

REFERENCE TITLE: **rental; accessory dwelling units; prohibition**

State of Arizona
Senate
Fifty-seventh Legislature
Second Regular Session
2026

SB 1105

Introduced by
Senator Kavanagh

AN ACT

AMENDING SECTIONS 9-500.39 AND 11-269.17, ARIZONA REVISED STATUTES;
RELATING TO VACATION 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 as follows:

14 1. To protect the public's health and safety, including rules and
15 regulations related to fire and building codes, health and sanitation,
16 transportation or traffic control and solid or hazardous waste and
17 pollution control, if the city or town demonstrates that the rule or
18 regulation is for the primary purpose of protecting the public's health
19 and safety.

20 2. To adopt and enforce use and zoning ordinances, including
21 ordinances related to noise, protection of welfare, property maintenance
22 and other nuisance issues, if the ordinance is applied in the same manner
23 as other property classified under sections 42-12003 and 42-12004.

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

28 4. To require the owner of a vacation rental or short-term rental
29 to provide the city or town with emergency contact information for the
30 owner or the owner's designee who is responsible for responding to
31 complaints or emergencies in a timely manner in person if required by
32 public safety personnel, over the phone or by email at any time of day
33 before offering for rent or renting the vacation rental or short-term
34 rental. In addition to any other penalty imposed pursuant to this
35 section, the city or town may impose a civil penalty of up to \$1,000
36 against the owner for every thirty days the owner fails to provide contact
37 information as prescribed by this paragraph. The city or town shall
38 provide thirty days' notice to the owner before imposing the initial civil
39 penalty.

40 5. To require the owner of a vacation rental or short-term rental
41 to obtain and maintain a local regulatory permit or license. As a
42 condition of issuance of a permit or license, the application for the
43 permit or license may require an applicant to provide only the following:

44 (a) The name, address, telephone number and email address for the
45 owner or owner's agent.

(b) The address of the vacation rental or short-term rental.

(c) Proof of compliance with section 42-5005.

(d) Contact information required pursuant to paragraph 4 of this subsection.

(e) Acknowledgment of an agreement to comply with all applicable laws, regulations and ordinances.

(f) A fee not to exceed the actual cost of issuing the permit or license or \$250, whichever is less.

6. To require, before offering a vacation rental or short-term rental for rent for the first time, the owner or the owner's designee of a vacation rental or short-term rental to notify all single-family residential properties adjacent to and directly and diagonally across the street from the vacation rental or short-term rental. Notice shall be deemed sufficient in a multifamily residential building if given to residents on the same building floor. A city or town may require additional notification pursuant to this paragraph if the contact information previously provided changes. Notification provided in compliance with this paragraph shall include the permit or license number if required by the city or town, the address of the vacation rental or short-term rental and the information required pursuant to paragraph 4 of this subsection. The owner or the owner's designee shall demonstrate compliance with this paragraph by providing the city or town with an attestation of notification compliance that consists of the following information:

(a) The permit or license number of the vacation rental or short-term rental, if required by the city or town.

(b) The address of each property notified.

(c) A description of the manner in which the owner or owner's designee chose to provide notification to each property subject to notification.

(d) The name and contact information of the person attesting to compliance with this paragraph.

7. To require the owner or owner's designee of a vacation rental or short-term rental to display the local regulatory permit number or license number, if any, on each advertisement for a vacation rental or short-term rental that the owner or owner's designee maintains. A city or town that does not require a local regulatory permit or license may require the owner or owner's designee of a vacation rental or short-term rental to display the transaction privilege tax license number required by section 42-5042 on each advertisement for a vacation rental or short-term rental that the owner or owner's designee maintains.

8. To require the vacation rental or short-term rental to maintain liability insurance appropriate to cover the vacation rental or short-term rental in the aggregate of at least \$500,000 or to advertise and offer

1 each vacation rental or short-term rental through an online lodging
2 marketplace that provides equal or greater coverage.

3 ~~9. To require the owner of a vacation rental or short-term rental
4 to reside on the property if the property contains an accessory dwelling
5 unit and if a certificate of occupancy, certificate of completion or
6 similar final approval for the accessory dwelling unit was issued by the
7 municipality on or after September 14, 2024. This paragraph does not
8 apply to an owner of a vacation rental or short-term rental if the
9 property contains an accessory dwelling unit and the certificate of
10 completion, the certificate of occupancy or a similar final approval for
11 the accessory dwelling unit was issued on or before September 13, 2024.~~

12 C. A city or town that requires a local regulatory permit or
13 license pursuant to this section shall issue or deny the permit or license
14 within seven business days of receipt of the information required by
15 subsection B, paragraph 5 of this section and otherwise in accordance with
16 section 9-835, except that a city or town may deny issuance of a permit or
17 license only for any of the following:

18 1. Failure to provide the information required by subsection B,
19 paragraph 5, subdivisions (a) through (e) of this section.

