

# PLANNING COMMISSION REPORT



Meeting Date: October 26, 2016  
General Plan Element: *Land Use*  
General Plan Goal: *Use community goals, character and context to determine development appropriateness.*

## **ACTION**

### **Vacation Rentals or Short-Term Rentals 3-TA-2016**

#### **Request to consider the following:**

1. A recommendation to City Council to approve a text amendment to the Zoning Ordinance (No. 455); specifically, Sec. 3.100 (Definitions), Sec. 5.010 (Single-family Residential (R1-190)), Sec. 5.012 (Use Regulations), Sec. 5.100 (Single-family Residential (R1-43)), Sec. 5.100 (Use Regulations), which affects all other Single Family Residential and Two Family Residential districts (R1-130, R1-70, R1-35, R1-18, R1-10, R1-7, R1-5, and R-2), Sec. 5.700 (Medium-Density Residential (R-3)), Sec. 5.703 (Use Regulations), Sec. 5.800 (Townhouse Residential (R-4)), Sec. 5.803 (Use Regulations), Sec. 5.900 (Resort/Townhouse Residential (R-4R)), Sec. 5.903 (Use Regulations), Sec. 5.1001 (Multi-family Residential (R-5)), Sec. 5.1003 (Use Regulations), Sec. 5.2800 (Western Theme Park (W-P)), Sec. 5.2804 (Use Regulations), Sec. 6.800 (Special Campus (S-C)), Sec. 6.803 (Use Regulations), add Sec. 7.203 (Vacation rentals or Short-term Rentals) to Article VII (General Provisions), Sec. 8.511 (Travel accommodations and guest ranches (with one hundred or fewer guest rooms) in R-5, C-2, C-3 and D districts as follows), Sec. 8.512. (Travel accommodations and guest ranches (with one hundred or more guest rooms) in R-5, C-2, C-3 and D districts) and Sec. 8.513 (Travel accommodations and guest ranches in R-4R zones) to revise or eliminate definitions and Use Regulations related to vacation rental or short-term rental uses.

#### **Key Items for Consideration**

- Brings the Scottsdale Zoning Ordinance into conformance with State law
- Does not supersede or limit Homeowner's Associations from enforcing private contract rules and regulations
- Cities are allowed to only restrict operational aspects that relate to health, safety and welfare.
- Building and Fire codes being reviewed separately; not part of this amendment
- Monitoring and enforcement of short-term rentals could enhance bed tax revenues available to the city

## APPLICANT CONTACT

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Greg Bloemberg  
City of Scottsdale  
480-312-4306

## LOCATION

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Citywide

## BACKGROUND

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On May 12 of this year, the State of Arizona enacted Senate Bill No, 1350, which states in part “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.” Essentially, no zoning regulations can be placed on these uses that are inconsistent with zoning regulations for single-family or multi-family dwelling units. Historically, the City has classified short-term rentals (STR’s) as “Travel Accommodations”, and required they be limited to zoning districts that permit hotels, motels and resorts. Under the new State law, cities cannot prohibit short-term rentals from being located in residential districts, including single-family neighborhoods. The only restrictions cities can place on STR’s are regulations directly related to public health, safety and welfare. Building and Fire codes are being reviewed separately and are not part of this amendment.

An independent private sector entity that monitors all the websites advertising STR’s has reported there are 2,903 properties available for short-term stays (less than 30 days) in Scottsdale. These are dispersed throughout Scottsdale, and one or more currently exist in most neighborhoods. Historically, it has been very difficult to prevent homes from being used for short-term stays because of the time and effort required to meet court tests for successful prosecution. Enforcement has been largely limited to responding to complaints from neighbors. When the State law takes effect on January 1, 2017, STR’s will become legal, and the city’s enforcement effort will shift toward minimizing the operational impacts (noise, parking, nuisance, etc.) of the use. Most of the current STR’s are likely unregistered and/or do not have a privilege tax license; or are incorrectly registered as “Residential Property Managers” which is misleading. This would suggest that tracking and/or monitoring these uses could prove challenging. State law allows for cities to require an emergency contact for STR’s, which could assist in efforts to track the locations of these uses.

If short-term rentals can be reliably identified, then bed taxes can be assessed as they currently are for hotels, motels and resorts. Based on the large number of STR’s being advertised and booked on-line through such services as VRBO, Air BnB and HomeAway, accurate tracking and bed tax collection could result in significant revenues from STR’s. The city is currently exploring the use of on-line tracking services that would provide information that would allow the city and the state to ensure the bed taxes are collected, and if not that appropriate enforcement occurs.

### **Other Related Policies, References:**

- 2001 General Plan
- Zoning Ordinance
- State of Arizona Senate Bill No. 1350

**GOAL/PURPOSE OF REQUEST**

The objective of this amendment is to ensure the Zoning Ordinance will not be in conflict with recently adopted State law. Currently, the City of Scottsdale Zoning Ordinance includes definitions and Use Regulations that are either outdated or obsolete, and may restrict or prohibit vacation rentals or short-term rentals in residential zoning districts. The amendment does not limit any community or homeowner’s association from enforcing contract rules and regulations (CC&R’s). While some definitions are being amended or eliminated outright, others are proposed to be consolidated or in some cases added in support of new or amended land uses. They are as follows:

Definition	Add	Amend	Eliminate	Reasoning/Objective
<i>Boardinghouse or lodginghouse</i>			X	Obsolete terminology; merge with “Travel Accommodation”
<i>Guest house</i>		X		Consistency with State law
<i>Guest Ranch</i>			X	Merge with “Travel Accommodation”
<i>Hotel</i>		X		Merge with “Travel Accommodation”
<i>Motel</i>		X		Merge with “Travel Accommodation”
<i>Resort</i>		X		Merge with “Travel Accommodation”
<i>Timeshare project</i>			X	Merge with “Travel Accommodation”
<i>Timeshare</i>	X			Update obsolete language; further clarification of use characteristics
<i>Travel accommodation</i>		X		Consistency with State law
<i>Vacation rental or Short-term rental</i>	X			Identify and define use to separate it from “Travel accommodation”

In addition to updating ordinance definitions, some Use Regulations also require revisiting to ensure consistency with State law. To accomplish this, certain Use Regulations are proposed to be eliminated; while others are proposed to be added or amended. While locating STR’s in residential zoning can no longer be restricted by cities, State law does allow cities to restrict certain accessory uses from operating in residential STR’s; i.e. restaurants, retail, and banquet or conference facilities.

State law also restricts STR’s from being used to house sex offenders or recovering addicts. The Use Regulations are as follows:

Use Regulation	Add	Amend	Eliminate	Reasoning/Objective
<i>Vacation rental or Short-term rental (R1-190 and R1-43 zoning districts)</i>	X			Add to <i>Permitted Uses</i> (all other single-family zoning districts refer to the R1-190 and R1-43 districts for permitted uses)
<i>Guest houses (R1-190 and R1-43 zoning districts)</i>		X		Amend criteria; consistency with State law (all other single-family zoning districts refer to the R1-190 and R1-43 districts for permitted uses)
<i>Vacation rental or Short-term rental (R-3 district)</i>	X			Add to <i>Permitted Uses</i>
<i>Vacation rental or Short-term rental (R-4 district)</i>	X			Add to <i>Permitted Uses</i>
<i>Vacation rental or Short-term rental (R-4R district)</i>	X			Add to <i>Permitted Uses</i> to separate from “Travel Accommodation”
<i>Resorts, Hotels, Motels and Guest ranches (R-4R district)</i>			X	Merge with “Travel Accommodation”
<i>Timeshare projects (R-4R district)</i>			X	Merge with “Travel Accommodation”
<i>Travel accommodation (R-4R district)</i>	X			Add to <i>Permitted Uses</i> to cover all transient guest accommodations; excluding vacation rental or short-term rental
<i>Boardinghouse or lodginghouse (R-5 district)</i>			X	Obsolete terminology; merge with “Travel Accommodation”

<i>Hotel, Motel and Timeshare project (R-5 district)</i>			X	Merge with "Travel Accommodation"
<i>Travel accommodation (R-5 district)</i>	X			Add to <i>Permitted Uses</i> to cover all travel accommodations, except vacation and short-term rentals
<i>Vacation rental or Short-term rental (R-5 District)</i>	X			Add to <i>Permitted Uses</i> to separate from "Travel Accommodation"
<i>Resort/hotel, including golf course, tennis courts or both (W-P District)</i>		X		Strike existing language and replace with "Travel Accommodation"
<i>Hotel, resort (S-C District)</i>		X		Strike existing language and replace with "Travel Accommodation"

## IMPACT ANALYSIS

### Community Involvement

Postcards were sent to the Interested Parties list and an 1/8<sup>th</sup> page ad was printed in the Arizona Republic announcing the text amendment and inviting community input. Additionally, Community Open Houses were held at One Civic Center from 5:00-6:30 PM on October 17<sup>th</sup> and 18<sup>th</sup>. A total of 5 citizens attended both open houses. Topics discussed included the following:

- Collection of bed taxes
- Role of Police Department and Code Enforcement
- Registration and licensing
- Parking

None of these issues are included as part of this amendment; however, they are indirectly related. Staff will be analyzing other codes and policies to determine what steps can be taken to ensure public health, safety and welfare is preserved. Due to the low turnout at the first two Open Houses, staff will conduct another round of outreach and hold two additional Open Houses; the first will be held on 10/24 at the Granite Reef Senior Center (1700 N. Granite Reef Road) and the second will be held on 10/27 at the Via Linda Senior Center (10440 E. Via Linda). Any feedback received at these

supplemental Open Houses will be provided to City Council.

### **Community Impact**

The new State law preempts the City's ability to regulate short-term rentals differently than other residential uses. As such, this amendment could result in a greater number of vacation rentals or short-term rentals in residential areas; potentially compromising the desired residential neighborhood setting. Those homeowner's associations that have CC&R's prohibiting short-term rentals within their neighborhood will need to pursue enforcement of those contract provisions through legal action independent of the city.

### **Fiscal Impact**

If the STR's in Scottsdale can be identified, bed taxes can be collected as they currently are for hotels, motels and resort units. Based on the large number of STR's that are being advertised and booked on-line through services such as VRBO, Air BnB, HomeAway, etc. (over 2,900 properties in Scottsdale), that revenue stream could be substantial. If each STR is rented one night per week at an average rate of \$150 per night, the bed tax generated could be in excess of \$1.1 million dollars annually. Many of the STR's are luxury homes, which rent for hundreds or even thousands of dollars per night; and during tourist season are rented multiple nights per week.

### **Policy Implications**

- May require these uses to be "registered" and/or monitored, either by City staff or by a third party. There will be costs associated with monitoring the number and location of short-term rentals.
- Potential impact on Code Enforcement, Inspection Services and Public Safety staff.

## **STAFF RECOMMENDATION**

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### **Recommended Approach:**

Staff recommends that the Planning Commission find that the zoning text amendment (3-TA-2016) brings the Scottsdale Zoning Ordinance into conformance with the new State law, and make a recommendation to City Council for approval.

## **RESPONSIBLE DEPARTMENT**

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**Planning and Development Services**  
Current Planning Services

## **STAFF CONTACT**

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**APPROVED BY**

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Greg Bloemberg, Report Author

10-20-16  
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Date

  
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Tim Curtis, AICP, Current Planning Director  
480-312-4210, tcurtis@scottsdaleaz.gov

10/20/2016  
\_\_\_\_\_  
Date

  
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Randy Grant, Director  
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10/20/16  
\_\_\_\_\_  
Date

**ATTACHMENTS**

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1. Draft Text
2. Senate Bill 1350
3. Related Issues
4. Citizen Involvement

**3-TA-2016**  
**(Short-Term and Vacation Rentals)**

**Sec. 3.100. General**

~~Boardinghouse or lodginghouse shall mean a building where, for definite periods, lodging with or without meals is provided for three (3) or more persons but not exceeding twenty (20) persons.~~

~~Guest house is an accessory building or portion of a main building used to house guests of the occupants of the main building dwelling.~~

~~Guest ranch is a use incorporating two (2) or more guest rooms, other than a boardinghouse, hotel or motel, and including outdoor recreational facilities such as but not limited to horseback riding, swimming, tennis courts, shuffleboard courts, barbecue and picnic facilities, and dining facilities intended primarily for use by the guests of the guest ranch. Bars and restaurants, including drive-through restaurants and including drive-in restaurants, which cater primarily to those other than guests of the guest ranch are not permitted.~~

~~Hotel shall mean is a type of travel accommodation offering lodging to the general public where guest room entrances typically open to the inside of the building. building in which lodging is provided and offered for compensation to transient guests.~~

~~Motel is a type of travel accommodation offering lodging to the general public where guest room entrances typically open to the outside of the building. any building or group of buildings containing guest rooms or dwelling units, some or all of which have a separate entrance leading directly from the outside of the building with garage or parking space located on the lot and designed, used or intended wholly or in part for the accommodation of transient guests. Motel includes motor court, motor lodge and tourist court, but not a manufactured home park.~~

~~Resort is a type of travel accommodation shall mean a group or groups of buildings containing more than five (5) dwelling units and/or guest rooms and providing outdoor recreational activities which may include golf, horseback riding, swimming, shuffleboard, tennis and similar activities and accessory commercial uses, including retail, restaurant, banquet space, event center or other similar use. A resort may furnish services customarily furnished by a hotel, including a restaurant, cocktail lounge and convention facilities.~~

*Timeshare project* means a project in which a purchaser receives the right in perpetuity, for life or for a term of years to the recurrent, exclusive use or occupancy of a lot, parcel, unit or segment of real property, annually or on some other periodic basis, for a period of time that has been or will be allotted from the use or occupancy periods into which the project has been divided, or a project in which a license or contractual or membership right of occupancy is not coupled with an estate in the real property; except that a project in which such right to exclusive use or occupancy is available only for intervals of more than thirty (30) days shall not be considered a timeshare project.

*Timeshare* is any arrangement, plan or similar device, other than an exchange program, whether by membership agreement, sales, lease, deed license or right-to-use agreement in which an owner, in exchange for consideration receives ownership rights in or the right to use accommodations for a period of time that is less than a full year.

*Travel accommodation* is a building, a portion of a building, or group of buildings, other than a single-family or multi-family dwelling unit, in which lodging, with or without related services and facilities, are provided and offered to transient guests, and for which the accommodations are made available for use in stays of less than thirty (30) days. Travel accommodation include, hotels, motels, resorts, timeshares, and/or other analogous uses, and may include dwellings; does not include *vacation rental or short-term rental* as defined in this section. provided and offered to transient guests for stays of less than thirty (30) days. A travel accommodation may include accessory commercial uses, such as retail, restaurant, banquet space, event center or other similar use.

