

## PROPOSED NEW FEE FOR SHORT-TERM RENTAL PERMIT AND RENEWALS

The Planning and Development Department (PDD) is requesting to add a new fee for Short-Term Rental permits and renewals. The proposed amendment to the City Code, *Sections 10-193 through 10-197 and adding Sections 10-198 through 206 to Chapter 10, Article XVI* related to Short-Term Vacation Rentals will incorporate Arizona Revised Statute (A.R.S.) 9-500.39 requirements for obtaining a STR permit and charging a permit and renewal fee.

### Summary

In 2016, the Arizona Legislature enacted A.R.S. 9-500.39 authorizing municipalities to create provisions for registrations of short-term vacation rentals. The City of Phoenix adopted Short-Term Vacation Rental Ordinance (G-6653) in January of 2020, implementing the requirement for STR owners or designees to register each STR rental property with the city of Phoenix, so that responsible party contact information was available if there were problems resulting from a particular short-term rental unit.

In 2022, the Arizona Legislature approved Senate Bill 1168 (SB1168) amending A.R.S. 9-500.39, which authorized cities and towns to create a very limited permit/license process to better regulate short-term rentals. The proposed amendment establishes a STR permit application process and owners/designees are required to comply with the new application process. Under the new enhanced penalty structure, any owner who operates a STR without a permit is subject to a civil sanction of up to \$1,000 per month. As part of SB1168, STR owners/designees must also meet specific operating requirements prior to the issuance of a permit/license as a condition for operating a short-term rental property.

As part of SB1168, municipalities may charge up to a maximum fee of \$250 for new permits and renewals. Owners/designees must pay a permit/licenses fee for new permits and renewals. The City of Phoenix is proposing the maximum amount allowed by the State Statute of \$250 for new permits and renewals. Until the program is fully defined and ordinance language is finalized the precise fees necessary to recover the costs of implementing the program will not be known. There are currently 3,600 registered short-term rental properties. If all property owners register, the estimated annual revenue collected will be \$900,000. Annual revenue is expected to increase over time with outreach. The general fund will receive the income generated from fees.