

Senate Engrossed

vacation rentals; short-term rentals; enforcement

State of Arizona
Senate
Fifty-fifth Legislature
First Regular Session
2021

SENATE BILL 1379

AN ACT

AMENDING SECTIONS 9-500.39, 11-269.17, 42-1125.02 AND 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; definitions

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

8 B. A city or town may not restrict the use of or regulate vacation
9 rentals or short-term rentals based on their classification, use or
10 occupancy except as provided in this section. A city or town may regulate
11 vacation rentals or short-term rentals ~~for the following purposes~~ AS
12 FOLLOWS:

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

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

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

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

39 5. TO REQUIRE THE OWNER OF A VACATION RENTAL OR SHORT-TERM RENTAL
40 TO MAINTAIN LIABILITY INSURANCE APPROPRIATE TO COVER THE VACATION RENTAL
41 OR SHORT-TERM RENTAL IN THE AGGREGATE OF NOT LESS THAN \$500,000 OR TO
42 ADVERTISE AND OFFER EACH VACATION RENTAL OR SHORT-TERM RENTAL THROUGH A
43 HOSTING PLATFORM THAT PROVIDES EQUAL OR GREATER COVERAGE.

44 C. Within thirty days after a verified violation, a city or town
45 shall notify the department of revenue and the owner of the vacation

1 rental or short-term rental of the verified violation of the city's or
2 town's applicable laws, regulations or ordinances and, if the owner of the
3 vacation rental or short-term rental received the verified violation,
4 whether the city or town imposed a civil penalty on the owner of the
5 vacation rental or short-term rental and the amount of the civil penalty,
6 if assessed. If multiple verified violations arise out of the same
7 response to an incident at a vacation rental or short-term rental, those
8 verified violations are considered one verified violation for the purpose
9 of assessing civil penalties pursuant to section 42-1125.02, subsection B.
10 NOTWITHSTANDING ANY OTHER LAW, A CITY OR TOWN MAY IMPOSE A CIVIL PENALTY
11 AGAINST THE OWNER OF A VACATION RENTAL OR SHORT-TERM RENTAL OF \$500 OR UP
12 TO AN AMOUNT EQUAL TO ONE NIGHT'S RENT FOR THE LODGING ACCOMMODATION AS
13 ADVERTISED ON AN ONLINE LODGING MARKETPLACE FOR THE FIRST VERIFIED
14 VIOLATION, WHICHEVER IS GREATER, \$1,000 OR AN AMOUNT EQUAL TO TWO NIGHTS'
15 RENT FOR THE LODGING ACCOMMODATION AS ADVERTISED ON AN ONLINE LODGING
16 MARKETPLACE FOR THE SECOND VERIFIED VIOLATION, WHICHEVER IS GREATER, AND
17 \$3,500 OR AN AMOUNT EQUAL TO THREE NIGHTS' RENT FOR THE LODGING
18 ACCOMMODATION AS ADVERTISED ON AN ONLINE LODGING MARKETPLACE FOR THE THIRD
19 AND ANY SUBSEQUENT VERIFIED VIOLATION, WHICHEVER IS GREATER, RECEIVED BY
20 THE SAME VACATION RENTAL OR SHORT-TERM RENTAL PROPERTY WITHIN THE SAME
21 TWELVE-MONTH PERIOD. THE DEPARTMENT OF REVENUE AFTER NOTICE AND A HEARING
22 AS PROVIDED IN SECTION 42-5005, SUBSECTION N, MAY SUSPEND THE TRANSACTION
23 PRIVILEGE TAX LICENSE OF THE OWNER OF A VACATION RENTAL OR SHORT-TERM
24 RENTAL THAT HAS THREE VERIFIED VIOLATIONS WITHIN THE SAME TWELVE-MONTH
25 PERIOD FOR A PERIOD OF TWELVE MONTHS FROM THE DATE OF SUSPENSION PURSUANT
26 TO SECTION 42-5042.

27 D. If the owner of a vacation rental or short-term rental has
28 provided contact information to a city or town pursuant to subsection B,
29 paragraph 4 of this section and if the city or town issues a citation for
30 a violation of the city's or town's applicable laws, regulations or
31 ordinances or a state law that occurred on the owner's vacation rental or
32 short-term rental property, the city or town shall make a reasonable
33 attempt to notify the owner or the owner's designee of the citation within
34 seven business days after the citation is issued using the contact
35 information provided pursuant to subsection B, paragraph 4 of this
36 section. If the owner of a vacation rental or short-term rental has not
37 provided contact information pursuant to subsection B, paragraph 4 of this
38 section, the city or town is not required to provide such notice.

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

43 F. A vacation rental or short-term rental may not be used for
44 nonresidential uses, including for a special event that would otherwise
45 require a permit or license pursuant to a city or town ordinance or a

1 state law or rule or for a retail, restaurant, banquet space or other
2 similar use.