*Vacation rental or Short-term rental* is a dwelling offered for a rental term of less than thirty days to transient guests, visitors or family members; excluding *travel accommodation* as defined in this section. Vacation rental or short-term rental does not include a dwelling that is used for any nonresidential use, including retail, restaurant, banquet space, event center or other similar use.

## **Sec. 5.010. Single-family Residential (R1-190)**

### **Sec. 5.012. Use Regulations**

#### *A. Permitted Uses*

6. Dwelling units, single-family; limited to one main dwelling unit per lot.
7. Guest house, as an accessory use subject to the following criteria:
  - a. No more than one (1) per lot shall be permitted.

b-a. The cumulative livable square footage of the guest house(s) shall be no greater than one-half (1/2) the livable square footage of the principal building main dwelling.

b. Any guest house shall be connected to the water meter for the main dwelling. It shall not be separately metered.

c. The guest house shall not be rented or offered for rent independent of the main building dwelling.

d. ~~A guest house that is a portion of the main building shall comply with the yard requirements of the main building.~~

8. Model homes

9. Municipal Uses

10. Wireless communications facilities, Types 1, 2 and 3, subject to the Requirements of Sections 1.906, 3.100 and 7.200

11. Private tennis courts

12. Public, elementary and high schools

13. Temporary sales office buildings and buildings for uses incidental to construction work, to be removed upon completion or abandonment of construction work.

14. Churches and places of worship; subject to Development Review Board approval and compliance with the following standards, as well as those otherwise required in the R1-43 district:

a. Lot area: The minimum lot area shall be equal to that required for the district; except that no lot shall be less than twenty-thousand (20,000) square feet (net).

b. Floor area ratio: In no case shall the gross floor area of the structure(s) exceed an amount equal to 0.20 multiplied by the net lot area.

c. Building height: Development Review Board may allow building heights, including towers, spires and mechanical equipment (such equipment must be screened) limited to thirty (30) feet in height, and may allow a maximum of ten (10) percent of the roof area to exceed the height limit by fifteen (15) feet. Height and location are subject to the Development Review Board review and

approval for compatibility with the established neighborhood character. Maximum permissible heights may not be achievable in all neighborhoods. (This provision supersedes Sections 7.100 through 7.102, exceptions to height restrictions, which shall not apply to churches in this district).

- d. Required open space:
  - i. Minimum: 0.24 multiplied by the net lot area.
  - ii. For building heights over twenty (20) feet: the minimum open space requirement plus 0.004 multiplied by the net lot area for each foot of building height over twenty (20) feet.
  - iii. NAOS may be included in the required open space.
- e. Parking: Parking shall observe the minimum front yard setbacks of the district for all frontages. On streets classified in the Transportation Master Plan as major arterial or greater, parking may be located between the established front building line and the front yard setback. On all other street classifications, parking shall be located behind the established front building line(s). A ten-foot landscape setback shall be provided where parking is adjacent to residential districts shown in Table 4.100.A, or the residential portion of a Planned Community P-C or any portion of a Planned Residential Development PRD with an underlying zoning district comparable to the residential districts shown on Table 4.100.A.
- f. Lighting: All pole-mounted lighting shall be directed down and shielded and shall be a maximum of sixteen (16) feet in height.

All lighting adjacent to residential districts shown in Table 4.100.A, or the residential portion of a Planned Community P-C or any portion of a Planned Residential Development PRD with an underlying zoning district comparable to the residential districts shown in Table 4.100.A, shall be setback a minimum of thirty (30) feet from the property line. All lighting, other than security, shall be shut off by 10:00 p.m.

- g. Screening: There shall be a minimum six-foot high masonry wall and/or landscape screen, as approved by the Development Review Board, on the side and rear property lines that are adjacent to residential districts shown on Table 4.100.A, or the residential portion of a Planned Community P-C or any portion of a Planned Residential Development PRD with an underlying zoning district comparable to the residential districts shown on Table 4.100.A.

There shall be a three-foot high landscaped berm along all street frontages where parking occurs.

- h. Access: All churches must have primary access to a street classified in the

Transportation Master Plan as minor collector or greater.

Access to a local or local collector residential street is prohibited when the primary worship center, auditorium or other major gathering place exceeds three-thousand (3,000) square feet.

- i. Operations: No outdoor activities shall be permitted after 10:00 p.m.
- j. Noise: Outdoor speakers or paging systems are not allowed.

#### 15. Vacation rental or Short-term rental.

### **Sec. 5.100. Single-family Residential (R1-43)**

#### **Sec. 5.100. Use Regulations**

##### *A. Permitted Uses*

- 6. Dwelling units, single-family; limited to one main dwelling per lot.
- 7. Guest houses, as an accessory use subject to the following criteria:
  - ~~a. No more than one (1) per lot shall be permitted.~~
  - ~~b. a. The cumulative livable square footage of the guest house(s) shall be no greater than one-half (1/2) the livable square footage of the principal building main dwelling.~~
  - ~~b. Any guest house shall be connected to the water meter for the main dwelling. It shall not be separately metered.~~
  - c. The guest house shall not be rented or offered for rent independent of the main building dwelling.
  - ~~d. A guest house that is a portion of the main building shall comply with the yard requirements of the main building.~~
- 8. Model homes.
- 9. Municipal uses.
- 10. Wireless communications facilities, Types 1, 2 and 3, subject to the Requirements of Sections 1.906, 3.100 and 7.200.

11. Private tennis courts.
12. Public, elementary and high schools.
13. Temporary sales office buildings and buildings for uses incidental to construction work, to be removed upon completion or abandonment of construction work.
14. Churches and places of worship; subject to Development Review Board approval and compliance with the following standards, as well as those otherwise required in the R1-43 district:
  - a. Lot area: The minimum lot area shall be equal to that required for the district; except that no lot shall be less than twenty-thousand (20,000) square feet (net).
  - b. Floor area ratio: In no case shall the gross floor area of the structure(s) exceed an amount equal to 0.20 multiplied by the net lot area.
  - c. Building height: Development Review Board may allow building heights, including towers, spires and mechanical equipment (such equipment must be screened) limited to thirty (30) feet in height, and may allow a maximum of ten (10) percent of the roof area to exceed the height limit by fifteen (15) feet. Height and location are subject to the Development Review Board review and approval for compatibility with the established neighborhood character. Maximum permissible heights may not be achievable in all neighborhoods. (This provision supersedes Sections 7.100 through 7.102, exceptions to height restrictions, which shall not apply to churches in this district).
  - d. Required open space:
    - i. Minimum: 0.24 multiplied by the net lot area.
    - ii. For building heights over twenty (20) feet: the minimum open space requirement plus 0.004 multiplied by the net lot area for each foot of building height over twenty (20) feet.
    - iii. NAOS may be included in the required open space.
  - e. Parking: Parking shall observe the minimum front yard setbacks of the district for all frontages. On streets classified in the Transportation Master Plan as major arterial or greater, parking may be located between the established front building line and the front yard setback. On all other street classifications, parking shall be located behind the established front building line(s). A ten-foot landscape setback shall be provided where parking is adjacent to residential districts shown in Table 4.100.A, or the residential portion of a Planned

Community P-C or any portion of a Planned Residential Development PRD with an underlying zoning district comparable to the residential districts shown on Table 4.100.A.

- f. Lighting: All pole-mounted lighting shall be directed down and shielded and shall be a maximum of sixteen (16) feet in height.

All lighting adjacent to residential districts shown in Table 4.100.A, or the residential portion of a Planned Community P-C or any portion of a Planned Residential Development PRD with an underlying zoning district comparable to the residential districts shown in Table 4.100.A, shall be setback a minimum of thirty (30) feet from the property line. All lighting, other than security, shall be shut off by 10:00 p.m.

- g. Screening: There shall be a minimum six-foot high masonry wall and/or landscape screen, as approved by the Development Review Board, on the side and rear property lines that are adjacent to residential districts shown on Table 4.100.A, or the residential portion of a Planned Community P-C or any portion of a Planned Residential Development PRD with an underlying zoning district comparable to the residential districts shown on Table 4.100.A.

There shall be a three-foot high landscaped berm along all street frontages where parking occurs.

- h. Access: All churches must have primary access to a street classified in the Transportation Master Plan as minor collector or greater.

Access to a local or local collector residential street is prohibited when the primary worship center, auditorium or other major gathering place exceeds three-thousand (3,000) square feet.

- i. Operations: No outdoor activities shall be permitted after 10:00 p.m.
- j. Noise: Outdoor speakers or paging systems are not allowed.

#### 15. Vacation rental or Short-term rental.

### **Sec. 5.700. Medium-Density Residential (R-3)**

### **Sec. 5.703. Use Regulations**

#### *A. Permitted Uses*

1. Day care home.
2. Dwelling unit(s).
3. Accessory buildings; swimming pool, private home occupations and other accessory uses. The landing and taking-off of aircraft is not a valid accessory use in residential districts and is prohibited.
4. Temporary buildings for uses incidental to construction work ~~which buildings shall to~~ be removed upon completion or abandonment of construction work.
5. Model dwelling units.
- 6.1 Wireless communication facilities; types 1, 2 and 3, subject to the requirements of Sections 1.906, 3.100 and 7.200.

~~7. Vacation rental or Short-term rental.~~

**Sec. 5.800. Townhouse Residential (R-4)**

**Sec. 5.803. Use Regulations**

*A. Permitted Uses*

1. Single-family dwelling having either party walls or walled courtyards.
2. Accessory buildings and uses customarily incidental to the permitted uses, including private garages, home occupations, swimming pools and recreation buildings. The landing and taking-off of aircraft is not a valid accessory use and is prohibited.
3. Municipal uses.
  - 3.1. Wireless communications facilities; Types 1, 2 and 3, subject to the requirements of Sections 1.906, 3.100 and 7.200.
4. Temporary sales office buildings and model homes.
5. Churches and places of worship.
6. Day care home

~~7. Vacation rental or Short-term rental.~~

## Sec. 5.900. Resort/Townhouse Residential (R-4R)

### Sec. 5.903. Use Regulations

#### A. Permitted Uses

~~1. Resorts.~~

~~2. Hotels.~~

~~3. Motels.~~

~~4. Guest Ranches.~~

~~1. Travel accommodation.~~

~~5. Commercial uses appurtenant thereto, such as restaurants, cocktail lounges, small retail shops; provided that the entrance to any such appurtenant use shall be from the lobby, arcade or interior patio.~~

~~6-2. Dwelling units having either party walls or walled courtyards made available for rent, lease or sale.~~

~~7-3. Accessory buildings and uses customarily incidental to the permitted uses, including private garages, home occupations, swimming pool, recreation buildings and walled driveway entrance.~~

~~8-4. Municipal uses.~~

~~8-1-5. Wireless communications facilities, Types 1, 2 and 3, subject to the requirements of Sections 1.906, 3.100 and 7.200.~~

~~9. Timeshare project~~

~~10-6. Churches and places of worship.~~

~~11-7. Day care home.~~

~~8. Vacation rental or Short-term rental.~~

## Sec. 5.1001. Multi-family Residential (R-5)

## Sec. 5.1003. Use regulations

### A. Permitted uses

1. Accessory buildings, swimming pool, home occupations and other accessory uses.  
The landing or taking-off of aircraft is not a valid accessory use in residential districts and is prohibited.
- ~~2. Boardinghouse or lodginghouse.~~
- ~~3-2.~~ 2. Day care home.
- ~~4-3.~~ 3. Dwelling, single-family detached or attached.
- ~~5-4.~~ 4. Dwelling, multi-family.
- ~~6-5.~~ 5. Municipal uses.
- ~~7-6.~~ 6. Wireless communications facilities; Types 1, 2 and 3 subject to the requirements of Sections 1.906, 3.100 and 7.200.
- ~~8-7.~~ 7. School: Public and charter, elementary and high.
- ~~9-8.~~ 8. Temporary buildings for uses incidental to construction work, ~~which buildings shall~~ to be removed upon completion or abandonment of construction work.
- ~~10-9.~~ 9. Temporary sales office buildings or model homes.
- ~~11-10.~~ 10. Churches and places of worship.
11. Vacation rental or Short-term rental.

### B. Uses permitted by conditional use permit.

- ~~6. Hotel, motel and timeshare project of not less than ten (10) units and commercial uses appurtenant thereto, such as restaurants, cocktail lounges, gift shops, newsstand, smoke shops, barbershops, beauty parlors, and small retail shops, provided the entrance of such use shall be from the interior of the building, lobby, arcade or interior patio.~~
- ~~7-6.~~ 6. Orphanage.

- ~~8-7.~~ Plant Nursery; provided however, that all materials other than plant materials shall be screened from view by a solid fence or wall at least six (6) feet in height, and further that a completely enclosed building having a minimum floor area of five hundred (500) square feet shall be provided.
- ~~9-8.~~ Private club, fraternity, sorority ~~and lodges.~~
- ~~10-9.~~ Private lake, semi-public lake, tennis courts.
- ~~11-10.~~ Private School having no room regularly used for housing or sleeping overnight. Subject to Development Review Board approval and compliance with the following standards, as well as those otherwise required in the R-5 District.
- a. Lot area: The minimum lot area shall be equal to that required for the district, except that no lot shall be less than forty-three thousand (43,000) square feet (net).
  - b. Floor area ratio: In no case shall the gross floor area ratio of the structures exceed an amount equal to 0.20 multiplied by the net lot area.
  - c. Noise: Outdoor speaker system or bells are not allowed if the school is within one hundred (100) feet of a single-family dwelling or multi-family dwelling unit.
  - d. Required open space.
    - i. Minimum: 0.24 multiplied by the next lot area.
    - ii. For buildings heights over twenty (20) feet: the minimum open space requirement plus 0.004 multiplied by the net lot area for each foot of building height over twenty (20) feet.
    - iii. NAOS may be included in the required open space.
  - e. Parking: Parking shall be allowed in the front yard setbacks of the districts for schools on streets classified in the Transportation Master Plan as minor collector or greater. There shall be a three-foot high landscaped berm or wall along the street frontage where parking occurs. On all other street classifications, parking shall be located behind the established front building line(s). A minimum of fifteen (15) percent of all parking areas shall be landscaped. A twenty-foot minimum landscaped setback shall be provided where parking is adjacent to residential districts shown in Table 4.100.A, or the residential portion of a Planned Community P-C or any

Portion of a Planned Residential Development PRD with an underlying zoning district comparable to the residential districts shown in Table 4.100.A.

