

**CITY OF TEMPE
DEVELOPMENT REVIEW COMMISSION**

**Meeting Date: 10/22/2019
Agenda Item: 7**

ACTION: Request for a Code Text Amendment within the Zoning and Development Code for SHORT TERM RENTAL ORDINANCE, consisting of a new Section 3-428, and other amendments regulating vacation and short-term rentals as authorized by State Law. The applicant is the City of Tempe.

FISCAL IMPACT: A database system will be required to track and monitor information collected from short term rental businesses.

RECOMMENDATION: Approve

BACKGROUND INFORMATION: SHORT TERM RENTAL ORDINANCE (PL190238) The request includes the following:

ZOA19005 Code Text Amendment amending Section 3-102, 3-202, 3-428, 7-123 and adding a new Section 3-428 within the Zoning and Development Code.

On December 7, 2017, a City Manager Working Group, entitled Protecting Neighborhoods from the Consequences of Short-Term Rentals was formed. In 2016, the State Legislature passed Senate Bill 1350, a bill that preempted cities and towns from prohibiting vacation rentals or short-term rentals within their borders. This bill also banned cities and towns from restricting the use of or regulating vacation rentals or short-term rentals based on their classification, use or occupancy. In the recent legislative session, the Legislature passed House Bill 2672, which made various changes to Senate Bill 1350 and allowed for cities to regulate vacation rentals and short-term rentals to under specific circumstances. This bill provides the following provisions:

- Allows municipalities and counties to require the owner of a vacation or short-term rental business to provide the municipality or county with contact information for the owner or owner's designee and to require an emergency contact.
- Clarifies that municipalities and counties may require that a vacation or short-term rental business not be used for nonresidential uses, including special events that would require a permit. Also, that the short-term rental cannot be used for a retail, restaurant, or banquet space, or other similar uses.
- Establishes a process for a municipality or county to notify the Arizona Department of Revenue (ADOR) and the owner of the vacation or short-term rental within 30 days if there has been a verified violation of the municipality or county's applicable laws, regulations or ordinances at a vacation or short-term vacation rental.
- Allows ADOR to penalize the owner of a vacation or short-term vacation rental if a verified violation has been reported to ADOR and provides for escalating penalties for additional verified violations within the same twelve-month period.
- Clarifies that a verified violation means a finding of guilt or civil responsibility.

In the last legislative session, the Arizona Legislature passed House Bill 2672 which allowed cities and towns to exercise additional local control over short-term rental properties. Pursuant to this legislation, the Protecting Neighborhoods from the Consequences of Short-Term Rentals Working Group is proposing an ordinance to the Tempe Zoning and Development Code to require contact information from short-term rental business owners and to restrict short-term rental use for residential use only.

The proposed ordinance:

- Requires contact information for the owner and an emergency contact and that the contact information be displayed in the short-term rental.
- Requires the owner to update their contact information in writing within 10 days of the effected change.
- Requires the City Manager or designee to develop the necessary forms and/or database.
- Requires short-term rentals to comply with all federal and local laws, rules and regulations.
- Clarifies nonresidential uses and requires the list of nonresidential uses to be displayed in the short-term rental.
- Requires the owner of a short-term rental business to obtain a transaction privilege tax license before offering their property for rent.
- Clarifies that a short-term rental operator may not offer their rental without a current transaction privilege tax license.
- Defines a vacation rental or short-term rental.

The Chief of Staff to the Mayor and Council, Elizabeth Higgins presented to the Neighborhood Advisory Commission on September 4, 2019. A public meeting was held on September 16, 2019. The proposed ordinance and related questions were also up on the Tempe Forum until September 18, 2019.

ATTACHMENTS: Ordinance, House Bill 2672, Public input summary

STAFF CONTACT(S): Ryan Levesque, Deputy Community Development Director (480) 858-2393

Department Director: Chad Weaver, Community Development Director

Legal review by: N/A

Prepared by: Ryan Levesque, Deputy Director

ORDINANCE NO. O2019.xx

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF TEMPE, ARIZONA, TO AMEND THE ZONING AND DEVELOPMENT CODE, PART 3 - LAND USE, TO ADD A NEW SECTION, 3-428, RELATING TO VACATION AND SHORT-TERM RENTALS, AND AMENDING SECTIONS 3-102, 3-202, AND 7-123.

NOW THEREFORE BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF TEMPE, ARIZONA, as follows:

SECTION 1. That Section 3-102, Table 3-102, of the Zoning and Development Code, pertaining to a new use category for “vacation and short-term rentals”, is hereby amended to read as follows:

Section 3-102 - Permitted Uses in Residential Districts.

Table 3-102 identifies land uses according to permit status. See key below the table:

Table 3-102 - Permitted Land Uses (AG, SFR, MF, MH, RMH, TP)				
Uses	Status of Use in District			
	AG	SFR	MF	MH/RM H/TP
Second Story Addition or Replace Single Story with 2 or More Stories [Section 3-420]	U(S)	U(S)	U(S)	N
<u>VACATION AND SHORT-TERM RENTALS [SECTION 3-428]</u>	<u>S</u>	<u>S</u>	<u>S</u>	<u>S</u>
Wireless Telecommunication Facilities [Section 3-421]	U(S)	U(S)	U(S)	U(S)

SECTION 2. That Section 3-202, Table 3-202A and Table 3-202B, of the Zoning and Development Code, pertaining to a new use category for “vacation and short-term rentals”, is hereby amended to read as follows:

Section 3-202 - Permitted Uses in Commercial and Mixed-Use Districts

Table 3-202A identifies land uses according to permit status. See key below the table:

Table 3-202A - Permitted Land Uses (R/O, CSS, CC, PCC, RCC)						
Uses	Status of Use District					
	R/O	CSS	CC	PCC-1	PCC-2	RCC
Warehouse Commercial	N	P	P	P	P	P
<u>VACATION AND SHORT-TERM RENTALS [SECTION3-428]</u>	<u>S</u>	<u>S</u>	<u>S</u>	<u>S</u>	<u>S</u>	<u>S</u>
Wireless Telecommunication Facilities [Section 3-421]	U(S)	U(S)	U(S)	U(S)	U(S)	U(S)

Table 3-202B - Permitted Land Uses (MU-1, MU-2, MU-3, MU-4 and MU-Ed)					
Uses	Districts				
	MU-1	MU-2	MU-3	MU-4	MU-Ed
Similar Uses [Section 6-301]	S	S	S	S	S
<u>VACATION AND SHORT-TERM RENTALS [SECTION3-428]</u>	<u>S</u>	<u>S</u>	<u>S</u>	<u>S</u>	<u>S</u>
Wireless Telecommunication Facilities [Section 3-421]	U(S)	U(S)	U(S)	U(S)	U(S)

SECTION 3. That Section 3-428 of the Zoning and Development Code, pertaining to vacation and short-term rentals, is hereby added to read as follows:

SECTION 3-428 VACATION AND SHORT-TERM RENTALS.

