



ARIZONA HOUSE OF REPRESENTATIVES

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First Regular Session

Senate: COM DPA 9-0-0-0 | 3rd Read 27-3-0-0

House: COM DP 10-0-0-0

SB 1379: vacation rentals; short-term rentals; enforcement

Sponsor: Senator Mesnard, LD 17

House Engrossed

Overview

Allows a city, town or county (local government) to further regulate a short-term rental or vacation rental (Rental) by requiring the owner to maintain liability insurance and caps the civil penalties imposed for verified violations.

History

Under current law, a local government may not restrict the use of or regulate Rentals unless:

- 1) Protecting public health and safety;
- 2) Adopting and enforcing residential use and zoning ordinances;
- 3) Limiting or prohibiting use for illicit activity or adult-oriented business; and
- 4) Requiring contact information from the owner.

If a violation is verified to have occurred, the local government must notify the Arizona Department of Revenue (ADOR) and the owner of the Rental of the local government's applicable laws, regulations or ordinances and if a civil penalty was imposed. *Verified violation* means a finding of guilt or civil responsibility for violating any state law or local ordinance relating to a proscribed purpose that has been finally adjudicated (A.R.S. §§ [9-500.39](#) and [11-269.17](#)).

Pursuant to [A.R.S. § 42-1125.02](#), ADOR may impose civil penalties for an online lodging operator that receives a verified violation. If the local government does not impose a civil penalty, the operator that has committed a verified violation is subject to the following statutory penalties: 1) \$500 for the first verified violation; 2) \$1,000 for the second verified violation within a 12-month period; and 3) \$1,500 or 50% of gross monthly revenue of the accommodation, whichever is greater, for the third and subsequent violations within a 12-month period. An *online lodging operator* is a person what is engaged in the business of renting to an occupant any lodging accommodation offered through an online lodging marketplace and includes an owner of a Rental that is not offered through an online lodging marketplace.

Online lodging marketplace means a person that provides a digital platform for compensation through which an unaffiliated third party offers to rent lodging accommodations in this state to an occupant, including a transient and the accommodations are not classified for property tax purposes ([A.R.S. § 42-5076](#)).

Provisions

1. Permits a local government to impose a civil penalty of up to \$1,000 for every 30 days that an owner of a vacation rental or short-term rental fails to provide certain contact information, if required by an ordinance.
 - a) Requires the city or town to provide 30 days' notice to the owner before imposing the first civil penalty. (Sec. 1, 2)

<input type="checkbox"/> Prop 105 (45 votes)	<input type="checkbox"/> Prop 108 (40 votes)	<input type="checkbox"/> Emergency (40 votes)	<input type="checkbox"/> Fiscal Note
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2. Allows a local government to require the owner of a vacation rental or short-term rental to maintain liability insurance in the aggregate of not less than \$500,000 or to advertise and offer each rental through a hosting platform that provides equal or greater coverage. (Sec. 1, 2)
3. Removes language relating to requiring a local government to notify ADOR and the owner of a vacation or short-term rental regarding a verified violation and the local government's applicable laws or ordinances. (Sec. 1, 2)
4. Permits a local government to impose civil penalties for verified violations, against the owner of a vacation rental or short-term rental, of:
 - a) \$500 or up to an amount equal to one night's rent for the lodging accommodation as advertised on an online lodging marketplace, whichever is greater, for the first verified violation.
 - b) \$1000 or an amount equal to two nights' rent as advertised online, whichever is greater, for the second verified violation in a 12-month period; or
 - c) \$3,500 or an amount equal to three nights' rent as advertised online, whichever is greater, for the third and any subsequent verified violations in a 12-month period. (Sec. 1, 2)
5. Allows ADOR, after notice and a hearing, to suspend for one year the transaction privilege tax license of the owner of a Rental that has three verified violations within the same 12-month period. (Sec. 1, 2, 4)
6. Excludes a timeshare from being defined as a vacation rental or a short-term rental. (Sec. 1, 2)
7. Removes the civil penalties imposed on an online lodging operator by ADOR for verified violations. (Sec. 3)
8. Removes language relating to appealing civil penalties imposed by ADOR. (Sec. 3)
9. Removes the residential use and zoning limitations on ordinances which a local government may adopt and enforce. (Sec. 1, 2)
10. Defines *lodging accommodation*, *online lodging marketplace*, and *verified violation*. (Sec. 1-2, 4)
11. Makes technical and conforming changes. (Sec. 1-3)