

TOWN OF PARADISE VALLEY

**Short Term and Vacation Rental Property
Regulations - as authorized by HB 2672**

Town Council Study Session

December 5, 2019



Key Question

- Does the Council desire to adopt an Ordinance regulating residential vacation rentals or short-term rentals as authorized by HB 2672?



House Bill 2672

- During the 2019 Legislative Session, the State Legislature passed HB 2672. This bill made some small changes to the authority that cities and towns have in the regulation of residential vacation rentals or short-term rentals (STR)
- HB 2672 clarifies that cities and towns can prohibit a STR operator (owner) from using a STR for non-residential purposes, including retail, restaurant, banquet space or other similar use
- It also allows cities and towns to require that before offering for rent or renting a STR the owner of a STR must provide contact information for someone who is responsible for responding to complaints
- And HB 2672 also provides for provisions that require the contact person to respond to complaints in a timely manner



House Bill 2672 & AZ Dept. of Revenue

- HB 2672 also authorized the Arizona Department of Revenue (ADOR) to impose additional penalties in some circumstances (for “verified violations”) to STR operators who have been cited by a local government for ordinance violations relating to their STR operations
- The bill requires local governments that issue a citation at an STR to make a reasonable attempt to notify the owner, or their designee, within seven business days of a citation being issued, but only if contact information has been provided pursuant to a local requirement
- HB 2672 requires local government to notify ADOR within 30 days of certain STR violations being finally adjudicated; each a verified violation
- Thereafter ADOR will take such verified violations and assess penalties against the owner for each such verified violations; with penalties starting at \$500 for first violation; and \$1,000 for a 2nd and \$1,500 for a 3rd and subsequent violations occurring in a 12 month period



The Ordinance

- Some municipalities have adopted provisions in their municipal codes that set forth the authority by HB 2672
- The proposed draft Ordinance will allow the Town to adopt the additional provisions authorized by HB 2672 to help code enforcement officials more easily enforce such provisions
- The draft ordinance will incorporate provisions that require STR owners to identify a contact person; and failure to do such will be a violation of the Town Code and punishable as such
- It also requires responses to complaints in a “timely manner”:
 - Within 2 hours for an incident where the police or “on scene” (at the STR property) at the time of the attempted contact with the contact person
 - Within 24 hours where the attempted first contact is made subsequent to the police (or code enforcement officer) leaving the scene (STR property)



The Ordinance

- The Ordinance includes a provision that STRs must comply with all federal, state and local laws, rules and regulations related to public health, safety, sanitation, solid waste, hazardous waste, tax privilege licensing (including advertising requirements), property tax registration, traffic control, pollution control, noise, property maintenance, and nuisance abatement
- Failure to comply with other state laws may be chargeable by the Town, such as the failure to obtain a transaction privilege tax license or to post that license number on all online listings for the STR
- The Ordinance also makes any violation punishable either as a criminal misdemeanor or a civil offense; with the charging decision by the police or code enforcement officer typically being related to the gravity of the particular offense and/or repeat offenses by the STR



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Questions/Comments?