A. PURPOSE AND APPLICABILITY. AS REQUIRED BY STATE STATUTE, VACATION AND SHORT-TERM RENTALS ARE PERMITTED IN LAND USE CATEGORIES WHERE AN APPROVED RESIDENTIAL DWELLING EXISTS, SUBJECT TO THE STANDARDS BELOW:

B. CONTACT INFORMATION REQUIRED; INFORMATION UPDATES.

- 1. THE OWNER OF A VACATION RENTAL OR SHORT-TERM RENTAL SHALL PROVIDE THE CITY WITH CONTACT INFORMATION FOR THE OWNER OR THE**

OWNER'S DESIGNEE WHO IS RESPONSIBLE FOR RESPONDING TO COMPLAINTS IN A TIMELY MANNER IN PERSON, OVER THE PHONE OR BY E-MAIL AT ANY TIME OF DAY BEFORE OFFERING FOR RENT OR RENTING THE VACATION RENTAL OR SHORT-TERM RENTAL WITHIN THE CITY.

2. THE OWNER OF A VACATION RENTAL OR SHORT-TERM RENTAL SHALL PROVIDE TO THE CITY THE NAME AND CONTACT INFORMATION OF A PERSON DESIGNATED AS AN EMERGENCY CONTACT.
3. THE OWNER SHALL NOTIFY THE CITY, IN WRITING, OF ALL CHANGES IN THE CONTACT INFORMATION REQUIRED BY THIS SECTION, NOT LESS THAN TEN (10) DAYS PRIOR TO THE EFFECTIVE DATE OF THE CHANGE.
4. THE CITY MANAGER OR DESIGNEE SHALL DEVELOP THE NECESSARY FORMS AND/OR DATABASE NECESSARY TO IMPLEMENT THIS SECTION.
5. THE EMERGENCY CONTACT INFORMATION SHALL BE POSTED IN A PROMINENT AND VISIBLE LOCATION INSIDE THE VACATION OR SHORT-TERM RENTAL.

C. COMPLIANCE WITH LAWS.

1. A VACATION RENTAL OR SHORT-TERM RENTAL MUST AT ALL TIMES COMPLY WITH ALL FEDERAL, STATE, AND LOCAL LAWS, RULES AND REGULATIONS RELATED TO PUBLIC HEALTH, SAFETY, SANITATION, SOLID WASTE, HAZARDOUS WASTE, TAX PRIVILEGE LICENSING INCLUDING ADVERTISING REQUIREMENTS, TRAFFIC CONTROL, POLLUTION CONTROL, NOISE, PROPERTY MAINTENANCE, AND NUISANCE ABATEMENT.
2. NO PERSON INCLUDING AN OWNER OR OPERATOR SHALL OPERATE A VACATION RENTAL OR SHORT-TERM RENTAL IN VIOLATION OF THIS SECTION.

D. NON-RESIDENTIAL USE BY VACATION RENTALS OR SHORT-TERM RENTALS PROHIBITED.

1. NO VACATION RENTAL OR SHORT-TERM RENTAL MAY BE USED FOR ANY NON-RESIDENTIAL USE OR PURPOSE INCLUDING BUT NOT LIMITED TO ANY OF THE FOLLOWING:
 - A. ANY COMMERCIAL, INDUSTRIAL, MANUFACTURING, OR OTHER NON-RESIDENTIAL PURPOSE; OR
 - B. OPERATING A RETAIL BUSINESS, RESTAURANT, EVENT CENTER, BANQUET CENTER OR SIMILAR USE; OR
 - C. HOUSING SEX OFFENDERS; OR
 - D. OPERATING OR MAINTAINING A STRUCTURED SOBER LIVING HOME (GROUP HOME); OR
 - E. SELLING LIQUOR, CONTROLLED SUBSTANCES OR PORNOGRAPHY; OR
 - F. OPERATING AN ADULT-ORIENTED BUSINESS.

2. NO PERSON INCLUDING AN OWNER OR OPERATOR SHALL OPERATE A VACATION RENTAL OR SHORT-TERM RENTAL IN VIOLATION OF THIS SECTION.
3. THE NON-RESIDENTIAL USAGE PROHIBITIONS SHALL BE POSTED IN A PROMINENT AND VISIBLE LOCATION INSIDE THE VACATION OR SHORT-TERM RENTAL.

E. TRANSACTION PRIVILEGE TAX LICENSE.

1. A VACATION RENTAL OR SHORT-TERM RENTAL OPERATOR MAY NOT OFFER A VACATION RENTAL OR SHORT-TERM RENTAL FOR RENT WITHOUT A CURRENT TRANSACTION PRIVILEGE TAX LICENSE.

CITY CODE REFERENCE — SEE TCC § 8, ARTICLE II, SECTION 310.4. BUILDING PERMITS REQUIRED FOR CHANGE OF OCCUPANCY. CONTACT THE COMMUNITY DEVELOPMENT, BUILDING SAFETY DIVISION FOR PROCESSING.

SECTION 4. That Section 7-123 of the Zoning and Development Code, pertaining to the definition for vacation and short-term rentals, is hereby amended to read as follows:

VACATION AND SHORT-TERM RENTAL MEANS ANY INDIVIDUALLY OR COLLECTIVELY OWNED SINGLE-FAMILY OR MULTI-FAMILY 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 ON A DAILY OR WEEKLY BASIS, OR ON ANY OTHER BASIS FOR LESS THAN THIRTY CONSECUTIVE DAYS (A.R.S. 42-5070). VACATION AND SHORT-TERM RENTALS DO NOT INCLUDE A UNIT THAT IS USED FOR ANY NONRESIDENTIAL USE, INCLUDING RETAIL, RESTAURANT, BANQUET SPACE, EVENT CENTER OR ANOTHER SIMILAR USE.

SECTION 5. Pursuant to City Charter, Section 2.12, ordinances are effective thirty (30) days after adoption.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF TEMPE, ARIZONA, this ____ day of _____, 2019.

