNOWINGLY OR INTENTIONALLY  
16 ALLOWING THE USE OF A VACATION RENTAL OR SHORT-TERM RENTAL FOR A SPECIAL  
17 EVENT THAT WOULD OTHERWISE REQUIRE A PERMIT OR LICENSE PURSUANT TO A  
18 COUNTY OR A STATE LAW OR RULE OR FOR A RETAIL, RESTAURANT, BANQUET SPACE  
19 OR OTHER SIMILAR USE.

20          3. NOTWITHSTANDING PARAGRAPHS 1 AND 2 OF THIS SUBSECTION, ANY  
21 ATTEMPTED OR COMPLETED FELONY ACT, ARISING FROM THE OCCUPANCY OR USE OF A  
22 VACATION RENTAL OR SHORT-TERM RENTAL, THAT RESULTS IN A DEATH, OR ACTUAL  
23 OR ATTEMPTED SERIOUS PHYSICAL INJURY, SHALL BE GROUNDS FOR JUDICIAL RELIEF  
24 IN THE FORM OF A SUSPENSION OF THE PROPERTY'S USE AS A VACATION RENTAL OR  
25 SHORT-TERM RENTAL FOR A PERIOD OF TIME THAT SHALL NOT EXCEED TWELVE  
26 MONTHS.

27          E. A COUNTY THAT REQUIRES SEX OFFENDER BACKGROUND CHECKS ON A  
28 VACATION RENTAL OR SHORT-TERM RENTAL GUEST SHALL WAIVE THE REQUIREMENT IF  
29 AN ONLINE LODGING MARKETPLACE PERFORMS A SEX OFFENDER BACKGROUND CHECK OF  
30 THE BOOKING GUEST.

31          F. NOTWITHSTANDING ANY OTHER LAW, A COUNTY MAY IMPOSE A CIVIL  
32 PENALTY OF THE FOLLOWING AMOUNTS AGAINST AN OWNER OF A VACATION RENTAL OR  
33 SHORT-TERM RENTAL IF THE OWNER RECEIVES ONE OR MORE VERIFIED VIOLATIONS  
34 RELATED TO THE SAME VACATION RENTAL OR SHORT-TERM RENTAL PROPERTY WITHIN  
35 THE SAME TWELVE-MONTH PERIOD:

36           1. UP TO \$500 OR UP TO AN AMOUNT EQUAL TO ONE NIGHT'S RENT FOR THE  
37 VACATION RENTAL OR SHORT-TERM RENTAL AS ADVERTISED, WHICHEVER IS GREATER,  
38 FOR THE FIRST VERIFIED VIOLATION.

39           2. UP TO \$1,000 OR UP TO AN AMOUNT EQUAL TO TWO NIGHTS' RENT FOR  
40 THE VACATION RENTAL OR SHORT-TERM RENTAL AS ADVERTISED, WHICHEVER IS  
41 GREATER, FOR THE SECOND VERIFIED VIOLATION.

42           3. UP TO \$3,500 OR UP TO AN AMOUNT EQUAL TO THREE NIGHTS' RENT FOR  
43 THE VACATION RENTAL OR SHORT-TERM RENTAL AS ADVERTISED, WHICHEVER IS  
44 GREATER, FOR A THIRD AND ANY SUBSEQUENT VERIFIED VIOLATION.

1       G. A VACATION RENTAL OR SHORT-TERM RENTAL THAT FAILS TO APPLY FOR A  
2 LOCAL REGULATORY PERMIT OR LICENSE IN ACCORDANCE WITH SUBSECTION B,  
3 PARAGRAPH 5 OF THIS SECTION, WITHIN 30 DAYS OF THE LOCAL REGULATORY PERMIT  
4 OR LICENSE APPLICATION PROCESS BEING MADE AVAILABLE BY THE COUNTY ISSUING  
5 SUCH PERMITS OR LICENSES, MUST CEASE OPERATIONS. IN ADDITION TO ANY FINES  
6 IMPOSED PURSUANT TO SUBSECTION F OF THIS SECTION, A COUNTY MAY IMPOSE A  
7 CIVIL PENALTY OF UP TO \$1,000 PER MONTH AGAINST THE OWNER IF THE OWNER OR  
8 OWNER'S DESIGNEE FAILS TO APPLY FOR A REGULATORY PERMIT OR LICENSE WITHIN  
9 30 DAYS AFTER RECEIVING WRITTEN NOTICE OF THE FAILURE TO COMPLY WITH  
10 SUBSECTION B, PARAGRAPH 5 OF THIS SECTION.