- f. Lighting: All pole-mounted lighting shall be directed down and shielded and shall be a maximum of sixteen (16) feet in height. All lighting adjacent to residential districts shall be setback a minimum of thirty (30) feet from the property line. All lighting, other than security, shall be turned off by 10:00 p.m., unless otherwise approved through a special event permit.
- g. Screening: There shall be a minimum six-foot high masonry wall and/or landscape screen, as approved by the Development Review Board, on the side and rear property lines adjacent to residential districts shown on Table 4.100.A, or the residential portion of a Planned Community P-C or any portion of a Planned Residential Development PRD with an underlying zoning district comparable to the residential districts shown on Table 4.100.A.
- h. Access: All private schools shall have frontage on a street classified in the Transportation Master Plan as a minor collector or greater. Side street access to a local collector residential street is prohibited when the number of students allowed to attend the school is greater than two-hundred fifty (250). A drop off area shall be provided that accommodates a minimum of five (5) cars at one (1) time.
- i. Operations: No outdoor activities shall be permitted after 8:00 p.m. unless otherwise approved through a special event permit. No playground or outdoor activity area shall be located within fifty (50) feet of any residential district shown in Table 4.100.A, or the single-family portion of a Planned Community P-C or any portion of a Planned Residential Development PRD with an underlying zoning district comparable to the single-family residential districts shown on Table 4.100.A., or within twenty-five (25) feet of any Two-Family Residential R-2, Medium Density Residential R-3, Townhouse Residential R-4, Resort/ Townhouse Residential R-4R, Multiple-family Residential R-5, or Manufactured Home M-H district. All playgrounds and outdoor activity areas shall be screened from any residential district shown in Table 4.100.A, or the residential portion of a Planned Community P-C or any portion of a Planned Residential Development PRD with an underlying zoning district comparable to the residential districts shown in Table 4.100.A by a minimum six-foot high screen wall.
- j. Building design: All buildings shall be designed to be compatible with the

surrounding residential neighborhood. All building elevations shall be approved by the Development Review Board.

~~12-11~~. Public buildings other than hospitals.

~~13-12~~. Public utility buildings, structures or appurtenances thereto for public service uses.

~~14-13~~. Recreational uses.

~~15-14~~. Residential health care facility

~~15~~. Travel accommodation.

16. Wireless communications facilities; Type 4, subject to requirements of Sections 1.400, 3.100 and 7.200.

#### **Sec. 5.2800. Western Theme Park (W-P)**

#### **Sec. 5.2804. Use Regulations**

##### *A. Permitted Uses*

1. Retail sales.
  - a. Antique store
  - b. Art gallery.
  - c. Bookstore.
  - d. Craft specialty retail shops conducted in conjunction with jewelry, leather goods, silk screening, sculpturing and wood carving, antiques, gifts, clothing, photography, candle making, flower making, belt making, belt buckle making, ceramics and pottery.
  - e. Feed store.
  - f. Florist.
  - g. Gift shop.
  - h. Public auctions.

- i. Food and beverage facilities; restaurant excluding drive-through restaurant and excluding drive-in restaurant; and food facilities including ice cream making and bakeries.
2. Services
    - a. Accessory office, accessory postal service, and accessory banking service.
    - b. Barbeque and cookout areas, which may include activities permitted in Section 5.2804.A.2.h., k., and u., and as indicated on the approved development plan.
    - c. Dwelling units for employees.
    - d. Equine racing, excluding pari-mutuel wagering.
    - e. Events of limited duration which are consistent with the nature and intent of the Western Theme Park district excluding racing and other competitive events involving the operation of motorized vehicles.
    - f. Fireworks, not later than 10:00 p.m.
    - g. Gymnasium, racquet, paddle or handball courts.
    - h. Horse rides, burro rides, hay rides, stagecoach rides, railroad train rides.
    - i. Hospitals for animals including boarding and lodging; provided that there shall be no outdoor kennels maintained and provided that all facilities shall be in soundproof buildings.
    - j. Live entertainment, patron dancing, performing arts, and western shows, such as mock gunfights, and similar activities.
    - k. Livestock pens and stables.
    - l. Merry-go-round.
    - m. Mini-arcades, shooting galleries, gold panning.
    - n. Movie studios, television and motion picture filming and production.
    - o. Municipal uses.
    - p. Private clubs, fraternities, sororities and lodges.

- q. Portable camping trailer; motor home; travel trailer; portable truck camper sites for temporary lodging. Lodging for a period not exceeding thirty (30) days shall be considered temporary.
  - r. ~~Resort/hotel, including golf course, tennis courts or both~~ Travel accommodation.
  - s. Restored or replica structures reminiscent of the historical American West.
  - t. Rodeos, equine contests and expositions, equine training facilities.
  - u. Shows and exhibits.
  - v. Wedding chapel.
  - w. Wireless communication facilities; Types 1, 2 and 3 subject to the requirements of Sections 1.906, 3.100 and 7.200.
3. Convention, conference or exhibition centers. Facilities including large volume halls and rooms for conducting convention meetings, conferences, trade shows and/or major exhibitions and auctions.
4. Cultural facilities.
- a. *Museums.* Facilities which display, store, restore, research and educate in connection with collections of artwork, prehistoric and/or historic artifacts, relics, scientific or natural history and southwestern deserts.
  - b. *Performing and fine arts facilities.* Facilities used for theaters for live and cinematic performances, training and rehearsal in performing and audio/visual arts, and recording studios, and/or facilities, including historic art complexes which include collaborative studios and galleries used for the creation, display and sale of fine art work including, but not limited to, paintings, sculpture and limited edition print work and seasonal fine art work festivals.
  - c. *Regional, scientific, historical, cultural and environmental interpretive centers.* Facilities which provide education, research, and/or archives regarding regional historic or prehistoric themes, or scientific themes, including entertainment venues and features that are accessory to the primary uses.

**Sec. 6.800. Special Campus (SC)**

**Sec. 6.803. Use Regulations**

- A. *Permitted uses.* The primary permitted uses shall include the following:

1. *Cultural facilities.*
  - a. Museums. Facilities which display, store, restore, research and educate in conjunction with collections of artwork, prehistoric and historic artifacts, relics, etc.
  - b. Performing and fine arts facilities. Facilities used for theaters for live and cinematic performance, training and rehearsal in performing and audio/visual arts, and recording studios, and/or facilities, including historic art complexes which include collaborative studios and galleries used for the creation, display and sale of fine art work including but not limited to paintings, sculpture and limited edition print work.
2. *Educational and research facilities.*
  - a. Colleges and universities. Facilities which provide accredited post-high school degrees, including extensions and/or branches of existing campuses.
  - b. Fine arts and advanced technical art school. Facilities which provide post-high school education and training for fields such as fine arts or advanced technical arts such as electronics, computer science and aeronautics.
  - c. Research institutes. Facilities which conduct basic and applied research in specific scientific or technological fields, including, but not limited to, solar, communications, high-technology, and biotechnology, also included educational services, research archives and proto-type production and testing.
3. *Medical facilities.*
  - a. Medical care facilities. Multiple function and integrated group practice clinics and similar service organizations which provide diagnostic services and extensive medical treatment such as, but not limited to, surgical, chemical, therapeutic activities along with support hospitals or major multiple service hospital with any of the following support activities: continuous nursing care, specialty care practice, including but not limited to trauma care; medical schools and associated dormitories; medical appliance sales; medical laboratories; pharmaceutical sales, etc., where there is special emphasis on episodic care and/or specialized care which is demonstrated as being regional or international in its client base.
  - b. Medical research facilities. Facilities for carrying on investigation in the natural or physical sciences, or engineering and development as an extension of investigation with the objective of creating end products in the bio-medical field of industry including pilot plant operation.
4. *Other special facilities.*

a. Convention, conference or exhibition centers. Facilities including large volume halls and rooms for conducting convention meetings, conferences and/or major exhibitions.

b. Movie studios

B. *Ancillary Uses.* The application for a Special Campus (SC) District zoning map amendment shall include a statement of justification and a description of the nature and type of the proposed ancillary uses for the file. Ancillary uses shall be those uses which are needed to support the complete functioning of the primary uses listed above. The City shall keep on file for each special campus zoning district map amendment a list of those ancillary uses approved for the campus. The Zoning Administrator may at any time determine that uses can be included by virtue of being analogous to those already permitted or listed.

1. *Minor campus (SCMn).* Those specialty retail, office, hotel, production and storage uses which are internal to the function of the primary use. Also residential uses necessary for employees, guests or students directly associated with the primary use, or municipal uses.

2. *Major campuses (SCMj).* Those specialty retail, service, office, warehousing and wholesale, transportation, light manufacturing, ~~hotel, resort~~ travel accommodation uses which are essential to and/or complementary of the primary uses. Also residential uses necessary for clients, employees, guests or students directly associated with the primary use. Those commercial uses set forth in Section 5.1403 that are ancillary to and supportive of the primary use and/or uses, or municipal uses

**Sec. 8.511. Travel accommodations and guest ranches (with one hundred or fewer guest rooms) in R-5, C-2, C-3 and D districts as follows:**

~~Hotels, motels, inns and guest ranches~~ Travel accommodations in R-5, C-2, C-3 and D {zones} (with one hundred (100) or fewer guest rooms) are allowed signs as follows:

**Sec. 8.512. Travel accommodations and guest ranches (with one hundred or more guest rooms) in R-5, C-2, C-3 and D districts.**

~~Hotels, motels, inns and guest ranches~~ Travel accommodations (with one hundred (100) or more guest rooms) in the R-5, C-2, C-3 and D zones are allowed signs as follows:

**Sec. 8.513. Travel accommodations and guest ranches in R-4R zones.**

Hotels, motels, inns and guest ranches Travel accommodations in the R-4R zones are allowed signs as follows:

**Sec. 7.203. Vacation rentals or short-term rentals.**

Any legally authorized vacation rental or short-term rental is subject to the following:

1. The owner of a vacation rental or short-term rental shall provide to the City of Scottsdale the name and contact information of a person designated as an emergency contact.
2. The 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, traffic control, pollution control, noise, property maintenance and nuisance abatement. The owner of the vacation rental or short-term rental shall be deemed responsible for any violation of such laws, rules and regulations occurring on the vacation rental or short-term rental property.
3. No vacation or short-term rental may be used for the purpose of any of the following:
  - a. Any commercial, industrial, manufacturing or other non-residential purpose,
  - b. Operating a retail business, restaurant, event or banquet center,
  - c. Housing sex offenders,
  - d. Operating or maintaining a structured sober living home,
  - e. Selling controlled substances or pornography,
  - f. Operating any adult-oriented business.

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State of Arizona  
 Senate  
 Fifty-second Legislature  
 Second Regular Session  
 2016

## SENATE BILL 1350

### AN ACT

**AMENDING TITLE 9, CHAPTER 4, ARTICLE 8, ARIZONA REVISED STATUTES, BY ADDING SECTION 9-500.38; AMENDING TITLE 11, CHAPTER 2, ARTICLE 4, ARIZONA REVISED STATUTES, BY ADDING SECTION 11-269.15; AMENDING TITLE 15, CHAPTER 13, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-1650.01; AMENDING SECTIONS 42-2003, 42-5005, 42-5009, 42-5010, 42-5014 AND 42-5070, ARIZONA REVISED STATUTES; AMENDING TITLE 42, CHAPTER 5, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 42-5076; AMENDING TITLE 42, CHAPTER 6, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 42-6009 AND 42-6013; AMENDING SECTIONS 42-12003 AND 42-12004, ARIZONA REVISED STATUTES; RELATING TO ONLINE LODGING.**

(TEXT OF BILL BEGINS ON NEXT PAGE)

Be it enacted by the Legislature of the State of Arizona:

Section 1. Title 9, chapter 4, article 8, Arizona Revised Statutes, is amended by adding section 9-500.38, to read:

**9-500.38. Limitations 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. A CITY OR TOWN MAY REGULATE VACATION RENTALS OR SHORT-TERM RENTALS FOR THE FOLLOWING PURPOSES:**

**ATTACHMENT #2**

1. PROTECTION OF 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 STRUCTURED SOBER LIVING HOME, SELLING ILLEGAL DRUGS, LIQUOR CONTROL OR PORNOGRAPHY, OBSCENITY, NUDE OR TOPLESS DANCING AND OTHER ADULT-ORIENTED BUSINESSES.

C. 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.

D. 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.

Sec. 2. Title 11, chapter 2, article 4, Arizona Revised Statutes, is amended by adding section 11-269.15, to read: 11-269.15. Limitations 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. A COUNTY MAY REGULATE VACATION RENTALS OR SHORT-TERM RENTALS FOR THE FOLLOWING PURPOSES:

1. PROTECTION OF 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 STRUCTURED SOBER LIVING HOME, SELLING ILLEGAL DRUGS, LIQUOR CONTROL OR PORNOGRAPHY, OBSCENITY, NUDE OR TOPLESS DANCING AND OTHER ADULT-ORIENTED BUSINESSES.

C. 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.

D. 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.

Sec. 3. Title 15, chapter 13, article 2, Arizona Revised Statutes, is amended by adding section 15-1650.01, to read: 15-1650.01. Hospitality studies scholarship fund

A. THE HOSPITALITY STUDIES SCHOLARSHIP FUND IS ESTABLISHED CONSISTING OF REVENUES AVAILABLE TO THE FUND FROM ANY LAWFUL SOURCE. THE ARIZONA BOARD OF REGENTS SHALL ADMINISTER THE FUND AND MAY PARTNER WITH ANY STATEWIDE LODGING AND TOURISM ASSOCIATION THAT PROVIDES MATCHING MONIES IN ADMINISTERING THE FUND. MONIES IN THE FUND ARE SUBJECT TO LEGISLATIVE APPROPRIATION FOR THE PURPOSES OF THIS SECTION AND ARE EXEMPT FROM THE PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF APPROPRIATIONS.

B. THE BOARD SHALL USE THE MONIES IN THE FUND TO PROVIDE SCHOLARSHIPS AND OTHER FINANCIAL ASSISTANCE TO STUDENTS ENTERING INTO OR ENROLLED IN A HOSPITALITY STUDIES PROGRAM AT ANY UNIVERSITY UNDER THE JURISDICTION OF THE BOARD. THE FINANCIAL ASSISTANCE SHALL BE USED TO DEFRAY EDUCATIONAL EXPENSES, INCLUDING ROOM AND BOARD. IF A RECIPIENT WITHDRAWS FROM SCHOOL OR FROM THE HOSPITALITY STUDIES PROGRAM BEFORE RECEIVING A DEGREE, THE RECIPIENT MUST REPAY ALL SCHOLARSHIP MONIES PREVIOUSLY AWARDED TO THE RECIPIENT. IF THE RECIPIENT IS DISMISSED FROM THE UNIVERSITY, THE BOARD SHALL NEGOTIATE AN APPROPRIATE REPAYMENT SCHEDULE PLUS EIGHT PERCENT SIMPLE INTEREST.