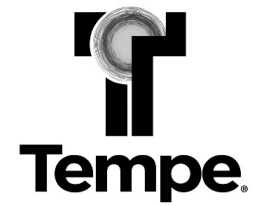
Mark W. Mitchell, Mayor

ATTEST:

Carla R. Reese, City Clerk

APPROVED AS TO FORM:

Judith R. Baumann, City Attorney



PROJECT FILE
for
SHORT TERM RENTAL ORDINANCE
(PL190238)

ATTACHMENTS:

- 1-9. House Bill 2672, approved May 21, 2019
- 10-21. Public Input Summary

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

CHAPTER 240
HOUSE BILL 2672

AN ACT

AMENDING SECTIONS 9-500.39 AND 11-269.17, ARIZONA REVISED STATUTES; AMENDING TITLE 42, CHAPTER 1, ARTICLE 3, ARIZONA REVISED STATUTES, BY ADDING SECTION 42-1125.02; AMENDING SECTIONS 42-2001 AND 42-2003, ARIZONA 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~~ **PROTECTING** 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. **REQUIRING THE OWNER OF A VACATION RENTAL OR SHORT-TERM RENTAL TO PROVIDE THE CITY OR TOWN WITH CONTACT INFORMATION FOR THE OWNER OR THE OWNER'S DESIGNEE WHO IS RESPONSIBLE FOR RESPONDING TO COMPLAINTS IN A TIMELY MANNER IN PERSON, OVER THE PHONE OR BY E-MAIL AT ANY TIME OF DAY BEFORE OFFERING FOR RENT OR RENTING THE VACATION RENTAL OR SHORT-TERM RENTAL.**

C. **WITHIN THIRTY DAYS AFTER A VERIFIED VIOLATION, A CITY OR TOWN SHALL NOTIFY THE DEPARTMENT OF REVENUE AND THE OWNER OF THE VACATION RENTAL OR SHORT-TERM RENTAL OF THE VERIFIED VIOLATION OF THE CITY'S OR TOWN'S APPLICABLE LAWS, REGULATIONS OR ORDINANCES AND, IF THE OWNER OF THE VACATION RENTAL OR SHORT-TERM RENTAL RECEIVED THE VERIFIED VIOLATION,**

WHETHER THE CITY OR TOWN IMPOSED A CIVIL PENALTY ON THE OWNER OF THE VACATION RENTAL OR SHORT-TERM RENTAL AND THE AMOUNT OF THE CIVIL PENALTY, IF ASSESSED. IF MULTIPLE VERIFIED VIOLATIONS ARISE OUT OF THE SAME RESPONSE TO AN INCIDENT AT A VACATION RENTAL OR SHORT-TERM RENTAL, THOSE VERIFIED VIOLATIONS ARE CONSIDERED ONE VERIFIED VIOLATION FOR THE PURPOSE OF ASSESSING CIVIL PENALTIES PURSUANT TO SECTION 42-1125, SUBSECTION AA.

D. IF THE OWNER OF A VACATION RENTAL OR SHORT-TERM RENTAL HAS PROVIDED CONTACT INFORMATION TO A CITY OR TOWN PURSUANT TO SUBSECTION B, PARAGRAPH 4 OF THIS SECTION AND IF THE CITY OR TOWN ISSUES A CITATION FOR A VIOLATION OF THE CITY'S OR TOWN'S APPLICABLE LAWS, REGULATIONS OR ORDINANCES OR A STATE LAW THAT OCCURRED ON THE OWNER'S VACATION RENTAL OR SHORT-TERM RENTAL PROPERTY, THE CITY OR TOWN SHALL MAKE A REASONABLE ATTEMPT TO NOTIFY THE OWNER OR THE OWNER'S DESIGNEE OF THE CITATION WITHIN SEVEN BUSINESS DAYS AFTER THE CITATION IS ISSUED USING THE CONTACT INFORMATION PROVIDED PURSUANT TO SUBSECTION B, PARAGRAPH 4 OF THIS SECTION. IF THE OWNER OF A VACATION RENTAL OR SHORT-TERM RENTAL HAS NOT PROVIDED CONTACT INFORMATION PURSUANT TO SUBSECTION B, PARAGRAPH 4 OF THIS SECTION, THE CITY OR TOWN IS NOT REQUIRED TO PROVIDE SUCH NOTICE.

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 FOR A SPECIAL EVENT THAT WOULD OTHERWISE REQUIRE A PERMIT OR LICENSE PURSUANT TO A CITY OR TOWN ORDINANCE OR A STATE LAW OR RULE OR FOR A RETAIL, RESTAURANT, BANQUET SPACE 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.

3. "VERIFIED VIOLATION" MEANS A FINDING OF GUILT OR CIVIL RESPONSIBILITY FOR VIOLATING ANY STATE LAW OR LOCAL ORDINANCE RELATING TO A PURPOSE PRESCRIBED IN SUBSECTION B OR F OF THIS SECTION THAT HAS BEEN FINALLY ADJUDICATED.

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~~ PROTECTING 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. REQUIRING THE OWNER OF A VACATION RENTAL OR SHORT-TERM RENTAL TO PROVIDE THE COUNTY WITH CONTACT INFORMATION FOR THE OWNER OR THE OWNER'S DESIGNEE WHO IS RESPONSIBLE FOR RESPONDING TO COMPLAINTS IN A TIMELY MANNER IN PERSON, OVER THE PHONE OR BY E-MAIL AT ANY TIME OF DAY BEFORE OFFERING FOR RENT OR RENTING THE VACATION RENTAL OR SHORT-TERM RENTAL.

C. WITHIN THIRTY DAYS AFTER A VERIFIED VIOLATION, A COUNTY SHALL NOTIFY THE DEPARTMENT OF REVENUE AND THE OWNER OF THE VACATION RENTAL OR SHORT-TERM RENTAL OF THE VERIFIED VIOLATION OF THE COUNTY'S APPLICABLE LAWS, REGULATIONS OR ORDINANCES AND, IF THE

PROPERTY OWNER RECEIVED THE VERIFIED VIOLATION, WHETHER THE COUNTY IMPOSED A CIVIL PENALTY ON THE OWNER OF THE VACATION RENTAL OR SHORT-TERM RENTAL AND THE AMOUNT OF THE CIVIL PENALTY, IF ASSESSED. IF MULTIPLE VERIFIED VIOLATIONS ARISE OUT OF THE SAME RESPONSE TO AN INCIDENT AT A VACATION RENTAL OR SHORT-TERM RENTAL, THOSE VERIFIED VIOLATIONS ARE CONSIDERED ONE VERIFIED VIOLATION FOR THE PURPOSE OF ASSESSING CIVIL PENALTIES PURSUANT TO SECTION 42-1125, SUBSECTION AA.

D. IF THE OWNER OF A VACATION RENTAL OR SHORT-TERM RENTAL HAS PROVIDED CONTACT INFORMATION TO A COUNTY PURSUANT TO SUBSECTION B, PARAGRAPH 4 OF THIS SECTION AND IF THE COUNTY ISSUES A CITATION FOR A VIOLATION OF THE COUNTY'S APPLICABLE LAWS, REGULATIONS OR ORDINANCES OR A STATE LAW THAT OCCURRED ON THE OWNER'S VACATION RENTAL OR SHORT-TERM RENTAL PROPERTY, THE COUNTY SHALL MAKE A REASONABLE ATTEMPT TO NOTIFY THE OWNER OR THE OWNER'S DESIGNEE OF THE CITATION WITHIN SEVEN BUSINESS DAYS AFTER THE CITATION IS ISSUED USING THE CONTACT INFORMATION PROVIDED PURSUANT TO SUBSECTION B, PARAGRAPH 4 OF THIS SECTION. IF THE OWNER OF A VACATION RENTAL OR SHORT-TERM RENTAL HAS NOT PROVIDED CONTACT INFORMATION PURSUANT TO SUBSECTION B, PARAGRAPH 4 OF THIS SECTION, THE COUNTY IS NOT REQUIRED TO PROVIDE SUCH NOTICE.