20 2. Failure to pay the required permit or license fee.

21 3. At the time of application the owner has a suspended permit or
22 license for the same vacation rental or short-term rental.

23 4. The applicant provides false information.

24 5. The owner or owner's designee of a vacation rental or short-term
25 rental is a registered sex offender or has been convicted of any felony
26 offense that resulted in death or serious physical injury or any felony
27 use of a deadly weapon within the past five years.

28 D. A city or town that requires a local regulatory permit or
29 license pursuant to this section shall adopt an ordinance to allow the
30 city or town to initiate an administrative process to suspend a local
31 regulatory permit or license for a period of up to twelve months for the
32 following verified violations associated with a property:

33 1. Three verified violations within a twelve-month period, not
34 including any verified violation based on an aesthetic, solid waste
35 disposal or vehicle parking violation that is not also a serious threat to
36 public health and safety.

37 2. One verified violation that results in or constitutes any of the
38 following:

39 (a) A felony offense committed at or in the vicinity of a vacation
40 rental or short-term rental by the vacation rental or short-term rental
41 owner or owner's designee.

42 (b) A serious physical injury or wrongful death at or related to a
43 vacation rental or short-term rental resulting from the knowing,
44 intentional or reckless conduct of the vacation rental or short-term
45 rental owner or owner's designee.

6 (d) An owner or owner's designee knowingly or intentionally
7 allowing the use of a vacation rental or short-term rental for a special
8 event that would otherwise require a permit or license pursuant to a city
9 or town ordinance or a state law or rule or for a retail, restaurant,
10 banquet space or other similar use.

11 3. Notwithstanding paragraphs 1 and 2 of this subsection, any
12 attempted or completed felony offense, arising from the occupancy or use
13 of a vacation rental or short-term rental, that results in a death, or
14 actual or attempted serious physical injury, shall be grounds for judicial
15 relief in the form of a suspension of the property's use as a vacation
16 rental or short-term rental for a period of time that shall not exceed
17 twelve months.

18 E. A city or town that requires sex offender background checks on a
19 vacation rental or short-term rental guest shall waive the requirement if
20 an online lodging marketplace performs a sex offender background check of
21 the booking guest.

22 F. Notwithstanding any other law, a city or town may impose a civil
23 penalty of the following amounts against an owner of a vacation rental or
24 short-term rental if the owner receives one or more verified violations
25 related to the same vacation rental or short-term rental property within
26 the same twelve-month period:

27 1. Up to \$500 or up to an amount equal to one night's rent for the
28 vacation rental or short-term rental as advertised, whichever is greater,
29 for the first verified violation.

30 2. Up to \$1,000 or up to an amount equal to two nights' rent for
31 the vacation rental or short-term rental as advertised, whichever is
32 greater, for the second verified violation.

33 3. Up to \$3,500 or up to an amount equal to three nights' rent for
34 the vacation rental or short-term rental as advertised, whichever is
35 greater, for a third and any subsequent verified violation.

36 G. A vacation rental or short-term rental that fails to apply for a
37 local regulatory permit or license in accordance with subsection B,
38 paragraph 5 of this section, within thirty days of the local regulatory
39 permit or license application process being made available by the city or
40 town issuing such permits or licenses, must cease operations. In addition
41 to any civil penalties imposed pursuant to subsection F of this section, a
42 city or town may impose a civil penalty of up to \$1,000 per month against
43 the owner if the owner or owner's designee fails to apply for a regulatory
44 permit or license within thirty days after receiving written notice of the
45 failure to comply with subsection B, paragraph 5 of this section.

1 H. If multiple verified violations arise out of the same response
2 to an incident at a vacation rental or short-term rental, those verified
3 violations are considered one verified violation for the purpose of
4 assessing civil penalties or suspending the regulatory permit or license
5 of the owner pursuant to this section.

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

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

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

27 L. A CITY OR TOWN SHALL PROHIBIT THE USE OF AN ACCESSORY DWELLING
28 UNIT AS A VACATION RENTAL OR SHORT-TERM RENTAL.

29 ~~M.~~ For the purposes of this section:

30 1. "Accessory dwelling unit" has the same meaning prescribed in
31 section 9-461.18.

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

34 3. "Transient" has the same meaning prescribed in section 42-5070.