C. FOR THE PURPOSES OF THIS SECTION, "HOSPITALITY STUDIES PROGRAM" MEANS ANY UNDERGRADUATE OR GRADUATE ACADEMIC STUDIES PROGRAM RELATING TO OPERATION OR MANAGEMENT OF HOTELS, MOTELS OR OTHER FACILITIES FOR TRANSIENT LODGING AS DESCRIBED IN SECTION 42-5070, SUBSECTION A OR RESTAURANTS AS DESCRIBED IN SECTION 42-5074.

Sec. 4. 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.

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. 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 ~~which~~ **THAT** will be affected by the confidential information.

5. 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.

6. 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.

7. The name and taxpayer identification numbers of persons issued direct payment permits may be publicly disclosed.

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:

(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 sections 42-12006, 43-1083.01 and 43-1164.01.

(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 state fire marshal for use in determining compliance with and enforcing title 41, chapter 16, article 3.1.

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.

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. If an organization is exempt from this state's income tax as provided in section 43-1201 for any taxable year, the name and address of the organization and the application filed by the organization on which the department made its determination for exemption together with any papers submitted in support of the application and any letter or document issued by the department concerning the application are open to public inspection.

H. 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 released by the department to the county, city or town:

1. May only be used for internal purposes, including audits.

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.

I. 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.

J. 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.

K. 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.

L. 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.

M. 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.

N. 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 ~~upon~~ **ON** a showing of good cause and that the party seeking the information has made demand ~~upon~~ **ON** the taxpayer for the information.

O. 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.

P. 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.

Q. 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.

R. 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.

S. 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.

T. 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 41, chapter 16, article 3.1.

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.

U. For proceedings before the department, the office of administrative hearings, the 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 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 ~~which~~ **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.

V. The department and attorney general may share the information specified in subsection T of this section with any of the following:

1. Federal, state or local agencies for the purposes of enforcement of corresponding laws of other states.

2. 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.

W. 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 classified and reporting transaction privilege tax under the utilities classification.

X. 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 F any information relating to amounts subject to distribution 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.

**Y. 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, SUBSECTION B, PARAGRAPHS 1, 2, 7 AND 8 AND SUBSECTIONS C AND D 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. 5. Section 42-5005, Arizona Revised Statutes, is amended to read:

**42-5005. Transaction privilege tax and municipal privilege tax licenses; fees; renewal; revocation; violation; classification**

A. Every person who receives gross proceeds of sales or gross income on which a transaction privilege tax is imposed by this article and who desires to engage or continue in business shall apply to the department for an annual transaction privilege tax license accompanied by a fee of twelve dollars. A person shall not engage or continue in business until the person has obtained a transaction privilege tax license.

B. A person desiring to engage or continue in business within a city or town that imposes a municipal privilege tax shall apply to the department of revenue for an annual municipal privilege tax license accompanied by a fee of up to fifty dollars, as established by ordinance of the city or town. The person shall submit the fee with each new license application. The person may not engage or continue in business until the person has obtained a municipal privilege tax license. The department must collect, hold, pay and manage the fees in trust for the city or town and may not use the monies for any other purposes.

C. A transaction privilege tax license is valid only for the calendar year in which it is issued, but it may be renewed for the following calendar year. There is no fee for the renewal of the transaction privilege tax license. The transaction privilege tax license must be renewed at the same time and in the manner as the municipal privilege tax license renewal.

D. A municipal privilege tax license is valid only for the calendar year in which it is issued, but it may be renewed for the following calendar year by the payment of a license renewal fee of up to fifty dollars. The renewal fee is due and payable on January 1 and is considered delinquent if not received on or before the last business day of January. The department must collect, hold, pay and manage the fees in trust for the city or town and may not use the monies for any other purposes.

E. A licensee that remains in business after the municipal privilege tax license has expired is subject to the payment of the license renewal fee and the civil penalty prescribed in section 42-1125, subsection R.

F. If the applicant is not in arrears in payment of any tax imposed by this article, the department shall issue a license authorizing the applicant to engage and continue in business on the condition that the applicant complies with this article. The license number shall be continuous.

G. The transaction privilege tax license and the municipal privilege tax license are not transferable on a complete change of ownership or change of location of the business. For the purposes of this subsection:

1. "Location" means the business address appearing in the application for the license and on the transaction privilege tax or municipal privilege tax license.
2. "Ownership" means any right, title or interest in the business.
3. "Transferable" means the ability to convey or change the right or privilege to engage or continue in business by virtue of the issuance of the transaction privilege tax or municipal privilege tax license.

H. When the ownership or location of a business on which a transaction privilege tax or municipal privilege tax is imposed has been changed within the meaning of subsection G of this section, the licensee shall surrender the license to the department. The license shall be reissued to the new owners or for the new location on application by the taxpayer and payment of the twelve-dollar fee for a transaction privilege tax license and a fee of up to fifty dollars per jurisdiction for a municipal privilege tax license. The department must collect, hold, pay and manage the fees in trust for the city or town and may not use the monies for any other purposes.

I. A person who is engaged in or conducting a business in two or more locations or under two or more business names shall procure a transaction privilege tax license for each location or business name regardless of whether all locations or business names are reported on a consolidated return under a single transaction privilege tax license number. This requirement shall not be construed as conflicting with section 42-5020.

J. A person who is engaged in or conducting a business in two or more locations or under two or more business names shall procure a municipal privilege tax license for each location or business name regardless of whether all locations or business names are reported on a consolidated return.

K. A person who is engaged in or conducting business at two or more locations or under two or more business names and who files a consolidated return under a single transaction privilege tax license number as provided by section 42-5020 is required to pay only a single municipal privilege tax license renewal fee for each local jurisdiction pursuant to subsection D of this section. A person who is engaged in or conducting business at two or more locations or under two or more business names and who does not file a consolidated return under a single license number is required to pay a license renewal fee for each location or license in a local jurisdiction.

**L. FOR THE PURPOSES OF THIS CHAPTER AND CHAPTER 6 OF THIS TITLE, AN ONLINE LODGING MARKETPLACE, AS DEFINED IN SECTION 42-5076, MAY REGISTER WITH THE DEPARTMENT FOR A LICENSE FOR THE PAYMENT OF TAXES LEVIED BY THIS STATE AND ONE OR MORE COUNTIES, CITIES, TOWNS OR SPECIAL TAXING DISTRICTS, AT THE ELECTION OF THE ONLINE LODGING MARKETPLACE, FOR TAXES DUE FROM AN ONLINE LODGING OPERATOR ON ANY ONLINE LODGING TRANSACTION FACILITATED BY THE ONLINE LODGING MARKETPLACE, SUBJECT TO SECTIONS 42-5076 AND 42-6009.**

**M. FOR THE PURPOSES OF THIS CHAPTER AND CHAPTER 6 OF THIS TITLE, A PERSON WHO IS LICENSED PURSUANT TO TITLE 32, CHAPTER 20 AND WHO FILES AN ELECTRONIC CONSOLIDATED TAX RETURN FOR INDIVIDUAL REAL PROPERTIES UNDER MANAGEMENT ON BEHALF OF THE PROPERTY OWNERS MAY BE LICENSED WITH THE DEPARTMENT FOR THE PAYMENT OF TAXES LEVIED BY THIS STATE AND BY ANY COUNTY, CITY OR TOWN WITH RESPECT TO THOSE PROPERTIES.**

**N.** If a person violates this article or any rule adopted under this article, the department upon hearing may revoke any transaction privilege tax or municipal privilege tax license issued to the person. The department shall provide ten days' written notice of the hearing, stating the time and place and requiring the person to appear and show cause why the license or licenses should not be revoked. The department shall provide written notice to the person of the revocation of the license. The notices may be served personally or by mail pursuant to section 42-5037. After revocation, the department shall not issue a new license to the person unless the person presents evidence satisfactory to the department that the person will comply with this article and with the rules adopted under this article. The department may prescribe the terms under which a revoked license may be reissued.

**O.** A person who violates any provision of this section is guilty of a class 3 misdemeanor.

Sec. 6. Section 42-5009, Arizona Revised Statutes, is amended to read:

**42-5009. Certificates establishing deductions; liability for making false certificate**

A. A person who conducts any business classified under article 2 of this chapter may establish entitlement to the allowable deductions from the tax base of that business by both:

1. Marking the invoice for the transaction to indicate that the gross proceeds of sales or gross income derived from the transaction was deducted from the tax base.
2. Obtaining a certificate executed by the purchaser indicating the name and address of the purchaser, the precise nature of the business of the purchaser, the purpose for which the purchase was made, the necessary facts to establish the appropriate deduction and the tax license number of the purchaser to the extent the deduction depends on the purchaser conducting business classified under article 2 of this chapter and a certification that the person executing the certificate is authorized to do so on behalf

of the purchaser. The certificate may be disregarded if the seller has reason to believe that the information contained in the certificate is not accurate or complete.

B. A person who does not comply with subsection A of this section may establish entitlement to the deduction by presenting facts necessary to support the entitlement, but the burden of proof is on that person.

C. The department may prescribe a form for the certificate described in subsection A of this section. Under such rules as it may prescribe, the department may also describe transactions with respect to which a person is not entitled to rely solely on the information contained in the certificate provided for in subsection A of this section but must instead obtain such additional information as required by the rules in order to be entitled to the deduction.

D. If a seller is entitled to a deduction by complying with subsection A of this section, the department may require the purchaser that caused the execution of the certificate to establish the accuracy and completeness of the information required to be contained in the certificate that would entitle the seller to the deduction. If the purchaser cannot establish the accuracy and completeness of the information, the purchaser is liable in an amount equal to any tax, penalty and interest that the seller would have been required to pay under this article if the seller had not complied with subsection A of this section. Payment of the amount under this subsection exempts the purchaser from liability for any tax imposed under article 4 of this chapter. The amount shall be treated as tax revenues collected from the seller in order to designate the distribution base for purposes of section 42-5029.

E. If a seller is entitled to a deduction by complying with subsection B of this section, the department may require the purchaser to establish the accuracy and completeness of the information provided to the seller that entitled the seller to the deduction. If the purchaser cannot establish the accuracy and completeness of the information, the purchaser is liable in an amount equal to any tax, penalty and interest that the seller would have been required to pay under this article if the seller had not complied with subsection B of this section. Payment of the amount under this subsection exempts the purchaser from liability for any tax imposed under article 4 of this chapter. The amount shall be treated as tax revenues collected from the seller in order to designate the distribution base for purposes of section 42-5029.

F. The department may prescribe a form for a certificate used to establish entitlement to the deductions described in section 42-5061, subsection A, paragraph 46 and section 42-5063, subsection B, paragraph 3. Under rules the department may prescribe, the department may also require additional information for the seller to be entitled to the deduction. If a seller is entitled to the deductions described in section 42-5061, subsection A, paragraph 46 and section 42-5063, subsection B, paragraph 3, the department may require the purchaser who executed the certificate to establish the accuracy and completeness of the information contained in the certificate that would entitle the seller to the deduction. If the purchaser cannot establish the accuracy and completeness of the information, the purchaser is liable in an amount equal to any tax, penalty and interest that the seller would have been required to pay under this article. Payment of the amount under this subsection exempts the purchaser from liability for any tax imposed under article 4 of this chapter. The amount shall be treated as tax revenues collected from the seller in order to designate the distribution base for purposes of section 42-5029.

G. If a seller claims a deduction under section 42-5061, subsection A, paragraph 25 and establishes entitlement to the deduction with an exemption letter that the purchaser received from the department and the exemption letter was based on a contingent event, the department may require the purchaser that received the exemption letter to establish the satisfaction of the contingent event within a reasonable time. If the purchaser cannot establish the satisfaction of the event, the purchaser is liable in an amount equal to any tax, penalty and interest that the seller would have been required to pay under this article if the seller had not been furnished the exemption letter. Payment of the amount under this subsection exempts the purchaser from liability for any tax imposed under article 4 of this chapter. The amount shall be treated as tax revenues collected from the seller in order to designate the distribution base for purposes of section 42-5029. For the purposes of this subsection, "reasonable time" means a time limitation that the department determines and that does not exceed the time limitations pursuant to section 42-1104.

H. The department shall prescribe forms for certificates used to establish the satisfaction of the criteria necessary to qualify the sale of a motor vehicle for the deductions described in section 42-5061, subsection A, paragraph 14, paragraph 28, subdivision (a) and paragraph 44 and subsection U. Except as provided in subsection J of this section, to establish entitlement to these deductions, a motor vehicle dealer shall retain:

1. A valid certificate as prescribed by this subsection completed by the purchaser and obtained prior to the issuance of the nonresident registration permit authorized by section 28-2154.

2. A copy of the nonresident registration permit authorized by section 28-2154.

3. A legible copy of a current valid driver license issued to the purchaser by another state or foreign country that indicates an address outside of this state. For the sale of a motor vehicle to a nonresident entity, the entity's representative must have a current valid driver license issued by the same jurisdiction as that in which the entity is located.

4. For the purposes of the deduction provided by section 42-5061, subsection A, paragraph 14, a certificate documenting the delivery of the motor vehicle to an out-of-state location.

I. Notwithstanding subsection A, paragraph 2 of this section, if a motor vehicle dealer has established entitlement to a deduction by complying with subsection H of this section, the department may require the purchaser who executed the certificate to establish the accuracy and completeness of the information contained in the certificate that entitled the motor vehicle dealer to the deduction. If the purchaser cannot establish the accuracy and completeness of the information, the purchaser is liable in an amount equal to any tax, penalty and interest that the motor vehicle dealer would have been required to pay under this article and under articles IV and V of the model city tax code as defined in section 42-6051. Payment of the amount under this subsection exempts the purchaser from liability for any tax imposed under article 4 of this chapter and any tax imposed under article VI of the model city tax code as defined in section 42-6051. The amount shall be treated as tax revenues collected from the motor vehicle dealer in order to designate the distribution base for purposes of section 42-5029.

J. To establish entitlement to the deduction described in section 42-5061, subsection A, paragraph 44, a public consignment auction dealer as defined in section 28-4301 shall submit the valid certificate prescribed by subsection H of this section to the department and retain a copy for its records.

K. Notwithstanding any other law, compliance with subsection H of this section by a motor vehicle dealer entitles the motor vehicle dealer to the exemption provided in section 42-6004, subsection A, paragraph 4.

L. The department shall prescribe a form for a certificate to be used by a person that is not subject to tax under section 42-5075 when the person is engaged by a contractor that is subject to tax under section 42-5075 for a project that is taxable under section 42-5075. The certificate permits the person purchasing tangible personal property to be incorporated or fabricated by the person into any real property, structure, project, development or improvement to provide documentation to a retailer that the sale of tangible personal property qualifies for the deduction under section 42-5061, subsection A, paragraph 27, subdivision (b). A prime contractor shall obtain the certificate from the department and shall provide a copy to any such person working on the project. The prime contractor shall obtain a new certificate for each project to which this subsection applies. For the purposes of this subsection, the following apply:

1. The person that is not subject to tax under section 42-5075 may use the certificate issued pursuant to this subsection only with respect to tangible personal property that will be incorporated into a project for which the gross receipts are subject to tax under section 42-5075.