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 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.

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.

3. "VERIFIED VIOLATION" MEANS A FINDING OF GUILT OR CIVIL RESPONSIBILITY FOR VIOLATING ANY STATE LAW OR LOCAL ORDINANCE RELATING TO A PURPOSE PRESCRIBED IN SUBSECTION B OR F OF THIS SECTION THAT HAS BEEN FINALLY ADJUDICATED.

Sec. 3. Title 42, chapter 1, article 3, Arizona Revised Statutes, is amended by adding section 42-1125.02, to read:
42-1125.02. Civil penalties; online lodging operators; appeal; definitions

A. AN ONLINE LODGING OPERATOR THAT FAILS TO COMPLY WITH SECTION 42-5042 SHALL PAY THE FOLLOWING CIVIL PENALTY:

1. FOR A FIRST OFFENSE, \$250.

2. FOR A SECOND AND ANY SUBSEQUENT OFFENSE, \$1,000.

B. IF AN ONLINE LODGING OPERATOR RECEIVED A VERIFIED VIOLATION, THE ONLINE LODGING OPERATOR SHALL PAY THE FOLLOWING CIVIL PENALTY:

1. FOR A FIRST VERIFIED VIOLATION RECEIVED FOR A PROPERTY, EITHER:

(a) IF THE CITY, TOWN OR COUNTY DID NOT IMPOSE A CIVIL PENALTY ON THE ONLINE LODGING OPERATOR FOR THE VERIFIED VIOLATION, \$500.

(b) IF THE CITY, TOWN OR COUNTY IMPOSED A CIVIL PENALTY ON THE ONLINE LODGING OPERATOR FOR THE VERIFIED VIOLATION, THE DIFFERENCE BETWEEN THE AMOUNT PRESCRIBED IN SUBDIVISION (a) OF THIS PARAGRAPH AND THE AMOUNT OF THE CIVIL PENALTY THE CITY, TOWN OR COUNTY IMPOSED ON THE ONLINE LODGING OPERATOR FOR THE VERIFIED VIOLATION.

2. FOR A SECOND VERIFIED VIOLATION RECEIVED ON THE SAME PROPERTY WITHIN A TWELVE-MONTH PERIOD, EITHER:

(a) IF THE CITY, TOWN OR COUNTY DID NOT IMPOSE A CIVIL PENALTY ON THE ONLINE LODGING OPERATOR FOR THE VERIFIED VIOLATION, \$1,000.

(b) IF THE CITY, TOWN OR COUNTY IMPOSED A CIVIL PENALTY ON THE ONLINE LODGING OPERATOR FOR THE VERIFIED VIOLATION, THE DIFFERENCE BETWEEN THE AMOUNT PRESCRIBED IN SUBDIVISION (a) OF THIS PARAGRAPH AND THE AMOUNT OF THE CIVIL PENALTY THE CITY, TOWN OR COUNTY IMPOSED ON THE ONLINE LODGING OPERATOR FOR THE VERIFIED VIOLATION.

3. FOR A THIRD AND ANY SUBSEQUENT VERIFIED VIOLATION RECEIVED ON THE SAME PROPERTY WITHIN THE SAME TWELVE-MONTH PERIOD, EITHER:

(a) IF THE CITY, TOWN OR COUNTY DID NOT IMPOSE A CIVIL PENALTY ON THE ONLINE LODGING OPERATOR FOR THE VERIFIED VIOLATION, FIFTY PERCENT OF THE GROSS MONTHLY REVENUES OF THE LODGING ACCOMMODATION AT WHICH THE VIOLATION OCCURRED FOR THE MONTH IN WHICH THE VIOLATION OCCURRED OR \$1,500, WHICHEVER IS GREATER.

(b) IF THE CITY, TOWN OR COUNTY IMPOSED A CIVIL PENALTY ON THE ONLINE LODGING OPERATOR FOR THE VERIFIED VIOLATION, THE DIFFERENCE BETWEEN THE AMOUNT PRESCRIBED IN SUBDIVISION (a) OF THIS PARAGRAPH AND THE AMOUNT OF THE CIVIL PENALTY THE CITY, TOWN OR COUNTY IMPOSED ON THE ONLINE LODGING OPERATOR FOR THE VERIFIED VIOLATION.

C. IF THE DEPARTMENT IMPOSES A CIVIL PENALTY PURSUANT TO SUBSECTION B, PARAGRAPH 1 OF THIS SECTION AND THE ONLINE LODGING OPERATOR APPEALS THE CIVIL PENALTY, THE HEARING OFFICER MAY WAIVE OR LOWER THE CIVIL PENALTY BASED ON THE ONLINE LODGING OPERATOR'S DILIGENCE IN ATTEMPTING TO PROHIBIT RENTERS FROM VIOLATING STATE LAW OR THE CITY'S OR TOWN'S APPLICABLE LAWS, REGULATIONS OR ORDINANCES. **◆**IN DETERMINING WHETHER TO WAIVE OR LOWER THE CIVIL PENALTY, THE HEARING OFFICER SHALL CONSIDER BOTH OF THE FOLLOWING:

1. WHETHER RULES THAT PROHIBIT ACTIVITIES VIOLATING STATE LAW OR THE CITY'S OR TOWN'S APPLICABLE LAWS, REGULATIONS OR ORDINANCES WERE INCLUDED IN THE ADVERTISEMENT FOR THE LODGING ACCOMMODATION, VACATION RENTAL OR SHORT-TERM RENTAL.

2. WHETHER THE RULES DESCRIBED IN PARAGRAPH 1 OF THIS SUBSECTION WERE POSTED IN A CONSPICUOUS LOCATION INSIDE THE LODGING ACCOMMODATION, VACATION RENTAL OR SHORT-TERM RENTAL.

D. FOR THE PURPOSES OF THIS SECTION:

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

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

3. "ONLINE LODGING OPERATOR" HAS THE SAME MEANING PRESCRIBED IN SECTION 42-5076 AND INCLUDES AN OWNER OF A VACATION RENTAL OR SHORT-TERM RENTAL THAT IS NOT OFFERED THROUGH AN ONLINE LODGING MARKETPLACE.

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

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

Sec. 4. 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) 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 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. "TAX OFFICIAL" MEANS A NONELECTED EMPLOYEE OR THE NONELECTED EMPLOYEE'S DESIGNEE OR AGENT WHO IS RESPONSIBLE FOR TAX ADMINISTRATION.

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

Sec. 5. 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 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.