3 G. For the purposes of this section:

4 1. "LODGING ACCOMMODATION" HAS THE SAME MEANING PRESCRIBED IN
5 SECTION 42-5076.

6 2. "ONLINE LODGING MARKETPLACE" HAS THE SAME MEANING PRESCRIBED IN
7 SECTION 42-5076.

8 ~~3.~~ 3. "Transient" has the same meaning prescribed in section
9 42-5070.

10 ~~4.~~ 4. "Vacation rental" or "short-term rental":

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

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

20 ~~5.~~ 5. "Verified violation" means a finding of guilt or civil
21 responsibility for violating any state law or local ordinance relating to
22 a purpose prescribed in subsection B or F of this section that has been
23 finally adjudicated.

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

26 11-269.17. Limits on regulation of vacation rentals and
27 short-term rentals; state preemption;
28 definitions

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

31 B. A county may not restrict the use of or regulate vacation
32 rentals or short-term rentals based on their classification, use or
33 occupancy except as provided in this section. A county may regulate
34 vacation rentals or short-term rentals ~~for the following purposes~~ AS
35 FOLLOWS:

36 1. ~~Protecting~~ TO PROTECT the public's health and safety, including
37 rules and regulations related to fire and building codes, health and
38 sanitation, transportation or traffic control, solid or hazardous waste
39 and pollution control, and designation of an emergency point of contact,
40 if the county demonstrates that the rule or regulation is for the primary
41 purpose of protecting the public's health and safety.

42 2. ~~Adopting~~ TO ADOPT and ~~enforcing residential use and zoning~~
43 ENFORCE ordinances, including ordinances related to noise, protection of
44 welfare, property maintenance and other nuisance issues, if the ordinance

1 is applied in the same manner as other property classified under sections
2 42-12003 and 42-12004.

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

8 4. ~~Requiring TO REQUIRE~~ the owner of a vacation rental or
9 short-term rental to provide the county with contact information for the
10 owner or the owner's designee who is responsible for responding to
11 complaints in a timely manner in person, over the phone or by email at any
12 time of day before offering for rent or renting the vacation rental or
13 short-term rental. ~~THE COUNTY MAY IMPOSE A CIVIL PENALTY OF UP TO \$1,000
14 AGAINST THE OWNER FOR EVERY THIRTY DAYS THE OWNER FAILS TO PROVIDE CONTACT
15 INFORMATION AS PRESCRIBED BY THIS PARAGRAPH. THE COUNTY SHALL PROVIDE
16 THIRTY DAYS' NOTICE TO THE OWNER BEFORE IMPOSING THE INITIAL CIVIL
17 PENALTY.~~

18 5. ~~TO REQUIRE THE OWNER OF A VACATION RENTAL OR SHORT-TERM RENTAL
19 TO MAINTAIN LIABILITY INSURANCE APPROPRIATE TO COVER THE VACATION RENTAL
20 OR SHORT-TERM RENTAL IN THE AGGREGATE OF NOT LESS THAN \$500,000 OR TO
21 ADVERTISE AND OFFER EACH VACATION RENTAL OR SHORT-TERM RENTAL THROUGH A
22 HOSTING PLATFORM THAT PROVIDES EQUAL OR GREATER COVERAGE.~~

23 C. Within thirty days after a verified violation, a county shall
24 notify the department of revenue and the owner of the vacation rental or
25 short-term rental of the verified violation of the county's applicable
26 laws, regulations or ordinances and, if the property owner received the
27 verified violation, whether the county imposed a civil penalty on the
28 owner of the vacation rental or short-term rental and the amount of the
29 civil penalty, if assessed. If multiple verified violations arise out of
30 the same response to an incident at a vacation rental or short-term
31 rental, those verified violations are considered one verified violation
32 for the purpose of assessing civil penalties pursuant to section
33 42-1125.02, subsection B. ~~NOTWITHSTANDING ANY OTHER LAW, A COUNTY MAY
34 IMPOSE A CIVIL PENALTY AGAINST THE OWNER OF A VACATION RENTAL OR
35 SHORT-TERM RENTAL OF \$500 OR UP TO AN AMOUNT EQUAL TO ONE NIGHT'S RENT FOR
36 THE LODGING ACCOMMODATION AS ADVERTISED ON AN ONLINE LODGING MARKETPLACE
37 FOR THE FIRST VERIFIED VIOLATION, WHICHEVER IS GREATER, \$1,000 OR AN
38 AMOUNT EQUAL TO TWO NIGHTS' RENT FOR THE LODGING ACCOMMODATION AS
39 ADVERTISED ON AN ONLINE LODGING MARKETPLACE FOR THE SECOND VERIFIED
40 VIOLATION, WHICHEVER IS GREATER, AND \$3,500 OR AN AMOUNT EQUAL TO THREE
41 NIGHTS' RENT FOR THE LODGING ACCOMMODATION AS ADVERTISED ON AN ONLINE
42 LODGING MARKETPLACE FOR THE THIRD AND ANY SUBSEQUENT VERIFIED VIOLATION,
43 WHICHEVER IS GREATER, RECEIVED BY THE SAME VACATION RENTAL OR SHORT-TERM
44 RENTAL PROPERTY WITHIN THE SAME TWELVE-MONTH PERIOD. THE DEPARTMENT OF
45 REVENUE AFTER NOTICE AND A HEARING AS PROVIDED IN SECTION 42-5005,~~