2. The department shall issue the certificate to the prime contractor on receiving sufficient documentation to establish that the prime contractor meets the requirements of this subsection.

3. If any person uses the certificate provided under this subsection to purchase tangible personal property to be used in a project that is not subject to tax under section 42-5075, the person is liable in an amount equal to any tax, penalty and interest that the seller would have been required to pay under this article if the seller had not complied with subsection A of this section.

Payment of the amount under this section exempts the person from liability for any tax imposed under article 4 of this chapter. The amount shall be sourced under section 42-5040, subsection A, paragraph 2.

M. Notwithstanding any other law, compliance with subsection L of this section by a person that is not subject to tax under section 42-5075 entitles the person to the exemption allowed by section 465, subsection (k) of the model city tax code when purchasing tangible personal property to be incorporated or fabricated by the person into any real property, structure, project, development or improvement.

**N. NOTWITHSTANDING ANY OTHER LAW, AN ONLINE LODGING OPERATOR, AS DEFINED IN SECTION 42-5076, SHALL BE ENTITLED TO AN EXCLUSION FROM ANY APPLICABLE TAXES FOR ANY ONLINE LODGING TRANSACTION, AS DEFINED IN SECTION 42-5076, FACILITATED BY AN ONLINE LODGING MARKETPLACE, AS DEFINED IN SECTION 42-5076, FOR WHICH THE ONLINE LODGING OPERATOR HAS OBTAINED FROM THE ONLINE LODGING MARKETPLACE WRITTEN NOTICE THAT THE ONLINE LODGING MARKETPLACE IS REGISTERED WITH THE DEPARTMENT TO COLLECT APPLICABLE TAXES FOR ALL ONLINE LODGING TRANSACTIONS FACILITATED BY THE ONLINE LODGING MARKETPLACE, AND TRANSACTION HISTORY DOCUMENTING TAX COLLECTED BY THE ONLINE LODGING MARKETPLACE, PURSUANT TO SECTION 42-5005, SUBSECTION L.**

Sec. 7. Section 42-5010, Arizona Revised Statutes, is amended to read:

**42-5010. Rates; distribution base**

A. The tax imposed by this article is levied and shall be collected at the following rates:

1. Five percent of the tax base as computed for the business of every person engaging or continuing in this state in the following business classifications described in article 2 of this chapter:

- (a) Transporting classification.
- (b) Utilities classification.
- (c) Telecommunications classification.
- (d) Pipeline classification.
- (e) Private car line classification.
- (f) Publication classification.
- (g) Job printing classification.
- (h) Prime contracting classification.
- (i) Amusement classification.
- (j) Restaurant classification.
- (k) Personal property rental classification.
- (l) Retail classification and amounts equal to retail transaction privilege tax due pursuant to section 42-5008.01.

2. Five and one-half percent of the tax base as computed for the business of every person engaging or continuing in this state in:

- (a) The transient lodging classification described in section 42-5070.

(b) **THE ONLINE LODGING MARKETPLACE CLASSIFICATION DESCRIBED IN SECTION 42-5076 WHO HAS ENTERED INTO AN AGREEMENT WITH THE DEPARTMENT TO REGISTER FOR, OR HAS OTHERWISE OBTAINED FROM THE DEPARTMENT, A LICENSE TO COLLECT TAX PURSUANT TO SECTION 42-5005, SUBSECTION L.**

3. Three and one-eighth percent of the tax base as computed for the business of every person engaging or continuing in this state in the mining classification described in section 42-5072.

4. Zero percent of the tax base as computed for the business of every person engaging or continuing in this state in the commercial lease classification described in section 42-5069.

B. Except as provided by subsection J of this section, twenty percent of the tax revenues collected at the rate prescribed by subsection A, paragraph 1 of this section from persons on account of engaging in business under the business classifications listed in subsection A, paragraph 1, subdivisions (a) through (h) of this section is designated as distribution base for purposes of section 42-5029.

C. Forty percent of the tax revenues collected at the rate prescribed by subsection A, paragraph 1 of this section from persons on account of engaging in business under the business classifications listed in subsection A, paragraph 1, subdivisions (i) through (l) of this section is designated as distribution base for purposes of section 42-5029.

D. Thirty-two percent of the tax revenues collected from persons on account of engaging in business under the business classification listed in subsection A, paragraph 3 of this section is designated as distribution base for purposes of section 42-5029.

E. Fifty-three and one-third percent of the tax revenues collected from persons on account of engaging in business under the business classification listed in subsection A, paragraph 4 of this section is designated as distribution base for purposes of section 42-5029.

F. Fifty percent of the tax revenues collected from persons on account of engaging in business under the business classification listed in subsection A, paragraph 2 of this section is designated as distribution base for purposes of section 42-5029.

G. In addition to the rates prescribed by subsection A of this section, if approved by the qualified electors voting at a statewide general election, an additional rate increment is imposed and shall be collected through June 30, 2021. The taxpayer shall pay taxes pursuant to this subsection at the same time and in the same manner as under subsection A of this section. The department shall separately account for the revenues collected with respect to the rates imposed pursuant to this subsection and the state treasurer shall distribute all of those revenues in the manner prescribed by section 42-5029, subsection E. The rates imposed pursuant to this subsection shall not be considered local revenues for purposes of article IX, section 21, Constitution of Arizona. The additional tax rate increment is levied at the rate of six-tenths of one per cent of the tax base of every person engaging or continuing in this state in a business classification listed in subsection A, paragraph 1 of this section.

H. Any increase in the rate of tax that is imposed by this chapter and that is enacted by the legislature or by a vote of the people does not apply with respect to contracts entered into by prime contractors or pursuant to written bids made by prime contractors on or before the effective date of the legislation or the date of the election enacting the increase. To qualify for the exemption under this subsection, the prime contractor must maintain sufficient documentation, in a manner and form prescribed by the department, to verify the date of the contract or written bid.

I. For taxpayers taxable under this chapter other than prime contractors taxable pursuant to section 42-5075:

1. Any increase in the rate of tax that is levied by this article or article 2 of this chapter enacted by the legislature or by a vote of the people does not apply for a period of one hundred twenty days from the date of the tax rate increase to the gross proceeds of sales or gross income from the business of the taxpayer with respect to written contracts entered into before the effective date of the tax rate increase unless the taxpayer has entered into a contract that contains a provision that entitles the taxpayer to recover from the purchaser the amount of the additional tax levied.

2. The provisions of this subsection apply without regard to the accounting method used by the taxpayer to report the taxes imposed under article 2 of this chapter.

3. The provisions of this subsection shall not be considered in determining the rate of tax imposed under chapter 6, article 3 of this title.

J. Zero percent of the tax revenues that are collected at the rate prescribed by subsection A, paragraph 1 of this section from persons on account of engaging in business under the business classification listed in subsection A, paragraph 1, subdivision (h) of this section, and that are subject to any distribution required by section 42-5032.02, is designated as distribution base for the purposes of section 42-5029 until the total amount subject to distribution pursuant to section 42-5032.02 has reached the

maximum amount prescribed by section 42-5032.02, subsection C. Thereafter, twenty percent of the remaining tax revenues is designated as distribution base for the purposes of section 42-5029 as provided by subsection B of this section.

Sec. 8. Section 42-5014, Arizona Revised Statutes, is amended to read:

**42-5014. Return and payment of tax; estimated tax; extensions; abatements**

A. Except as provided in subsection B, C, ~~or D~~, **E OR F** of this section, the taxes levied under this article:

1. Are due and payable monthly in the form required by section 42-5018 for the amount of the tax, to the department, on or before the twentieth day of the month next succeeding the month in which the tax accrues.

2. Are delinquent as follows:

(a) For taxpayers that are required or elect to file and pay electronically in any month, if not received by the department on or before the last business day of the month.

(b) For all other taxpayers, if not received by the department on or before the business day preceding the last business day of the month.

B. The department, for any taxpayer whose estimated annual liability for taxes imposed or administered by this article or chapter 6 of this title is between two thousand dollars and eight thousand dollars, shall authorize such taxpayer to pay such taxes on a quarterly basis. The department, for any taxpayer whose estimated annual liability for taxes imposed by this article is less than two thousand dollars, shall authorize such taxpayer to pay such taxes on an annual basis. For the purposes of this subsection, the taxes due under this article:

1. For taxpayers that are authorized to pay on a quarterly basis, are due and payable monthly in the form required by section 42-5018 for the amount of the tax, to the department, on or before the twentieth day of the month next succeeding the quarter in which the tax accrues.

2. For taxpayers that are authorized to pay on an annual basis, are due and payable monthly in the form required by section 42-5018 for the amount of the tax, to the department, on or before the twentieth day of January next succeeding the year in which the tax accrues.

3. Are delinquent as follows:

(a) For taxpayers that are required or elect to file and pay electronically in any quarter, if not received by the department on or before the last business day of the month.

(b) For all other taxpayers that are required to file and pay quarterly, if not received by the department on or before the business day preceding the last business day of the month.

(c) For taxpayers that are required or elect to file and pay electronically on an annual basis, if not received by the department on or before the last business day of January.

(d) For all other taxpayers that are required to file and pay annually, if not received by the department on or before the business day preceding the last business day of January.

C. The department may require a taxpayer whose business is of a transient character to file the return and remit the taxes imposed by this article on a daily, a weekly or a transaction by transaction basis, and those returns and payments are due and payable on the date fixed by the department without a grace period otherwise allowed by this section. For the purposes of this subsection, "business of a transient character" means sales activity by a taxpayer not regularly engaged in selling within the state conducted from vehicles, portable stands, rented spaces, structures or booths, or concessions at fairs, carnivals, circuses, festivals or similar activities for not more than thirty consecutive days.

D. If the business entity under which a taxpayer reports and pays income tax under title 43 has an annual total tax liability under this article, article 6 of this chapter and chapter 6, article 3 of this title of one million dollars or more, based on the actual tax liability in the preceding calendar year, regardless of the number of offices at which the taxes imposed by this article, article 6 of this chapter or chapter 6, article 3 of this title are collected, or if the taxpayer can reasonably anticipate such liability in the current year, the taxpayer shall report on a form prescribed by the department and pay an estimated tax payment each June. Any other taxpayer may voluntarily elect to pay the estimated tax payment pursuant to this subsection. The payment shall be made on or before June 20 and is delinquent if not received by the department on or before the business day preceding the last business day of June for those taxpayers electing to file by mail, or delinquent if not received by the department on the business day preceding the last business day of June for those taxpayers electing to file in person. The estimated tax paid shall be credited against the taxpayer's tax liability under this article, article 6 of this chapter and chapter 6, article 3 of this title for the month of June for the current calendar year. The estimated tax payment shall equal either:

1. One-half of the actual tax liability under this article plus one-half of any tax liability under article 6 of this chapter and chapter 6, article 3 of this title for May of the current calendar year.

2. The actual tax liability under this article plus any tax liability under article 6 of this chapter and chapter 6, article 3 of this title for the first fifteen days of June of the current calendar year.

**E. AN ONLINE LODGING MARKETPLACE, AS DEFINED IN SECTION 42-5076, THAT IS REGISTERED WITH THE DEPARTMENT PURSUANT TO SECTION 42-5005, SUBSECTION L:**

**1. SHALL REMIT TO THE DEPARTMENT THE APPLICABLE TAXES PAYABLE PURSUANT TO SECTION 42-5076 AND CHAPTER 6 OF THIS TITLE WITH RESPECT TO EACH ONLINE LODGING TRANSACTION, AS DEFINED IN SECTION 42-5076, FACILITATED BY THE ONLINE LODGING MARKETPLACE.**

**2. SHALL REPORT THE TAXES MONTHLY AND REMIT THE AGGREGATE TOTAL AMOUNTS FOR EACH OF THE RESPECTIVE TAXING JURISDICTIONS.**

**3. SHALL NOT BE REQUIRED TO LIST OR OTHERWISE IDENTIFY ANY INDIVIDUAL ONLINE LODGING OPERATOR, AS DEFINED IN SECTION 42-5076, ON ANY RETURN OR ANY ATTACHMENT TO A RETURN.**

**F. A PERSON WHO IS LICENSED PURSUANT TO TITLE 32, CHAPTER 20 AND WHO IS LICENSED WITH THE DEPARTMENT PURSUANT TO SECTION 42-5005, SUBSECTION M SHALL:**

**1. FILE A CONSOLIDATED RETURN MONTHLY WITH RESPECT TO ALL MANAGED PROPERTIES FOR WHICH THE LICENSEE FILES AN ELECTRONIC CONSOLIDATED TAX RETURN PURSUANT TO SECTION 42-6013.**

**2. REMIT TO THE DEPARTMENT THE AGGREGATE TOTAL AMOUNT OF THE APPLICABLE TAXES PAYABLE PURSUANT TO THIS CHAPTER AND CHAPTER 6 OF THIS TITLE FOR ALL OF THE RESPECTIVE TAXING JURISDICTIONS WITH RESPECT TO THE MANAGED PROPERTIES.**

~~E~~ **G.** The taxpayer shall prepare a return showing the amount of the tax for which the taxpayer is liable for the preceding month, and shall mail or deliver the return to the department in the same manner and time as prescribed for the payment of taxes in subsection A of this section. If the taxpayer fails to file the return in the manner and time as prescribed for the payment of taxes in subsection A of this section, the amount of the tax required to be shown on the return is subject to the penalty imposed pursuant to section 42-1125, subsection A, without any reduction for taxes paid on or before the due date of the return. The return shall be verified by the oath of the taxpayer or an authorized agent or as prescribed by the department pursuant to section 42-1105, subsection B.

~~F~~ **H.** Any person who is taxable under this article and who makes cash and credit sales shall report such cash and credit sales separately and on making application may obtain from the department an extension of time for payment of taxes due on the credit sales. The extension shall be granted by the department under such rules as the department prescribes. When the extension is granted, the taxpayer shall thereafter include in each monthly report all collections made on such credit sales during the month next preceding and shall pay the taxes due at the time of filing such report.

~~G~~ **I.** The returns required under this article shall be made on forms prescribed by the department and shall capture data with sufficient specificity to meet the needs of all taxing jurisdictions.

~~H.~~ **J.** Any person who is engaged in or conducting business in two or more locations or under two or more business names shall file the return required under this article by electronic means.

~~I.~~ **K.** The department, for good cause, may extend the time for making any return required by this article and may grant such reasonable additional time within which to make the return as it deems proper, but the time for filing the return shall not be extended beyond the first day of the third month next succeeding the regular due date of the return.