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 **ONLY** for internal purposes, including audits. **IF THERE IS A LEGITIMATE BUSINESS NEED RELATING TO ENFORCING LAWS, REGULATIONS AND ORDINANCES PURSUANT TO SECTION 9-500.39 OR 11-269.17, A COUNTY, CITY OR TOWN TAX OFFICIAL MAY REDISCLOSE TRANSACTION PRIVILEGE TAX INFORMATION RELATING TO A VACATION RENTAL OR SHORT-TERM RENTAL PROPERTY OWNER OR ONLINE LODGING OPERATOR FROM THE NEW LICENSE REPORT AND LICENSE UPDATE REPORT, SUBJECT TO THE FOLLOWING:**

(a) **THE INFORMATION REDISCLOSED IS LIMITED TO THE FOLLOWING:**

(i) **THE TRANSACTION PRIVILEGE TAX LICENSE NUMBER.**

(ii) **THE TYPE OF ORGANIZATION OR OWNERSHIP OF THE BUSINESS.**

(iii) **THE LEGAL BUSINESS NAME AND DOING BUSINESS AS NAME, IF DIFFERENT FROM THE LEGAL NAME.**

(iv) **THE BUSINESS MAILING ADDRESS, TAX RECORD PHYSICAL LOCATION ADDRESS, TELEPHONE NUMBER, E-MAIL ADDRESS AND FAX NUMBER.**

(v) **THE DATE THE BUSINESS STARTED IN THIS STATE, THE BUSINESS DESCRIPTION AND THE NORTH AMERICAN INDUSTRY CLASSIFICATION SYSTEM CODE.**

(vi) **THE NAME, ADDRESS AND TELEPHONE NUMBER FOR EACH OWNER, PARTNER, CORPORATE OFFICER, MEMBER, MANAGING MEMBER OR OFFICIAL OF THE EMPLOYING UNIT.**

(b) **REDISCLASURE IS LIMITED TO NONELECTED OFFICIALS IN OTHER UNITS WITHIN THE COUNTY, CITY OR TOWN.❖ THE INFORMATION MAY NOT BE REDISCLOSED TO AN ELECTED OFFICIAL OR THE ELECTED OFFICIAL'S STAFF.**

(c) **ALL REDISCLOSURES OF CONFIDENTIAL INFORMATION MADE PURSUANT TO THIS PARAGRAPH ARE SUBJECT TO PARAGRAPH 2 OF THIS SUBSECTION.**

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 law enforcement agencies for law enforcement purposes.

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 the written consent of the online lodging marketplace, and the information 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 G** of this section. ♦ Such information:

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

2. May not be disclosed to any agency of this state or of any county, city, town or other political subdivision of this state.

Sec. 6. Title 42, chapter 5, article 1, Arizona Revised Statutes, is amended by adding section 42-5042, to read:

42-5042. Online lodging operators; requirements; 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. FOR THE PURPOSES OF THIS SECTION:

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

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

3. "ONLINE LODGING OPERATOR" HAS THE SAME MEANING PRESCRIBED IN SECTION 42-5076 AND INCLUDES AN OWNER OF A VACATION RENTAL OR SHORT-TERM RENTAL, AS DEFINED IN SECTION 9-500.39 OR 11-269.17, THAT IS NOT OFFERED THROUGH AN ONLINE LODGING MARKETPLACE.

APPROVED BY THE GOVERNOR MAY 21, 2019.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 21, 2019.



City Manager's Working Group - Protecting Neighborhoods from the Consequences of Short-term Rentals Public Input Summary

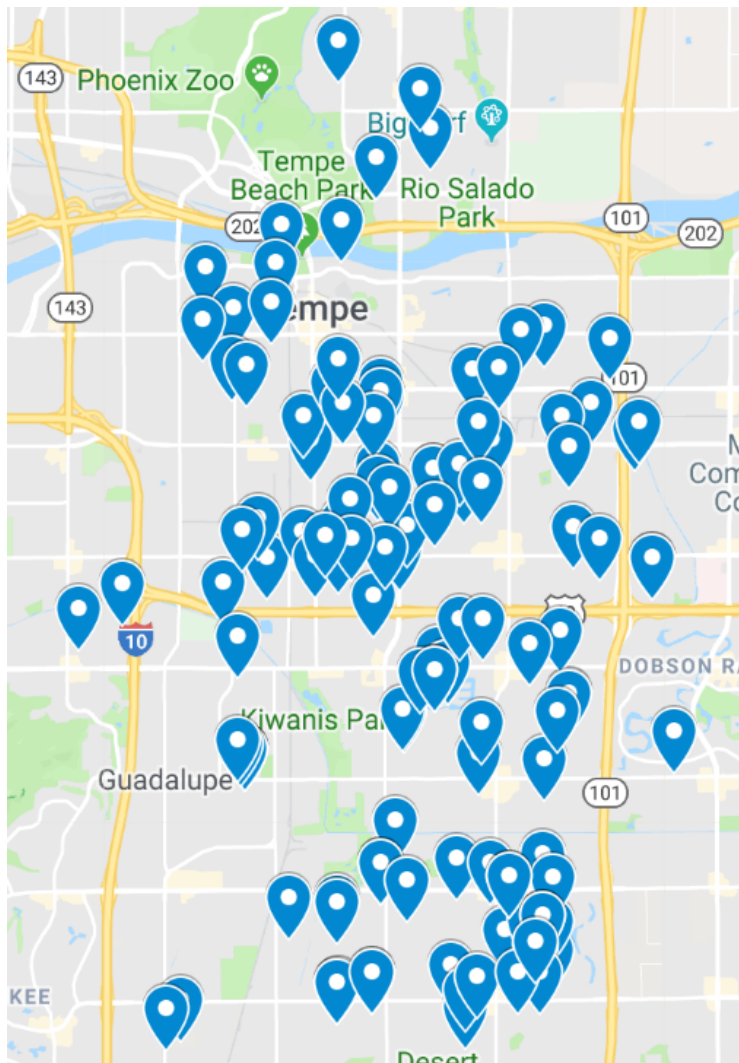
September 2019

Overview

A Tempe City Manager's working group has collected feedback on a proposed ordinance to amend the Zoning and Development Code (ZDC), which would require contact information from short-term rental business owners and restrict short-term rental use for residential use only. Working group members include Vice Mayor Kuby, Councilmember Navarro and city staff.

A public meeting was held on Sept. 16, 2019 with 52 attendees signing in and the topic was posted from Sept. 6 - 18, 2019 on Tempe Forum. A total of 134 unduplicated survey responses were received, 21 at the public meeting and 113 on Tempe Forum.

Map of Tempe Survey Respondents



- 2 responses were from out of state
- 1 response was from Scottsdale

1. Do you own a short-term rental within the City of Tempe?



Total responses: 132

2. Do you own a short-term rental elsewhere in the State of Arizona?



Total responses: 133

3. Have you stayed in a short-term rental during the last (1) year period?



Total responses: 132

4. Do you know of any short-term rental businesses in your neighborhood?



Total responses: 133

5. Have you experienced any side effects from any short-term rental in your neighborhood? Were they positive or negative?