11       H. IF MULTIPLE VERIFIED VIOLATIONS ARISE OUT OF THE SAME RESPONSE  
12 TO AN INCIDENT AT A VACATION RENTAL OR SHORT-TERM RENTAL, THOSE VERIFIED  
13 VIOLATIONS ARE CONSIDERED ONE VERIFIED VIOLATION FOR THE PURPOSE OF  
14 ASSESSING CIVIL PENALTIES OR SUSPENDING THE REGULATORY PERMIT OR LICENSE  
15 OF THE OWNER OR OWNER'S DESIGNEE PURSUANT TO THIS SECTION.

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

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

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

36       L. For the purposes of this section:

37       1. "ONLINE LODGING MARKETPLACE" HAS THE SAME MEANING PRESCRIBED IN  
38 SECTION 42-5076.

39       2. "Transient" has the same meaning prescribed in section  
40 42-5070.

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

42       (a) Means any individually or collectively owned single-family or  
43 one-to-four-family house or dwelling unit or any unit or group of units in  
44 a condominium, OR cooperative ~~or timeshare~~, that is also a transient  
45 public lodging establishment or owner-occupied residential home offered

1 for transient use if the accommodations are not classified for property  
2 taxation under section 42-12001. ~~Vacation rental and short-term rental do~~  
3 (b) DOES not include a unit that is used for any nonresidential  
4 use, including retail, restaurant, banquet space, event center or another  
5 similar use.

6 ~~3.~~ 4. "Verified violation" means a finding of guilt or civil  
7 responsibility for violating any state law or local ordinance relating to  
8 a purpose prescribed in subsection B or ~~F~~ K of this section that has been  
9 finally adjudicated.

10 Sec. 3. Repeal

11 Section 42-1125.02, Arizona Revised Statutes, is repealed.

12 Sec. 4. Section 42-5042, Arizona Revised Statutes, is amended to  
13 read:

14 42-5042. Online lodging operators; requirements; civil  
15 penalty; definitions

16 A. An online lodging operator may not offer for rent or rent a  
17 lodging accommodation without a current transaction privilege tax license.  
18 The online lodging operator shall list the transaction privilege tax  
19 license number on each advertisement for each lodging accommodation the  
20 online lodging operator maintains, including online lodging marketplace  
21 postings. **AN ONLINE LODGING OPERATOR THAT FAILS TO COMPLY WITH THIS**  
22 **SUBSECTION SHALL PAY A CIVIL PENALTY OF \$250 FOR A FIRST OFFENSE AND**  
23 **\$1,000 FOR A SECOND OR ANY SUBSEQUENT OFFENSE.**

24 B. For the purposes of this section:

25 1. "Lodging accommodation" has the same meaning prescribed in  
26 section 42-5076.

27 2. "Online lodging marketplace" has the same meaning prescribed in  
28 section 42-5076.

29 3. "Online lodging operator" has the same meaning prescribed in  
30 section 42-5076 and includes an owner of a vacation rental or short-term  
31 ~~rental, as defined in section 9-500.39 or 11-269.17~~, that is not offered  
32 through an online lodging marketplace.

33 4. "VACATION RENTAL" AND "SHORT-TERM RENTAL" HAVE THE SAME MEANINGS  
34 PRESCRIBED IN SECTION 9-500.39 OR 11-269.17.

35 5. "VERIFIED VIOLATION" HAS THE SAME MEANING PRESCRIBED IN SECTION  
36 9-500.39 OR 11-269.17.

APPROVED BY THE GOVERNOR JULY 6, 2022.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JULY 6, 2022.