~~J.~~ **L.** The department, with the approval of the attorney general, may abate small tax balances if the administration costs exceed the amount of tax due.

~~K.~~ **M.** For the purposes of subsection D of this section, "taxpayer" means the business entity under which the business reports and pays state income taxes regardless of the number of offices at which the taxes imposed by this article, article 6 of this chapter or chapter 6, article 3 of this title are collected.

Sec. 9. Section 42-5070, Arizona Revised Statutes, is amended to read:

**42-5070. Transient lodging classification; definition**

**A.** The transient lodging classification is comprised of the business of operating, for occupancy by transients, a hotel or motel, including an inn, tourist home or house, dude ranch, resort, campground, studio or bachelor hotel, lodging house, rooming house, apartment house, dormitory, public or private club, mobile home or house trailer at a fixed location or other similar structure, and also including a space, lot or slab that is occupied or intended or designed for occupancy by transients in a mobile home or house trailer furnished by them for such occupancy.

**B.** The transient lodging classification does not include:

1. Operating a convalescent home or facility, home for the aged, hospital, jail, military installation or fraternity or sorority house or operating any structure exclusively by an association, institution, governmental agency or corporation for religious, charitable or educational purposes, if no part of the net earnings of the association, corporation or other entity inures to the benefit of any private shareholder or individual.

2. A lease or rental of a mobile home or house trailer at a fixed location or any other similar structure, and also including a space, lot or slab that is occupied or intended or designed for occupancy by transients in a mobile home or house trailer furnished by them for such occupancy for thirty or more consecutive days.

3. Leasing or renting four or fewer rooms of an owner-occupied residential home, together with furnishing no more than a breakfast meal, to transient lodgers at no more than a fifty ~~per cent~~ **PERCENT** average annual occupancy rate.

**4. THE ACTIVITIES OF ANY ONLINE LODGING MARKETPLACE, AS DEFINED IN SECTION 42-5076.**

**C.** The tax base for the transient lodging classification is the gross proceeds of sales or gross income derived from the business, except that the tax base does not include:

1. **THE** gross proceeds of sales or gross income derived from business activity that is properly included in another business classification under this article and that is taxable to the person engaged in that business classification, but the gross proceeds of sales or gross income to be deducted shall not exceed the consideration paid to the person conducting the activity.

2. **THE GROSS PROCEEDS OR GROSS INCOME RECEIVED BY AN ONLINE LODGING OPERATOR, AS DEFINED IN SECTION 42-5076, FROM ANY ONLINE LODGING TRANSACTIONS, AS DEFINED IN SECTION 42-5076, FOR WHICH THE ONLINE LODGING OPERATOR HAS RECEIVED DOCUMENTATION FROM A REGISTERED ONLINE LODGING MARKETPLACE, AS DEFINED IN SECTION 42-5076, PURSUANT TO SECTION 42-5009, SUBSECTION N THAT THE ONLINE LODGING MARKETPLACE HAS REMITTED OR WILL REMIT THE APPLICABLE TAX TO THE DEPARTMENT PURSUANT TO SECTION 42-5014, SUBSECTION E.**

**D.** For the purposes of this section, the tax base for the transient lodging classification does not include gross proceeds of sales or gross income derived from:

1. Transactions or activities that are not limited to transients and that would not be taxable if engaged in by a person not subject to tax under this article.

2. Transactions or activities that are not limited to transients and that would not be taxable if engaged in by a person subject to taxation under section 42-5062 or 42-5073 due to an exclusion, exemption or deduction.

3. Commissions paid to a person that is engaged in transient lodging business subject to taxation under this section by a person providing services or property to the customers of the person engaging in the transient lodging business.

**E.** The department shall separately account for revenues collected under the transient lodging classification for the purposes of section 42-5029, subsection D, paragraph 4, subdivision (b).

**F.** For the purposes of this section, "transient" means any person who either at the person's own expense or at the expense of another obtains lodging space or the use of lodging space on a daily or weekly basis, or on any other basis for less than thirty consecutive days.

Sec. 10. Title 42, chapter 5, article 2, Arizona Revised Statutes, is amended by adding section 42-5076, to read:

**42-5076. Online lodging marketplace classification; definitions**

**A. THE ONLINE LODGING MARKETPLACE CLASSIFICATION IS COMPRISED OF THE BUSINESS OF OPERATING AN ONLINE LODGING MARKETPLACE.**

**B. THE TAX BASE FOR THE ONLINE LODGING MARKETPLACE CLASSIFICATION IS THE GROSS PROCEEDS OF SALES OR GROSS INCOME DERIVED FROM THE BUSINESS MEASURED BY THE TOTAL AMOUNT CHARGED FOR AN ONLINE TRANSIENT LODGING TRANSACTION BY THE ONLINE LODGING OPERATOR.**

**C. THE ONLINE LODGING MARKETPLACE CLASSIFICATION DOES NOT INCLUDE ANY ONLINE LODGING MARKETPLACE THAT HAS NOT ENTERED INTO AN AGREEMENT WITH THE DEPARTMENT TO REGISTER FOR, OR HAS NOT OTHERWISE OBTAINED FROM THE DEPARTMENT, A LICENSE TO COLLECT TAX PURSUANT TO SECTION 42-5005, SUBSECTION L.**

**D. FOR THE PURPOSES OF THIS SECTION:**

1. **"ONLINE LODGING MARKETPLACE" MEANS A PERSON THAT PROVIDES A DIGITAL PLATFORM FOR COMPENSATION THROUGH WHICH AN UNAFFILIATED THIRD PARTY OFFERS TO RENT LODGING ACCOMMODATIONS TO AN OCCUPANT, INCLUDING A TRANSIENT, AS DEFINED IN SECTION 42-5070, AND THE ACCOMMODATIONS ARE NOT CLASSIFIED FOR PROPERTY TAX PURPOSES UNDER SECTION 42-12001. FOR THE PURPOSES OF THIS PARAGRAPH:**

(a) **"LODGING ACCOMMODATIONS" MEANS ANY SPACE OFFERED TO THE PUBLIC FOR LODGING, INCLUDING ANY HOTEL, MOTEL, INN, TOURIST HOME OR HOUSE, DUDE RANCH, RESORT, CAMPGROUND, STUDIO OR BACHELOR HOTEL, LODGING HOUSE, ROOMING HOUSE, RESIDENTIAL HOME, APARTMENT HOUSE, DORMITORY, PUBLIC OR PRIVATE CLUB, MOBILE HOME OR HOUSE TRAILER AT A FIXED LOCATION OR OTHER SIMILAR STRUCTURE OR SPACE.**

(b) **"UNAFFILIATED THIRD PARTY" MEANS A PERSON THAT IS NOT OWNED OR CONTROLLED, DIRECTLY OR INDIRECTLY, BY THE SAME INTERESTS.**

2. **"ONLINE LODGING OPERATOR" MEANS A PERSON THAT IS ENGAGED IN THE BUSINESS OF RENTING TO AN OCCUPANT, INCLUDING A TRANSIENT AS DEFINED IN SECTION 42-5070, ANY LODGING ACCOMMODATION OFFERED THROUGH AN ONLINE LODGING MARKETPLACE.**

3. **"ONLINE LODGING TRANSACTION" MEANS A CHARGE TO AN OCCUPANT, INCLUDING A TRANSIENT AS DEFINED IN SECTION 42-5070, BY AN ONLINE LODGING OPERATOR FOR THE OCCUPANCY OF ANY LODGING ACCOMMODATION AND INCLUDES AN ONLINE TRANSIENT LODGING TRANSACTION.**

4. "ONLINE TRANSIENT LODGING TRANSACTION" MEANS A CHARGE TO AN OCCUPANT WHO IS A TRANSIENT AS DEFINED IN SECTION 42-5070 BY AN ONLINE LODGING OPERATOR FOR THE OCCUPANCY OF ANY LODGING ACCOMMODATION.

Sec. 11. Title 42, chapter 6, article 1, Arizona Revised Statutes, is amended by adding sections 42-6009 and 42-6013, to read:

**42-6009. Online lodging; definitions**

A. EXCEPT AS PROVIDED BY THIS SECTION, A CITY, TOWN OR OTHER TAXING JURISDICTION MAY NOT LEVY A TRANSACTION PRIVILEGE, SALES, USE, FRANCHISE OR OTHER SIMILAR TAX OR FEE, HOWEVER DENOMINATED, ON THE BUSINESS OF OPERATING AN ONLINE LODGING MARKETPLACE OR, IN THE CASE OF AN ONLINE LODGING MARKETPLACE THAT IS LICENSED PURSUANT TO SECTION 42-5005, SUBSECTION L, ON ANY ONLINE LODGING TRANSACTION FACILITATED BY THE ONLINE LODGING MARKETPLACE OR ON ANY ONLINE LODGING OPERATOR WITH RESPECT TO ANY ONLINE LODGING TRANSACTION FOR WHICH IT HAS RECEIVED DOCUMENTATION THAT THE ONLINE LODGING MARKETPLACE HAS OR WILL REMIT THE APPLICABLE TAX TO THE DEPARTMENT PURSUANT TO SECTION 42-5014, SUBSECTION E.

B. IN THE CASE OF AN ONLINE LODGING MARKETPLACE THAT IS LICENSED PURSUANT TO SECTION 42-5005, SUBSECTION L, A CITY, TOWN OR OTHER TAXING JURISDICTION MAY LEVY A TRANSACTION PRIVILEGE, SALES, USE, FRANCHISE OR OTHER SIMILAR TAX OR FEE AS PROVIDED BY THE MODEL CITY TAX CODE ON THE ONLINE LODGING MARKETPLACE SUBJECT TO THE FOLLOWING CONDITIONS:

1. THE ADOPTED TAX MUST BE ADMINISTERED IN A MANNER THAT IS UNIFORM WITH THE TREATMENT OF ONLINE LODGING MARKETPLACES, ONLINE LODGING OPERATORS AND ONLINE LODGING TRANSACTIONS PROVIDED BY CHAPTER 5 OF THIS TITLE, EXCEPT THAT:

(a) THE ADOPTED TAX RATE MAY BE DIFFERENT FROM THE STATE TAX RATE PRESCRIBED BY SECTION 42-5010.

(b) THE ADOPTED TAX MAY APPLY TO ONLINE LODGING TRANSACTIONS INVOLVING RENTALS OF LODGING ACCOMMODATIONS FOR MORE THAN TWENTY-NINE CONSECUTIVE DAYS. WITH RESPECT TO ANY TAX ON RENTALS OF LODGING ACCOMMODATIONS FOR MORE THAN TWENTY-NINE CONSECUTIVE DAYS, IN THE CASE OF AN ONLINE LODGING MARKETPLACE THAT HAS REGISTERED PURSUANT TO SECTION 42-5005, SUBSECTION L, THE ADOPTED TAX MUST UNIFORMLY APPLY TO ALL LODGING ACCOMMODATIONS FOR THIRTY CONSECUTIVE DAYS OR MORE, AND THE TAX BASE FOR THE TAX MUST BE LIMITED EXCLUSIVELY TO ONLINE LODGING TRANSACTIONS FACILITATED BY AN ONLINE LODGING MARKETPLACE FOR RENTALS OF LODGING ACCOMMODATIONS FOR THIRTY CONSECUTIVE DAYS OR MORE AND LOCATED IN THE APPLICABLE CITY, TOWN OR OTHER TAXING JURISDICTION.

2. THE ADOPTED TAX SHALL BE ADMINISTERED, COLLECTED AND ENFORCED BY THE DEPARTMENT AND REMITTED TO THE CITY, TOWN OR OTHER TAXING JURISDICTION IN A UNIFORM MANNER.

3. THE ADOPTED TAX MUST BE UNIFORM ON ONLINE LODGING MARKETPLACES, ONLINE LODGING OPERATORS AND OTHER TAXPAYERS OF THE SAME CLASS WITHIN THE JURISDICTIONAL BOUNDARIES OF THE CITY, TOWN OR OTHER TAXING JURISDICTION.

4. ANY ADOPTED TAX IS SUBJECT TO:

(a) SECTION 42-6002, RELATING TO AUDITS.

(b) SECTION 42-2003, SUBSECTION Y, RELATING TO CONFIDENTIAL INFORMATION.

(c) SECTION 42-5003, SUBSECTION B, RELATING TO JUDICIAL ENFORCEMENT.

(d) SECTION 42-5005, SUBSECTION L, RELATING TO REGISTRATION OF ONLINE LODGING MARKETPLACES.

(e) SECTION 42-5014, SUBSECTION E, RELATING TO TAX RETURNS.

5. THE TAX MAY NOT BE COLLECTED FROM AN ONLINE LODGING OPERATOR WITH RESPECT TO ANY ONLINE LODGING TRANSACTION OR TRANSACTIONS FOR WHICH THE ONLINE LODGING OPERATOR HAS RECEIVED WRITTEN NOTICE OR DOCUMENTATION FROM A REGISTERED ONLINE LODGING MARKETPLACE THAT IT HAS OR WILL REMIT THE APPLICABLE TAX WITH RESPECT TO THOSE TRANSACTIONS TO THE DEPARTMENT PURSUANT TO SECTION 42-5014, SUBSECTION E.

C. FOR THE PURPOSES OF THIS SECTION, "LODGING ACCOMMODATIONS", "ONLINE LODGING MARKETPLACE", "ONLINE LODGING OPERATOR" AND "ONLINE LODGING TRANSACTION" HAVE THE SAME MEANINGS PRESCRIBED IN SECTION 42-5076.

**42-6013. Electronic consolidated real property management tax returns; definition**

A. FOR TAXABLE PERIODS BEGINNING FROM AND AFTER DECEMBER 31, 2017, A CITY OR TOWN THAT LEVIES A TRANSACTION PRIVILEGE TAX UNDER THIS SECTION SHALL ALLOW PERSONS WHO ARE LICENSED PURSUANT TO TITLE 32, CHAPTER 20 AND WHO ARE LICENSED WITH THE DEPARTMENT PURSUANT TO SECTION 42-5005, SUBSECTION M TO FILE ELECTRONIC CONSOLIDATED TAX RETURNS WITH THE DEPARTMENT WITH RESPECT TO GROSS PROCEEDS OR GROSS INCOME DERIVED FROM THE INDIVIDUAL PROPERTIES UNDER MANAGEMENT ON BEHALF OF THE PROPERTY OWNERS, SUBJECT TO THE FOLLOWING CONDITIONS AND REQUIREMENTS:

1. THE DEPARTMENT SHALL ADMINISTER, COLLECT AND ENFORCE THE TAX THAT IS REPORTED AND PAID PURSUANT TO AN ELECTRONIC CONSOLIDATED RETURN AND REMIT THE COLLECTED REVENUES TO THE APPROPRIATE CITY OR TOWN.