Total responses: 132

6. Do you agree with the City of Tempe requiring a contact for the owner of the short-term rental business and for an emergency contact for the short-term rental?



Total responses: 133

7. Do you agree with the City of Tempe clarifying that a short-term rental business cannot be used for nonresidential purposes, such as retail or restaurants spaces, special events and/or a banquet space?



Total responses: 133

8. Do you want cities to maintain the local ability to regulate disruptive types of home-based businesses that impact single family neighborhoods?



Total responses: 132

9. Would you like to see the State Legislature act to allow cities and towns more power to regulate short-term rental businesses within their respective city borders?



Total responses: 132

10. Were you aware of the City of Tempe’s mediation program for conflict resolution in neighborhood disputes?
<https://www.tempe.gov/government/human-services/care-7/counseling-services>)

		%	Count
Yes		23.7%	31
No		76.3%	100

Total responses: 131

11. Additional comments

Owns a short-term rental in Tempe and has not experienced any side effects:

1. No governing body should take away property rights of owners to operate a short-term rental unless in direct violation of law.
2. As a short-term rental host I feel there is a need to monitor the industry effects on local neighborhoods and to set in place regulations that create reasonable considerations, enforcement of the regulations of law and a way for grievances and conflict resolution to be addressed.

Owns a short-term rental in Tempe and has experienced positive effects:

1. regulation for the sake of regulation is problematic.
2. Short term rentals usually dont result in crazy parties because of the rating system and the fines that can be associated with it. Short term rental in az is really only big for 4mo out of the year, this is not bad for the community because the Homes have been updated which is good for property values. Short term rental is non more disruptive then long term rental, a bad tennant is there for 12 months minimum a bad guest can get evicted with 24hrs.
3. Airbnb is very accountable. Neighbors help regulate. Vet the hosts prior to the stay.
4. We do short term rental of our home about five months a year and provide two emergency contacts and have a current Transaction Privilege Tax License. We have never experienced any issues from our neighbors nor HOA. Also, we pay quarterly taxes to the city and county from our part time rental. Why not take that into consideration! Curiously, the only traffic problems occur from the neighborhood elementary school with parents dropping off their children and speeding thru our neighborhood...perhaps your “committee” should focus on that with their next project.
5. I own my home and use Airbnb to rent out extra space. I have had wonderful experiences and meet lovely people. All my immediate neighbors are aware and have not expressed issue or concern. Personally I am not a fan of STR’s that are owned by one person but operated by another. Certainly so when the owner is not a citizen of tempe. I don’t know how to address that kind of issue fairly and in a way that won’t take away my ability to utilize my space.
6. There is a huge difference between owner occupied and non-owner occupied homes or apartments being used in the short term rental business, but I don’t see the City of Tempe addressing that difference.

7. My wife and I own and operate a Short-Term-Rental property out of our primary residence during the months of February and March. All proceeds are applied directly toward student loan debt, the ability to short-term-rent our primary residence has greatly impacted our long-term financial health. Although this specific ordinance does little to restrict our ability to continue renting, it does open the door to further regulation down the road. Please consider legislation that doesn't penalize owner-occupied short term rentals.
8. I get not allowing business to use homes for nonresidential purposes, such as retail or restaurants spaces, special events and/or a banquet space. Do not over regulate. This is a way for the little man to build equity and pay off a home for retirement. As long as it's not disruptive and used for residential purposes there is nothing wrong with people using STR's. Do not over regulate this.
9. The short term owner in my neighborhood took a run down property and made it into a beautiful home. It is kept up regularly to attract people to stay and looks much nicer than the long term rentals in the neighborhood. If anything it has positively impacted the neighborhood and home values.

Does not own a short-term rental in Tempe and has not experienced any side effects:

1. The main issues is the investors. They don't live in the neighborhood or the house. They don't care. Plus they covert the hotels. They should be taxed as hotels with a bed tax and follow these rules. ASU dorms are too expensive.
2. As a homeowner I feel we should have the right to rent out for a short term vacation rental. I don't think a house should be retro fitted as a boarding house but should be seamlessly integrated in a neighborhood with out disrupting the residents. Guests should have to follow the same city rules and guidelines as everyone else does. There are always those 1 or 2 morons that will ruin it for the rest and they need to be addressed but they shouldn't be a baseline for those who care about their community. Really more taxation is NOT the answer.. we already pay the rental tax!!
3. Hosting events and parties is a right of every property owner. Consider a large home with horse property. There is no reason why holding a banquet, wedding or a fundraiser for Mayor Mitchell should be a problem. Of course a restaraunt would be disruptive. Consider people who are starting a new business selling organic lotions or hemp based clothing and they are not ready for a retail space. These are people's livelihoods who are struggling to live thier dreams and only want to use thier private property to sustain themselves. Of course a public nuisance should never be tolerated. But many neighbors will use your policies to not protect themselves, but use it to discriminate- opress and harass other neighbors who they don't like. Please be careful!
4. relatives in scottsdale live next to a STR and it is very distruptive.
5. Would like HOA's to have ability to regulate their own communities regarding short term rentals. Providing info how HOA's can reduce or regulate offensive rental practices.
6. I see no need for the city of Tempe to regulate Air BNB rentals. If individuals are violating laws, those individuals should be individual issues. That said, I see no reason why property owners should be prevented or dissuaded from earning income from their property.

7. My husband and I own a mid sized multi unit complex. Many small and mid sized apartment owners struggle to make enough to keep up our units (especially older complexes). We would appreciate the flexibility to add the Air B& B option as a future sources of revenue. Since we have enjoyed the wonderful places we have rented when traveling, we were inspired that we could do this ourselves with one or two of our units. Please leave this option open for multi-unit owners as well as SFR's. We think that some regulation is good but this new industry of short term and overnight rentals bring money in: taxes, revenue to owners, business for contractors, designers and maintenance vendors and bring tourists back again and again to the charming creative owners who provide such great spaces and hospitality in Tempe and Phoenix. Thank you!
8. I believe that if too many properties are purchased for non-owner, short-term rental occupancy in any single family residential neighborhood,, negative consequences will occur such as not knowing who your neighbors are from one-week-to-another, disregard for permanent residents, noise, behavioral problems, unwanted traffic, and absentee owner neglect of property to name a few problems. Bottom line, I just do not feel comfortable with short-term rentals in single family residential neighborhoods especially when such rentals are absentee owner, business operated single family residential units. I think the City, as well as residents should urge the State to allow local control to strictly regulate short-term rentals. We are now in the early stages of growing short-term rental enterprise and one which will become a more serious single family residential family problem in Arizona. Short-term rental businesses should be confided to areas specifically zoned for business uses,
9. I have no problem with homeowners renting rooms or accessory units as short-term rentals. What is a problem is local or out of state 'investors' buying properties and then renting them as their primary sources of income. This does not seem to be addressed with this legislation. The city and state should limit the ability of individuals and companies from owning more than a certain number of properties for short-term rentals. Requiring a list of contacts seems unnecessary. If here are renters in the house/unit, and there is a disturbance/complaints, the police should be called. The people staying there are the ones responsible; the owner is merely renting the space to them. If you lend your car to a friend and they get pulled over, they get the ticket, not you. Same idea here. The owner of the property should in no way be liable for the actions of the people staying there. Renters should pay the same use tax they would if they had instead gotten a hotel room. Section C of the proposed code should be excluded -- it seems completely unnecessary since temporary guests aren't going to be setting up a factory or retail shop. The worst they could do is have a party or a wedding reception, which should be perfectly legal. Basically, anything that the homeowner could do themselves, the short-term tenant should be able to as well and do so within the confines of already existing law. There is no reason to treat tenants of short-term rentals differently than anyone else. The city claims to be protecting the quality of their neighborhoods, but this is really just another way for them to charge extra fees, take our money and raise their own salaries and restrict what homeowners can do with their own property.
10. Should not be permitted.