1 SUBSECTION N, MAY SUSPEND THE TRANSACTION PRIVILEGE TAX LICENSE OF THE
2 OWNER OF A VACATION RENTAL OR SHORT-TERM RENTAL THAT HAS THREE VERIFIED
3 VIOLATIONS WITHIN THE SAME TWELVE-MONTH PERIOD FOR A PERIOD OF TWELVE
4 MONTHS FROM THE DATE OF SUSPENSION PURSUANT TO SECTION 42-5042.

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

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

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

25 G. For the purposes of this section:

26 1. "LODGING ACCOMMODATION" HAS THE SAME MEANING PRESCRIBED IN
27 SECTION 42-5076.

28 2. "ONLINE LODGING MARKETPLACE" HAS THE SAME MEANING PRESCRIBED IN
29 SECTION 42-5076.

30 ~~3.~~ 3. "Transient" has the same meaning prescribed in section
31 42-5070.

32 ~~4.~~ 4. "Vacation rental" or "short-term rental":

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

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

42 ~~5.~~ 5. "Verified violation" means a finding of guilt or civil
43 responsibility for violating any state law or local ordinance relating to
44 a purpose prescribed in subsection B or F of this section that has been
45 finally adjudicated.

1 C. If the department imposes a civil penalty pursuant to subsection
2 B, paragraph 1 of this section and the online lodging operator appeals the
3 civil penalty, the hearing officer may waive or lower the civil penalty
4 based on the online lodging operator's diligence in attempting to prohibit
5 renters from violating state law or the city's, ~~or~~ town's OR COUNTY'S
6 applicable laws, regulations or ordinances. In determining whether to
7 waive or lower the civil penalty, the hearing officer shall consider both
8 of the following:

9 1. Whether rules that prohibit activities violating state law or
10 the city's, ~~or~~ town's OR COUNTY'S applicable laws, regulations or
11 ordinances were included in the advertisement for the lodging
12 accommodation, vacation rental or short-term rental.

13 2. Whether the rules described in paragraph 1 of this subsection
14 were posted in a conspicuous location inside the lodging accommodation,
15 vacation rental or short-term rental.

16 D. For the purposes of this section:

17 1. "Lodging accommodation" has the same meaning prescribed in
18 section 42-5076.

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

21 3. "Online lodging operator" has the same meaning prescribed in
22 section 42-5076 and includes an owner of a vacation rental or short-term
23 rental that is not offered through an online lodging marketplace.

24 4. "Vacation rental" and "short-term rental" have the same meanings
25 prescribed in section 9-500.39 or 11-269.17.

26 5. "Verified violation" has the same meaning prescribed in section
27 9-500.39 or 11-269.17.

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

30 42-5042. Online lodging operators; requirements; definitions

31 A. An online lodging operator may not offer for rent or rent a
32 lodging accommodation without a current transaction privilege tax license.
33 The online lodging operator shall list the transaction privilege tax
34 license number on each advertisement for each lodging accommodation the
35 online lodging operator maintains, including online lodging marketplace
36 postings.

37 B. THE DEPARTMENT OF REVENUE, AFTER NOTICE AND A HEARING AS
38 PROVIDED IN SECTION 42-5005, SUBSECTION N, MAY SUSPEND FOR A PERIOD OF
39 TWELVE MONTHS FROM THE DATE OF THE SUSPENSION THE TRANSACTION PRIVILEGE
40 TAX LICENSE OF THE OWNER OF A VACATION RENTAL OR SHORT-TERM RENTAL THAT
41 HAS THREE VERIFIED VIOLATIONS BY THE SAME VACATION RENTAL OR SHORT-TERM
42 RENTAL WITHIN THE SAME TWELVE-MONTH PERIOD PURSUANT TO SECTION 9-500.39 OR
43 11-269.17.

1 ~~B.~~ C. For the purposes of this section:

2 1. "Lodging accommodation" has the same meaning prescribed in
3 section 42-5076.

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

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

10 4. "VERIFIED VIOLATION" HAS THE SAME MEANING PRESCRIBED IN SECTION
11 9-500.39 OR 11-269.17.