35 4. "Vacation rental" or "short-term rental":

36 (a) Means any individually or collectively owned single-family or
37 one-to-four-family house or dwelling unit or any unit or group of units in
38 a condominium or cooperative that is also a transient public lodging
39 establishment or owner-occupied residential home offered for transient use
40 if the accommodations are not classified for property taxation under
41 section 42-12001.

42 (b) Does not include a unit that is used for any nonresidential
43 use, including retail, restaurant, banquet space, event center or another
44 similar use.

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

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

7 11-269.17. Limits on regulation of vacation rentals and
8 short-term rentals; state preemption; civil
9 penalties; transaction privilege tax license
10 suspension; definitions

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

13 B. A county may not restrict the use of or regulate vacation
14 rentals or short-term rentals based on their classification, use or
15 occupancy except as provided in this section. A county may regulate
16 vacation rentals or short-term rentals within the unincorporated areas of
17 the county as follows:

18 1. To protect the public's health and safety, including rules and
19 regulations related to fire and building codes, health and sanitation,
20 transportation or traffic control and solid or hazardous waste and
21 pollution control, if the county demonstrates that the rule or regulation
22 is for the primary purpose of protecting the public's health and safety.

23 2. To adopt and enforce use and zoning ordinances, including
24 ordinances related to noise, protection of welfare, property maintenance
25 and other nuisance issues, if the ordinance is applied in the same manner
26 as other property classified under sections 42-12003 and 42-12004.

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

31 4. To require the owner of a vacation rental or short-term rental
32 to provide the county with emergency contact information for the owner or
33 the owner's designee who is responsible for responding to complaints or
34 emergencies in a timely manner in person if required by public safety
35 personnel, over the phone or by email at any time of day before offering
36 for rent or renting the vacation rental or short-term rental. In addition
37 to any other penalty imposed pursuant to this section, the county may
38 impose a civil penalty of up to \$1,000 against the owner for every thirty
39 days the owner fails to provide contact information as prescribed by this
40 paragraph. The county shall provide thirty days' notice to the owner
41 before imposing the initial civil penalty.

42 5. To require the owner of a vacation rental or short-term rental
43 to obtain and maintain a local regulatory permit or license. As a
44 condition of issuance of a permit or license, the application for the
45 permit or license may require an applicant to provide only the following:

(e) Acknowledgment of an agreement to comply with all applicable laws, regulations and ordinances.

(f) A fee not to exceed the actual cost of issuing the permit or license or \$250, whichever is less.

6. To require, before offering a vacation rental or short-term

rental for rent for the first time, the owner or the owner's designee of a vacation rental or short-term rental to notify all single-family residential properties adjacent to and directly and diagonally across the street from the vacation rental or short-term rental. Notice shall be deemed sufficient in a multifamily residential building if given to residents on the same building floor. A county may require additional notification pursuant to this paragraph if the contact information previously provided changes. Notification provided in compliance with this paragraph shall include the permit or license number if required by the county, the address of the vacation rental or short-term rental and the information required pursuant to paragraph 4 of this subsection. The owner or the owner's designee shall demonstrate compliance with this paragraph by providing the county with an attestation of notification compliance that consists of the following information:

(a) The permit or license number of the vacation rental or short-term rental, if required by the county.

(b) The address of each property notified.

(c) A description of the manner in which the owner or owner's designee chose to provide notification to each property subject to notification.

(d) The name and contact information of the person attesting to compliance with this paragraph.

7. To require the owner or owner's designee of a vacation rental or short-term rental to display the local regulatory permit number or license number, if any, on each advertisement for a vacation rental or short-term rental that the owner or owner's designee maintains. A county that does not require a local regulatory permit or license may require the owner or owner's designee of a vacation rental or short-term rental to display the transaction privilege tax license number required by section 42-5042 on each advertisement for a vacation rental or short-term rental that the 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 9. ~~To require the owner of a vacation rental or short-term rental
7 to reside on the property if the property contains an accessory dwelling
8 unit and if a certificate of occupancy, certificate of completion or
9 similar final approval for the accessory dwelling unit was issued by the
10 county on or after September 14, 2024. This paragraph does not apply to
11 an owner of a vacation rental or short-term rental if the property
12 contains an accessory dwelling unit and the certificate of completion, the
13 certificate of occupancy or a similar final approval for the accessory
14 dwelling unit was issued on or before September 13, 2024.~~

15 C. A county that requires a local regulatory permit or license
16 pursuant to this section shall issue or deny the permit or license within
17 seven business days of receipt of the information required by subsection
18 B, paragraph 5 of this section and otherwise in accordance with section
19 11-1602, except that a county may deny issuance of a permit or license
20 only for any of the following:

21 1. Failure to provide the information required by subsection B,
22 paragraph 5, subdivisions (a) through (e) of this section.