11. I believe that over time short-term rentals will have a negative impact on the quality of neighborhoods especially for resident families but for others too. However, I do not know what specific steps, if any, in addition to those proposed that could be implemented address this issue. Perhaps every community association in the City of Tempe could be contacted to advise them what steps that would have to be taken to address the growing impact of short-term rentals. Would an amendment to the CCRs of an association to limit short-term rentals exclusively to resident-owner occupants be a violation of state law? If not, perhaps this information could be passed along to community associations and other neighborhood groups.
12. I know folks that are short-term rental owners and they have purchased places in run down parts of town and rebuilt or renovated for the sole purpose of this short term rental process. This saves the town money by not having to maintain the property surrounding the rental and with the quick turnover of rentals you ensure no long term damage due to lack of maintenance by renters.
13. I do not have a problem with short term rentals except when it is continuous. If someone wants to rent their home out for a few weeks or months while they are traveling that's fine as long as the home is maintained and kept clean. I DO NOT approve of a homes sole purpose is as a AirBNB,VRBO or anything of the sort.
14. Our HOA has experienced both positive and negative experiences. One rental was like a reunion party with valet parking using a nearby parking lot. The owner was cooperative when told the home could only be used as a single family residence as stated in our CC&R's. The property looks better now than it did before this owner purchased the property. So far, so good, for our HOA, but we definitely want all residential properties to be protected and for families to have safe neighborhoods, stable school enrollment and good neighbors they know and can call on when needed. Life can be difficult and everyone needs to have some stability in order to not only survive but to thrive.
15. City should mandate that host should be on premises at all times and all licensing and permits should be for one property. Not one license or permit for as many properties you as you could acquire, such as the rental transaction tax and licensing. Each short-term rental requires a license and TPT for each property, thats how you regulate this. All short term lists amenities as pools and parking. The owners are setting themselves up for huge liabilities by allowing risky behaviors in an un-hosted property. If this is the only way owners could justify their expense of purchasing real estate, by having roomates or tenants. Why not offer your automobile to any one to rent because you can't afford the payments or insurance. Try that for your business model.
16. Short term rentals are just that, short-term. If there happens to be a "negative" guest, the good news is that they will be gone after a couple of nights. Where I see a problem is with the long-term college rental houses that cause chaos and disruptive behavior for an entire school year on a regular basis.
17. The owners of ALL rentals need to have their names and contact information available to the neighbors of the rentals, and need to be available for contact (not just an email or phone that is never answered).

18. The City Council tends toward over-regulation. Any new ordinance restricting short-term rentals should be focused solely on ensuring that the rental does not become a neighborhood nuisance. We don't need more fees or burdensome reporting requirements imposed on property owners. By labeling these properties "short term rentals," your questionnaire has biased the survey. These are residential properties that are sometimes used as rentals as a means to offset some of the costs of ownership.
19. I'm concerned of the general public's reaction when they have knowledge of the proposed ordinance calling the police for enforcement: When a property owner is having a graduation party, birthday party, confirmation, wedding reception, reunion, etc. with family and friends in attendance.
20. I am open to people sharing part of their home as an owner occupant. I'm even ok with part time residents subletting their homes while they are away. People who have multiple properties should be considered for profit landlords and treated as a business. All renters should be responsible for their renters and the effects on the neighborhoods. Responsible person should be able to be contacted in a timely manner. Parking should be available for the renters and homes should not allowed to modify homes for extensive bedrooms.
21. We need to protect our neighborhoods from business uses that will bring added traffic and wear and tear on our roads while trying to attract short term visitors that want to see our city while pouring money into our local economy.
22. I like short term rentals when I'm traveling. It is nice to be part of the community I'm visiting. However, I do not want "party" houses in my neighborhood with large gatherings in short term rentals. Parking needs to be provided so our streets are cluttered and noise expectation should be clearly defined.
23. I would like to see parking restrictions included in the requirements. Our neighborhood requires all cars off the streets at night. New renters often aren't aware of this. I can only imagine short term rentals would not be aware either.
24. Thank you, vice mayor, for your efforts to preserve Tempe's quality of life in our neighborhoods. These are all common sense measures. Tempe is sought after by developers and landlords because of the myriad opportunities it represents. The Council should create strong boundaries to balance and preserve the needs of its residents as many other Cities do (Palm Springs) and reap the rewards from both sides.
25. How will the city monitor whether homes are being rented out for short term and taxes are being collected and remitted? It would be nice if short term houses had occupancy limits.
26. While my understanding this is currently hindered by legislation on the state level, I believe the city government's policy regarding Short Term Rentals (STRs) should be to develop a clear line of accountability regarding who owns it. I also believe the city should impose a tax on STRs when the owner owns more than one property and rents it out for more than a set amount of time. I do not believe regulations should be put in place simply to make single-family homeowners more comfortable but rather to deal with issues regarding the supply of housing being limited by STRs.

Does not own a short-term rental in Tempe and has experienced positive effects:

1. Neighbor with short time rentals keeps front yard property immaculate. Have had no problems with guests. There would be no way of knowing that this home is used for short time rentals if I did not know.
2. I think short term rental properties have had a great impact on the area and usually are better maintained then other homes
3. It wil not allow locals to live within Tempe. Housing it to high now
4. Short term rentals in Tempe are essential to current home owners. These properties are well, and frequently maintained as opposed to long term rentals where the property easily goes unmanaged or uncared for for up to a year. Short term rentals attract tourist and business professionals to our great city! Since these properties do have to be frequently maintained they offer local job opportunities, such as house cleaners, lawn/pool service. The residents who provide these services depend on this income!
5. I see no reason to create redundant laws regarding short term rentals. Rentals are rentals and all should be covered by the same set of rules and laws. Contact information is obtainable for properties on assessor site. No requirement to give contact info to the city is required for non rental property.
6. As a Tempe resident, the city should be addressing the long term rental issues - such as too many cars in a home, lack of maintenance to landscapes and noise. Honestly the short term rentals I've seen are very well kept a often enhance the neighborhoods - unlike many long term rentals.
7. More and more, professional game lovers begin to talk about the popular MaxBet https://maxbetcasino.net/ casino as a club with great features. Here the main emphasis is on convenience for adherents of excitement, who are currently very demanding.