2. THE TAX MAY NOT BE COLLECTED FROM ANY PROPERTY OWNER WHOSE LICENSEE HAS PROVIDED WRITTEN DOCUMENTATION TO THE PROPERTY OWNER AND TO THE CITY OR TOWN THAT THE LICENSEE HAS REPORTED AND REMITTED OR WILL REPORT AND REMIT THE APPLICABLE TAX WITH RESPECT TO THE PROPERTY UNDER MANAGEMENT.

3. THE DEPARTMENT SHALL DEVELOP AN ELECTRONIC CONSOLIDATED RETURN FORM THAT SEPARATELY IDENTIFIES EACH OWNER'S PROPERTY LOCATIONS AND THE GROSS INCOME AND DEDUCTIONS FOR EACH PROPERTY LOCATION. THE LICENSEE SHALL FILE THE RETURN ELECTRONICALLY USING THE CONSOLIDATED RETURN FORM DEVELOPED BY THE DEPARTMENT.

4. ALL PARTICIPATING PROPERTY OWNERS INCLUDED IN THE SAME ELECTRONIC CONSOLIDATED RETURN MUST BE ON THE SAME TAX PAYMENT SCHEDULE AND USE THE SAME CASH RECEIPTS OR ACCRUAL BASIS OF REPORTING.

5. A LICENSEE FILING AN ELECTRONIC CONSOLIDATED RETURN:

(a) ACTS IN A FIDUCIARY CAPACITY AS THE PROPERTY OWNERS' AGENT.

(b) IS RESPONSIBLE AND ACCOUNTABLE TO THE PROPERTY OWNERS AND TO THE CITY OR TOWN FOR FULLY AND ACCURATELY REPORTING AND PAYING TO THE DEPARTMENT THE TAX AND ANY OTHER AMOUNTS DUE.

(c) IS SUBJECT TO AUDIT, AS PROVIDED BY LAW, OF THE ELECTRONIC CONSOLIDATED RETURNS, INCLUDING DATA IN THE LICENSEE'S POSSESSION THAT IS USED IN COMPILING AND FILING THE ELECTRONIC CONSOLIDATED RETURNS.

6. A PROPERTY OWNER:

(a) REMAINS ULTIMATELY RESPONSIBLE, ACCOUNTABLE AND LIABLE FOR BOTH:

- (i) **THE ACCURACY OF INFORMATION THE PROPERTY OWNER FURNISHES TO THE LICENSEE.**  
 (ii) **THE RETURN AND PAYMENT OF THE FULL TAX LIABILITY.**  
 (b) **IS SUBJECT TO AUDIT, AS PROVIDED BY LAW, OF THE RECORDS IN THE PROPERTY OWNER'S POSSESSION THAT ARE SUBMITTED TO THE LICENSEE FOR THE PURPOSES OF THE ELECTRONIC CONSOLIDATED RETURN.**  
 (c) **MAY WITHDRAW ANY OF THE PROPERTY OWNER'S PROPERTIES FROM THE ELECTRONIC CONSOLIDATED RETURN ON THIRTY DAYS' WRITTEN NOTICE TO THE LICENSEE, THE DEPARTMENT AND THE TAX COLLECTOR OF THE CITY OR TOWN.**

**B. FOR THE PURPOSES OF THIS SECTION, "LICENSEE" MEANS A PERSON WHO IS LICENSED PURSUANT TO TITLE 32, CHAPTER 20 AND WHO IS LICENSED WITH THE DEPARTMENT PURSUANT TO SECTION 42-5005, SUBSECTION M.**

Sec. 12. Section 42-12003, Arizona Revised Statutes, is amended to read:

**42-12003. Class three property; definition**

A. For purposes of taxation, class three is established consisting of:

1. Real and personal property and improvements to the property that are used as the owner's primary residence, that are not otherwise included in class one, two, four, six, seven or eight and that are valued at full cash value.
2. Real and personal property that is occupied by a relative of the owner, as provided by section 42-12053, and used as the relative's primary residence, that is not otherwise included in class one, two, four, six, seven or eight and that is valued at full cash value.

**3. REAL AND PERSONAL PROPERTY THAT IS OWNED AND OCCUPIED AS THE PRIMARY RESIDENCE OF THE OWNER WHO ALSO USES THE PROPERTY FOR LEASE OR RENT TO LODGERS.**

B. For the purposes of this section, a homesite that is included in class three may include:

1. Up to ten acres on a single parcel of real property on which the residential improvement is located.
2. More than ten, but not more than forty, acres on a single parcel of real property on which the residential improvement is located if it is zoned exclusively for residential purposes or contains legal restrictions or physical conditions that prevent the division of the parcel.

C. For the purposes of this section, "physical conditions" means topography, mountains, washes, rivers, roads or any other configuration that limits the residential usable land area.

Sec. 13. Section 42-12004, Arizona Revised Statutes, is amended to read:

**42-12004. Class four property**

A. For purposes of taxation, class four is established consisting of:

1. Real and personal property and improvements to the property that are used for residential purposes, including residential property that is owned in foreclosure by a financial institution, that is not otherwise included in another classification and that is valued at full cash value. The homesite that is included in class four may include:

- (a) Up to ten acres on a single parcel of real property on which the residential improvement is located.
- (b) More than ten, but not more than forty, acres on a single parcel of real property on which the residential improvement is located if it is zoned exclusively for residential purposes or contains legal restrictions or physical conditions that prevent the division of the parcel. For the purposes of this subdivision, "physical conditions" means topography, mountains, washes, rivers, roads or any other configuration that limits the residential usable land area.

2. Real and personal property and improvements to the property that are used solely as leased or rented property for residential purposes, that are not included in class one, two, three, six, seven or eight and that are valued at full cash value.

3. Child care facilities that are licensed under title 36, chapter 7.1 and that are valued at full cash value.

4. Real and personal property and improvements to property that are used to operate nonprofit residential housing facilities that are structured to house or care for persons with disabilities or who are sixty-two years of age or older and that are valued at full cash value.

5. Real and personal property and improvements that are used to operate licensed residential care institutions or licensed nursing care institutions that provide medical services, nursing services or health related services and that are structured to house or care for persons with disabilities or who are sixty-two years of age or older and that are valued at full cash value.

6. Real and personal property consisting of no more than eight rooms of residential property that are leased or rented to transient lodgers, together with furnishing no more than a breakfast meal, by the owner who resides on the property and that is valued at full cash value.

7. Real and personal property consisting of residential dwellings that are maintained for occupancy by agricultural employees as a condition of employment or as a convenience to the employer, that is not included in class three and that is valued at full cash value. The land associated with these dwellings shall be valued as agricultural land pursuant to chapter 13, article 3 of this title.

8. Real property and improvements to property constituting common areas that are valued pursuant to chapter 13, article 9 of this title.

9. Real and personal property that is defined as timeshare property by section 32-2197 and valued pursuant to chapter 13, article 10 of this title, except for any property used for commercial, industrial or transient occupancy purposes and included in class one to the extent of that use.

**10. REAL AND PERSONAL PROPERTY AND IMPROVEMENTS THAT ARE USED FOR RESIDENTIAL PURPOSES, THAT ARE LEASED OR RENTED TO LODGERS, EXCEPT FOR:**

(a) **PROPERTY OCCUPIED BY THE OWNER OF THE PROPERTY AS THE OWNER'S PRIMARY RESIDENCE AND INCLUDED IN CLASS THREE.**

(b) **PROPERTY USED FOR COMMERCIAL PURPOSES AND INCLUDED IN CLASS ONE.**

B. Subsection A, paragraphs 4 and 5 of this section shall not be construed to limit eligibility for exemption from taxation under chapter 11, article 3 of this title.

Sec. 14. **Joint legislative study committee on transient lodging; report; repeal**

A. The joint legislative study committee on transient lodging is established consisting of the following members:

1. Three members of the senate who are appointed by the president of the senate, not more than two of whom are members of the same political party and one of whom shall serve as co-chair.

2. Three members of the house of representatives who are appointed by the speaker of the house of representatives, not more than two of whom are members of the same political party and one of whom shall serve as co-chair.

3. One member who uses a residential home as a short term rental through an online lodging marketplace, as defined in section 42-5076, Arizona Revised Statutes, as added by this act, and who is appointed by the president of the senate.

4. One member who manages or operates a hotel, motel or bed and breakfast business and who is appointed by the speaker of the house of representatives.

5. One representative of an association of cities and towns in this state who is appointed by the president of the senate.

6. One representative of an association of counties in this state that represents county boards of supervisors and who is appointed by the speaker of the house of representatives.

7. One representative of an online lodging marketplace, as defined in section 42-5076, Arizona Revised Statutes, as added by this act, and who is appointed by the president of the senate.

8. One representative of a statewide lodging and tourism association who is appointed by the speaker of the house of representatives.

9. One representative of a taxpayer organization in this state who is appointed by the president of the senate.

10. One representative of a statewide association representing licensed real estate professionals who is appointed by the speaker of the house of representatives.

11. One representative of a statewide multifhousing association who is appointed by the president of the senate.

12. One representative of a convention and visitor's bureau in this state who is appointed by the speaker of the house of representatives.

B. The committee shall consider current state and local government laws and regulations on the various types of accommodations used for the purposes of transient lodging. The committee shall consider the economic, business and consumer impact of the laws and regulations, including whether a regulation is the least burdensome to ensure compliance and whether there are viable alternatives for regulatory relief.

C. The committee may request industry data from relevant state agencies during an annual committee meeting to be held on or before September 15, 2017 and annually thereafter.

D. The committee shall submit a report of the committee's findings and any recommendations on or before December 15, 2017, and each year thereafter, to the president of the senate, the speaker of the house of representatives and the governor and provide a copy of this report to the secretary of state.

E. This section is repealed and the committee terminates for all purposes from and after December 31, 2020.

**Sec. 15. Applicability; savings**

A. This act does not affect the rights and obligations under any existing agreement to pay taxes to a taxing jurisdiction in effect before the effective date of this act.

B. This act does not entitle an online lodging marketplace, as defined in section 42-5076, Arizona Revised Statutes, as added by this act, to a refund of any taxes or fees collected and paid to a taxing jurisdiction before the effective date of this act.

**Sec. 16. Effective date**

This act is effective from and after December 31, 2016.

## **Short Term Rentals (STR) Text Amendment Related issues**

### **Background**

- Historically, the City has classified STR's as "travel accommodations", and required that they be limited to zoning districts that allow hotels, motels and resorts.
- Under a recently passed State law, cities may not prohibit STR's in residential districts. This text amendment is intended to bring the City ordinance into compliance with the new law, which goes into effect on January 1, 2017.

### **Licensing/taxes**

- STR's are currently required to be registered with the County Recorder's Office and have a tax privilege license with the City and State. STR's are required to pay a 5% transient tax (bed tax) to the City, and are required to obtain a privilege tax license in order to operate in the City.
- Under the new State law, the transient tax (bed tax) for STR's will be collected by the State from on-line booking services. It is assumed those revenues will then be distributed to the City.

### **Code Compliance**

- If you have a concern or complaint involving traffic or criminal law violations involving an STR, such as disturbing the peace (loud noise), the best option in most cases will be to call the Police Department. The police do not generally enforce traffic laws on private streets, and parking enforcement on private property is generally limited to such things as handicapped or fire lane violations.
- The City will have very limited ability to regulate these uses from a land use and zoning perspective. Code enforcement will be limited primarily to general nuisances; i.e. property maintenance, over-parking in front yards, etc. similar to complaints related to single-family dwelling units.
- Both Building Safety and Public Safety are reviewing their codes in response to the State law. These efforts are being conducted concurrently with this amendment, but are not part of this amendment. Any subsequent amendments to Building or Fire codes will not prohibit STR's in residential zoning districts.
- This amendment will only affect the City's ability to regulate these uses from a land use and zoning perspective. It will have no effect on the ability of HOA's to enforce private contract rules and regulations. The City does not enforce private CC & R's or HOA regulations and will not get involved if there is a conflict.

### **Zoning/Land Use**

- The City can still enforce existing parking restrictions in the front yards of residential lots. If the dwelling is located on a public street that is not posted with “no parking signs”, visitors to the STR can park on the street. Parking on private streets will be at the discretion of the community association or HOA.
- No accessory uses, such as restaurants, retail, conference and/or banquet facilities will be permitted in residential STR’s. Additionally, STR’s cannot be used to house sex offenders or recovering addicts; nor can they be used for any adult-oriented business.

### **Tracking/Monitoring**

- An independent private sector entity that monitors all of the websites advertising STR’s has reported there are 2,903 properties available for short-term stays in Scottsdale. Most are likely unregistered and/or do not have a tax privilege license; or are registered incorrectly as “Residential Property Managers”, which is misleading.
- The new State law allows cities to require the operator of an STR to provide an emergency contact; which would also likely necessitate providing the location of the STR (for monitoring purposes). It is unclear how the City will track these uses; however, a possible tracking system is being explored that would be implemented either by the City or by a third party.

## Bloemberg, Greg

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**From:** Cody Gleason <Cody.Gleason@peoriaaz.gov>  
**Sent:** Wednesday, July 27, 2016 11:33 AM  
**To:** Hardy, Wendy; Bloemberg, Greg  
**Subject:** Scottsdale Group Home Regulations

Wendy/Greg,

I'm sure the answer to most of my questions below may be "this will be modified by our upcoming amendment", but I thought I might check in case there was justification behind the existing ordinance or if there are plans to leave portions in place.

In looking at your code it seemed as though perhaps Adult Care Home was the more generic term for uses that typically get clumped together as 'group homes'. Is that correct?

I didn't see a definition for Residential Health Care Facility in the definitions section. What is the difference between a Residential Health Care Facility, Convalescent Home/Nursing Home, and an Adult Care Home?

Do you anticipate the definition of Boardinghouse changing? The reason I ask is according to the definition it would seem that a group home could be a boardinghouse if by the "definite period" you are identifying the terms of their contract (if the resident signs for 6 months at a time), they are typically provided meals, and there is usually more than 3 but less than 20.

Can you identify the reasoning behind why a Boardinghouse is a permitted use, and Residential Health Care Facility, Private Club (fraternity/sorority), and Orphanages are permitted with a conditional use in R-5, but no Adult Care Homes are permitted?

Was there a reason behind not allowing Adult Care Homes in the S-R district which allows dwellings in addition to more intensive uses such as medical labs, financial institutions, etc.?

The definition of a convalescent home identifies that the facility is for individuals who "...by reason of illness or physical infirmity are unable to properly care for themselves..."; however it goes on to state that "...alcoholics, drug addicts, persons with mental diseases and persons with communicable diseases, including contagious tuberculosis, shall not be admitted or cared for in these homes...". Do you anticipate changing this or are there concerns regarding fair housing regulations for prohibiting individuals with communicable diseases? I didn't see a definition for drug addicts in the code. Would this account for only individuals that are actively using or would it include those who are receiving treatment and not actively using. If they have a disability created from the drug use, but are no longer using would they be treated as having an "illness or physical infirmity"?