23 2. Failure to pay the required permit or license fee.

24 3. At the time of application the owner has a suspended permit or
25 license for the same vacation rental or short-term rental.

26 4. The applicant provides false information.

27 5. The owner or owner's designee of a vacation rental or short-term
28 rental is a registered sex offender or has been convicted of any felony
29 offense that results in death or serious physical injury or any felony use
30 of a deadly weapon within the past five years.

31 D. A county that requires a local regulatory permit or license
32 pursuant to this section shall adopt an ordinance to allow the county to
33 initiate an administrative process to suspend a local regulatory permit or
34 license for a period of up to twelve months for the following verified
35 violations associated with a property:

36 1. Three verified violations within a twelve-month period, not
37 including any verified violation based on an aesthetic, solid waste
38 disposal or vehicle parking violation that is not also a serious threat to
39 public health or safety.

40 2. One verified violation that results in or constitutes any of the
41 following:

42 (a) A felony offense committed at or in the vicinity of a vacation
43 rental or short-term rental by the vacation rental or short-term rental
44 owner or owner's designee.

(b) A serious physical injury or wrongful death at or related to a vacation rental or short-term rental resulting from the knowing, intentional or reckless conduct of the vacation rental or short-term rental owner or owner's designee.

(c) An owner or owner's designee knowingly or intentionally housing a sex offender, allowing offenses related to adult-oriented businesses, sexual offenses or prostitution, or operating or maintaining a sober living home, in violation of regulation or ordinance adopted pursuant to subsection B, paragraph 3 of this section.

(d) An owner or owner's designee knowingly or intentionally allowing the use of a vacation rental or short-term rental for a special event that would otherwise require a permit or license pursuant to a county ordinance or a state law or rule or for a retail, restaurant, banquet space or other similar use.

3. Notwithstanding paragraphs 1 and 2 of this subsection, any attempted or completed felony offense, arising from the occupancy or use of a vacation rental or short-term rental, that results in a death, or actual or attempted serious physical injury, shall be grounds for judicial relief in the form of a suspension of the property's use as a vacation rental or short-term rental for a period of time that shall not exceed twelve months.

E. A county that requires sex offender background checks on a vacation rental or short-term rental guest shall waive the requirement if an online lodging marketplace performs a sex offender background check of the booking guest.

F. Notwithstanding any other law, a county may impose a civil penalty of the following amounts against an owner of a vacation rental or short-term rental if the owner receives one or more verified violations related to the same vacation rental or short-term rental property within the same twelve-month period:

1. Up to \$500 or up to an amount equal to one night's rent for the vacation rental or short-term rental as advertised, whichever is greater, for the first verified violation.

2. Up to \$1,000 or up to an amount equal to two nights' rent for the vacation rental or short-term rental as advertised, whichever is greater, for the second verified violation.

3. Up to \$3,500 or up to an amount equal to three nights' rent for the vacation rental or short-term rental as advertised, whichever is greater, for a third and any subsequent verified violation.

G. A vacation rental or short-term rental that fails to apply for a local regulatory permit or license in accordance with subsection B, paragraph 5 of this section, within thirty days of the local regulatory permit or license application process being made available by the county issuing such permits or licenses, must cease operations. In addition to any civil penalties imposed pursuant to subsection F of this section, a

1 county may impose a civil penalty of up to \$1,000 per month against the
2 owner if the owner or owner's designee fails to apply for a regulatory
3 permit or license within thirty days after receiving written notice of the
4 failure to comply with subsection B, paragraph 5 of this section.

5 H. If multiple verified violations arise out of the same response
6 to an incident at a vacation rental or short-term rental, those verified
7 violations are considered one verified violation for the purpose of
8 assessing civil penalties or suspending the regulatory permit or license
9 of the owner pursuant to this section.

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

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

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

30 **L. A COUNTY SHALL PROHIBIT THE USE OF AN ACCESSORY DWELLING UNIT AS
31 A VACATION RENTAL OR SHORT-TERM RENTAL.**

32 ~~T.~~ M. For the purposes of this section:

33 1. "Accessory dwelling unit" has the same meaning prescribed in
34 section 11-810.01.

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

37 3. "Transient" has the same meaning prescribed in section 42-5070.

38 4. "Vacation rental" or "short-term rental":

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

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 5. "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, D, F or K of this section that has
7 been finally adjudicated.