Does not own a short-term rental in Tempe and has experienced negative side effects:

1. Ours is a non-occupied home rented out by a non american citizen for 16 people that grows to 100-250 people with under age drinking, illegal parking, violations of noise and illegal drugs/fighting/assaults. The home owners needs to be cited not just the renter. Police need to contact the home owner and cite them each and every instant.
2. Would like to see state leg and city adopt and enforce regulations of disruptive businesses and home-based businesses in SF neighborhoods. Issue citations to the property owner.
3. Have an airbnb in neighborhood and it is a nightmare. more regulations are needed.
4. I have 2 short term rentals across the street from my house. One now has had the same group of people for perhaps 2-3 months. They are ok except sometimes more people come, especially on weekends, take a lot of parking space on the streets. The other one is sometimes owner occupied (summer) sometimes a steady flow of changing short term tenants (winter). - not so good - owner can become defensive.

5. I have 2 short term rentals across the street from my house. One now has had the same group of people for perhaps 2-3 months. They are ok except sometimes more people come, especially on weekends, take a lot of parking space on the streets. The other one is sometimes owner occupied (summer) sometimes a steady flow of changing short term tenants (winter). - not so good - owner can become defensive.
6. We have tried median AirBNV (+VRBO) for our 1 year in our particular situation. The person who owns the AirBnB house has ignored our guests. City's hands have been strapped. Local PD is weary of the situation as well.
7. I believe Ducey/the State made a very wrong decision in opening up our neighborhoods to greedy investors who buy up properties and turn them into short term rentals for their profit, with little regard for the negative impact on a neighborhood's safety, peace and sense of community.
8. Aria on Mill
9. There is no place in my neighborhood for short-term rentals. I would not have moved into my neighborhood if there were short-term rentals. The character of our neighbor is single-family homes. I am afraid to let my daughter ride her bike around the block because of transient neighbors who are renting from these businesses.
10. Already too many rentals in residential areas. More than 3 non family members. Homes sometimes not registered as Rentals but Non Primary? Up to 8-10 vehicles can be parked there at any given time, but owner says 5 people there, recovering addictions. Doubt it is registered as recovery home either. Let one or two people not abide by rules, and others will do it. Rental homes are already an issue with absentee landlords, whether short term or not, it's a major issue thruout the city. Short term rentals for a super bowl weekend, or ncaa tournament is one thing, but coming and going routinely, is an issue. Let them go to the neighborhoods where Legislators Live, that Thought it was a Good Idea, and Do Short Term Rentals on those Streets only. Legislator can watch over them. Otherwise, it's a way for some people to get Rich on the backs of their neighbors.
11. They should not be 100% rentals allowed in a residential neighborhood. If the owner lives there and rents out a room or something short term...that is more reasonable. But we have a 3 bedroom house that was renovated for 7-10 individual rooms for people to rent short term. The also paved over 95% of their front yard to give more parking. Looks horrible.
12. The AZ legislature,, pretending to believe in local government, has tied the hands of cities on this issue and only after the results of the lack of regulation has shown how damaging AirBnB can be to a neighborhood, has loosened the chains slightly. Please take advantage of anything the law allows. Well regulated, AirBnB is a good thing; unregulated it is a disaster.
13. I have had a neighbor that has been doing airb&b on my small culdesack for a couple years now. First the extra vehicle traffic is ridiculous. Second it seems like every weekend there is a party. And third I watched a guy being taken out in handcuffs on a Sunday once.
14. What about short term rentals in neighborhoods... it brings on parties during special events causing congestion in neighborhood streets, etc.

15. The City of Tempe should provide this contact information for short term rentals to the associated HOA, so the board of directors will have that valuable information.
16. We noticed that fellow neighbors are very worried about the value of their homes (and we are too) for a few reasons: one short term home rental in our neighborhood has created a small parking lot out of their home front, attempted (possibly succeeded) in creating a 10 bedroom home out of a 4 bedroom home and not responded to complaints of broken glass and disruptions from short term guests. I think such a business should not be treated as equivalent to other short term rental properties where business owners are responsive and consider their property a neighborhood home, not a mini apartment complex or motel. Having legislation where this kind of owner can have truly harmful or inappropriate property use penalized would be beneficial to neighborhood stability and long term value. I also think it would incentivize great short term rental business owners to expand (because their harmful counterparts are penalized) and contribute revenue to the city. Being able to register and contact the owner also protects short term rental customers in our state from fraud. People moving here for work, looking for a new home, having home repairs done, etc. use short term home rentals as well as vacationers. We should protect local Arizonans from irresponsible business practices and unofficial landlords.
17. We have also had a few positive outcomes from short term rentals, such as more use of our swimming pool. Others are more speculative, like more exposure of the property to potential home buyers. We don't want to become only a short term rental community as it affects getting some loans, and guests can become quite irritating to year round dwellers.
18. I have a short term rental in my cul de sac . The only problem is there are always random cars parked everywhere . I think a limit should be set to the number of tenants to one home by the city of Tempe.
19. How will short-term rental regulations be enforced? How will the City know if a property is being used as a short-term rental and requires a contact? No special events and similar non-residential uses should be allowed in Tempe residential areas.
20. These are really commercial enterprises in residential neighborhoods. I see parking problems from large group stays, etc. If I wanted to live in a commercial district, I would have chosen that option. These rentals compete with real commercial businesses like hotels, which have to meet standards and pay taxes etc. "Convenient", perhaps by taking advantage of residents for a quick buck.
21. Short term rental at 2302 S. Cottonwood Dr. Tempe. Owner Shaun Abbot lets guests use marijuana. Says Arizona will probably make it legal soon so it doesn't bother him. Guests party till well after midnight. Getting to be a nuisance property and owner doesn't care. No idea what site he lists his property on.
22. Keep the State out of City's regulations & zoning especially these rental businesses.
23. Keep in mind that STRs destroy neighborhoods. Should only allow if OWNER IS PRESENT.

24. My apartment building is full of short term rentals through a company called Stay Alfred. The presence of these rentals causes the community to feel like a party hotel, with Stay Alfred guests constantly hogging the amenities and throwing loud parties. Tempe is full of half empty condos and apartments that should be for people who LIVE HERE. We need to stop every building from turning into a hotel. It drives up rent and makes Tempe unaffordable for anyone other than rich kids coming to party at ASU.