I wasn't able to locate an application or registration form on your website for 'group homes'. Would you be able to send it in the response email? Is there a separate form for the different types of facilities?

Thank you for your time.

Cody Gleason | Planner  
City of Peoria | Planning and Community Development  
9875 N. 85th Avenue Peoria, AZ 85345  
623.773.7645 | [cody.gleason@peoriaaz.gov](mailto:cody.gleason@peoriaaz.gov) | [peoriaaz.gov](http://peoriaaz.gov)  
Office Hours are Monday through Thursday, 7am to 6pm

**ATTACHMENT #4**

## Bloemberg, Greg

---

**From:** rintemann@cox.net  
**Sent:** Wednesday, October 05, 2016 3:36 PM  
**To:** Bloemberg, Greg  
**Subject:** RE: SB 1350 short term vacation rentals

Hi Greg, and thanks for your response , my first request to the city on this matter was never answered..... I did a simple search on the city website .....sb 1350 airbnb.... It came up with a Legislative updates on SB 1350 it said ... City Position ... opposed.... intill acceptable amendments are adopted..... let me know if you can find this..... I hope you and our city fathers understand why we the City of Scottsdale.... have over 5,000 vacation rentals listed on several online vacation rental website today and most are listed with short term rates. Its about not having to pay the BED TAX ....nothing more nothing less. .... I will try to addend you meeting. I have several comments /concerns / suggestions but will wait for your return e-mail. Bob Intemann

---- "Bloemberg wrote:

> Mr. Intemann,

>

> Thank you for your inquiry and feedback. I am unaware of any City opposition to Senate Bill 1350; nor am I aware of the City pursuing changes to it. What I can tell you is we are in the process of updating our Zoning Ordinance to bring it into compliance with Senate Bill 1350. Unfortunately, I cannot confirm at this time that you will be able to start renting on a short-term basis again in 2017, as the ordinance amendment is still pending.

>

> If you'd like additional information, I will be holding Community Open Houses here at the City offices on 10/17 and 10/18 at 5:00. The address is 7447 E. Indian School Road. You can also send me comments/concerns/suggestions in writing via e-mail if you cannot attend the Open Houses.

>

> Regards,

>

> Greg Bloemberg

> Senior Planner

> Current Planning

> City of Scottsdale

> e-mail: [gbloemberg@scottsdaleaz.gov](mailto:gbloemberg@scottsdaleaz.gov)

> phone: 480-312-4306

>

> -----Original Message-----

> From: [rintemann@cox.net](mailto:rintemann@cox.net) [<mailto:rintemann@cox.net>]

> Sent: Wednesday, October 05, 2016 6:32 AM

> To: Bloemberg, Greg

> Subject: SB 1350 short term vacation rentals

>

> Hi Greg, Could you please update me on the city's plans to allow short term rental's starting when this bill takes effect on Jan 1 2017. I understand that the city opposes this bill and is looking into having changes make to it. I own a property in an R-3 district and for about 3 years from 2006 - 2008 I was licensed for short term stays and paid all my bed taxes. Code enforcement contacted me and said i could not do short term leasing on my property because i did not have hotel motel zoning. I don't want to update my listing or sign up again to pay bed taxes if no changes are going to be made. I would like to have a letter from the city letting me know that i can allow short term leasing again starting on Jan 1 2017. Thank you for your response Robert Intemann address is 7901 e Wilshire dr Scottsdale Az.

>

## Bloemberg, Greg

---

**From:** rintemann@cox.net  
**Sent:** Wednesday, October 05, 2016 4:37 PM  
**To:** Bloemberg, Greg  
**Subject:** RE: SB 1350 short term vacation rentals

Hi Gregg, Just so you know i have 2 vacation rental listings on both the homeaway websites and on airbnb the listing # on homeaway are # 211200 and City Prescott # 3023184 . I have a Az state sales tax license and a city of Prescott tax license for my Prescott listing. I post my State license and my Prescott tax number on my web-site. I no longer have a City of Scottsdale Tax license for my Scottsdale listing i now only offer 30 day stays , i have in the past offered short term stays at my Scottsdale listing and all short term stays bed taxes have been paid in full to the City of Scottsdale. Bob Intemann

---- "Bloemberg wrote:

> Mr. Intemann,

>

> Thank you for your inquiry and feedback. I am unaware of any City opposition to Senate Bill 1350; nor am I aware of the City pursuing changes to it. What I can tell you is we are in the process of updating our Zoning Ordinance to bring it into compliance with Senate Bill 1350. Unfortunately, I cannot confirm at this time that you will be able to start renting on a short-term basis again in 2017, as the ordinance amendment is still pending.

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> Greg Bloemberg

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> City of Scottsdale

> e-mail: [gbloemberg@scottsdaleaz.gov](mailto:gbloemberg@scottsdaleaz.gov)

> phone: 480-312-4306

>

> -----Original Message-----

> From: [rintemann@cox.net](mailto:rintemann@cox.net) [<mailto:rintemann@cox.net>]

> Sent: Wednesday, October 05, 2016 6:32 AM

> To: Bloemberg, Greg

> Subject: SB 1350 short term vacation rentals

>

> Hi Greg, Could you please update me on the city's plans to allow short term rental's starting when this bill takes effect on Jan 1 2017. I understand that the city opposes this bill and is looking into having changes make to it. I own a property in an R-3 district and for about 3 years from 2006 - 2008 I was licensed for short term stays and paid all my bed taxes. Code enforcement contacted me and said i could not do short term leasing on my property because i did not have hotel motel zoning. I don't want to update my listing or sign up again to pay bed taxes if no changes are going to be made. I would like to have a letter from the city letting me know that i can allow short term leasing again starting on Jan 1 2017. Thank you for your response Robert Intemann address is 7901 e Wilshire dr Scottsdale Az.

>

## Bloemberg, Greg

---

**From:** rintemann@cox.net  
**Sent:** Thursday, October 06, 2016 9:26 AM  
**To:** Bloemberg, Greg  
**Subject:** RE: SB 1350 short term vacation rentals

Hi Gregg , Yes please let me know if a business license in addition to a tax license is required. I was told by your tax dept that if you have only 1 city rental or 2 state wide you do not need to collect or pay any tax for 30 day or more stays. But things could have changed. I sent you an e-mail of a Daily Courier article on what the city of Prescott has planned for vacation rentals starting Jan 1 2027 . Did you receive it. Bob Intemann

---- "Bloemberg wrote:

> Mr. Intemann,

>

> The amendment I am working on is strictly zoning and land use related, but I know that the City is taking a holistic approach when it comes to dealing with short-term rentals. The issue of licensing is one of the things we are looking into.

>

> I am not sure if the City currently requires a business license for short-term rentals. I am copying Teresa Hoglund with our Tax & License Division in this e-mail. Perhaps she can shed some light on the matter.

>

> Teresa, FYI. Please advise when you have a moment.

>

> Thank you for the information.

>

> Regards,

>

> Greg Bloemberg

> Senior Planner

> Current Planning

> City of Scottsdale

> e-mail: [gbloemberg@scottsdaleaz.gov](mailto:gbloemberg@scottsdaleaz.gov)

> phone: 480-312-4306

>

> -----Original Message-----

> From: [rintemann@cox.net](mailto:rintemann@cox.net) [<mailto:rintemann@cox.net>]

> Sent: Wednesday, October 05, 2016 6:03 PM

> To: Bloemberg, Greg

> Subject: RE: SB 1350 short term vacation rentals

>

> Hi Gregg. Question , does the City of Scottsdale require a Business License for all including landlords short term and long term. Starting in 2017 The city of Prescott is requiring all business owners including landlords short term and long term to have and hold a current business license. The City of Prescott charges all long term rentals a 2 % tax. And on top of that a less than 30 day rental tax of 3 % for a total of 5 % if you are renting a home /condo/apt or just a room in your house. If you are doing business in the City of Prescott you must be licensed. This would be a good # 1 suggestion for the City of Scottsdale.Please your feedback.

> ---- "Bloemberg wrote:

> > Mr. Intemann,

> >

>> Thank you for your inquiry and feedback. I am unaware of any City opposition to Senate Bill 1350; nor am I aware of the City pursuing changes to it. What I can tell you is we are in the process of updating our Zoning Ordinance to bring it into compliance with Senate Bill 1350. Unfortunately, I cannot confirm at this time that you will be able to start renting on a short-term basis again in 2017, as the ordinance amendment is still pending.

>>

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>>

>> Regards,

>>

>> Greg Bloemberg

>> Senior Planner

>> Current Planning

>> City of Scottsdale

>> e-mail: [gbloemberg@scottsdaleaz.gov](mailto:gbloemberg@scottsdaleaz.gov)

>> phone: 480-312-4306

>>

>> -----Original Message-----

>> From: [rintemann@cox.net](mailto:rintemann@cox.net) [mailto:[rintemann@cox.net](mailto:rintemann@cox.net)]

>> Sent: Wednesday, October 05, 2016 6:32 AM

>> To: Bloemberg, Greg

>> Subject: SB 1350 short term vacation rentals

>>

>> Hi Greg, Could you please update me on the city's plans to allow short term rental's starting when this bill takes effect on Jan 1 2017. I understand that the city opposes this bill and is looking into having changes make to it. I own a property in an R-3 district and for about 3 years from 2006 - 2008 I was licensed for short term stays and paid all my bed taxes. Code enforcement contacted me and said i could not do short term leasing on my property because i did not have hotel motel zoning. I don't want to update my listing or sign up again to pay bed taxes if no changes are going to be made. I would like to have a letter from the city letting me know that i can allow short term leasing again starting on Jan 1 2017. Thank you for your response Robert Intemann address is 7901 e Wilshire dr Scottsdale Az.

>>

>

>

## Bloemberg, Greg

---

**From:** rintemann@cox.net  
**Sent:** Monday, October 10, 2016 1:04 PM  
**To:** Bloemberg, Greg  
**Subject:** RE: QUESTION AND COMMENT sb 1350

I agree. I see some guest homes listed , most of them in N Scottsdale rented on airbnb and homeaway.com Some are larger than my home in south scottsdale . They rent for big bucks , not licensed, pay no rental or bed taxes. They all need to understand its a guest house ..... I free place to stay for the owners guests not to be rented short or long term.

---- "Bloemberg wrote:

> Hello Bob,

>

> In order to preserve the intent of single-family zoning, we are proposing that restriction remain in place.

>

> Greg Bloemberg

> Senior Planner

> Current Planning

> City of Scottsdale

> e-mail: [gbloemberg@scottsdaleaz.gov](mailto:gbloemberg@scottsdaleaz.gov)

> phone: 480-312-4306

>

> -----Original Message-----

> From: [rintemann@cox.net](mailto:rintemann@cox.net) [<mailto:rintemann@cox.net>]

> Sent: Monday, October 10, 2016 8:32 AM

> To: Bloemberg, Greg

> Subject: QUESTION AND COMMENT sb 1350

>

> Hi Gregg, just noticed that airbnb is collecting bed taxes direct for the city of Phoenix looks like they are the first AZ city to issue them a license. Question Single family use regulations Sec . 5.102 A. 7.C says.....The guest house shall not be rented or offered for rent independent of the main building. Will this change or stay. Bob Intemann

>

Notes from Robert Intemann email rintemann@cox.net  
short term Rental SB-1350

#1. Define who is responsible for a Tax and a Business license.

- \* Owner of property
- \* Property manager (could be a web-site)
- \* RE agent/broker

#2 Require a parking space for your guests

- \* 1 Room 1 Space

#3 Make website's more accountable. "Require on listing."

- \* Name of responsible person
- \* Address of property
- \* Business or tax license #
- \* Property listing #

#4. Most websites collect a renter fee 7%. Plus other add on fees. They should be required to also be licensed and pay a tax on the fees they collect. Sometimes, fees and taxes are ~~being~~ not being reported

#5 If property is in a HOA ask for a letter of approval before a license is granted.

... HOA ... short term renting.



**Vacation Rentals or Short-Term Rentals/3-TA-2016  
Open House  
October 17, 2016**



Please provide all information so that we can provide you with future updates & notifications of meetings and/or hearings.

Name: Robert Intemann Phone: 480-280-6372

Address: 7901 E. Wilshire Dr Scottsdale, AZ 85257

E-mail: rintemann@cox.net

Affiliation: \_\_\_\_\_

Name: \_\_\_\_\_ Phone: \_\_\_\_\_

Address: \_\_\_\_\_

E-mail: \_\_\_\_\_

Affiliation: \_\_\_\_\_

Name: \_\_\_\_\_ Phone: \_\_\_\_\_

Address: \_\_\_\_\_

E-mail: \_\_\_\_\_

Affiliation: \_\_\_\_\_

Name: \_\_\_\_\_ Phone: \_\_\_\_\_

Address: \_\_\_\_\_

E-mail: \_\_\_\_\_

Affiliation: \_\_\_\_\_

Name: \_\_\_\_\_ Phone: \_\_\_\_\_

Address: \_\_\_\_\_

E-mail: \_\_\_\_\_

Affiliation: \_\_\_\_\_

Name: \_\_\_\_\_ Phone: \_\_\_\_\_

Address: \_\_\_\_\_

E-mail: \_\_\_\_\_

Affiliation: \_\_\_\_\_



**Vacation Rentals or Short-Term Rentals/3-TA-2016**  
**Open House**  
**October 17, 2016**



Please provide all information so that we can provide you with future updates & notifications of meetings and/or hearings.

Name: Prescott Smith Phone: 602-957-3434

Address: 6371 E. Weldon Ave.

E-mail: Prescott@technical Solutions AZ.com

Affiliation: \_\_\_\_\_

Name: Susan Ritter Smith Phone: 602 957 3434

Address: 5806 E. Lewis

E-mail: sbsmith@technical Solutions AZ.com

Affiliation: \_\_\_\_\_

Name: DAVID SMITH Phone: \_\_\_\_\_

Address: 10801 E. Happy Valley Rd #82

E-mail: dsmith@scottsdaleaz.gov

Affiliation: CO5

Name: DIANA SMITH Phone: \_\_\_\_\_

Address: 10801 E. Happy Valley

E-mail: diana1234@aol.com

Affiliation: \_\_\_\_\_

Name: \_\_\_\_\_ Phone: \_\_\_\_\_

Address: \_\_\_\_\_

E-mail: \_\_\_\_\_

Affiliation: \_\_\_\_\_

Name: \_\_\_\_\_ Phone: \_\_\_\_\_

Address: \_\_\_\_\_

E-mail: \_\_\_\_\_

Affiliation: \_\_\_\_\_