



City of Yuma

Legislation Text

File #: O2024-014, Version: 1

DEPARTMENT:	STRATEGIC OUTCOMES	ACTION
Finance	<input type="checkbox"/> Safe & Prosperous <input checked="" type="checkbox"/> Active & Appealing <input checked="" type="checkbox"/> Respected & Responsible	<input type="checkbox"/> Motion <input type="checkbox"/> Resolution <input type="checkbox"/> Ordinance - Introduction
DIVISION:	<input type="checkbox"/> Connected & Engaged <input type="checkbox"/> Unique & Creative	<input checked="" type="checkbox"/> Ordinance - Adoption <input type="checkbox"/> Public Hearing

TITLE:

Text Amendment: Short-Term Rentals (Vacation Rentals)

SUMMARY RECOMMENDATION:

Amend Title 7 of the Yuma City Code to add a new Chapter 77: Short-Term Rentals (STRs) to provide for regulations consistent with Arizona Revised Statutes, Titles 9 and 42 (Finance) (Doug Allen/Rodney Short)

STRATEGIC OUTCOME:

Consistent with the preemptions and regulations in State of Arizona law and rules promulgated by the Arizona Department of Revenue, the proposed text amendment will ensure short-term rentals pay the same tax as other transient lodging operations such as hotels and motels, supporting the City Council's strategic outcomes of Active and Appealing and Respected and Responsible.

REPORT:

This text amendment updates the Yuma City Code to remain consistent with the laws and regulations in Arizona Revised Statutes (A.R.S.) and the regulations and rules of the State of Arizona Department of Revenue (AZDOR) in relation to short-term rentals (STR) operations. STRs are single-family or multi-family dwellings, full or partial, offered for short-term lodging, in a similar fashion but as an alternative to hotel or motel operations. Initially, most STR property was owned privately, but recently large, corporate investment groups have been buying properties in most locales across Arizona and converting existing homes, apartments, condominiums into rental units, specifically STR operations.

Whether owned by an individual, family, or by a large corporation, the owners typically list the STR on an online lodging marketplace through companies such as AirBnB, VRBO, HomeAway, HomeToGo, Guesty, and many other national and international platforms. STRs are wildly successful, especially in Arizona, and have emerged as strong competition to classic lodging operations.

The incredible success of STRs also placed a noticeable strain on local communities. Dwellings in highly-desirable locales quickly converted a large portion the available housing stock, sometimes the bulk of a single neighborhood, into STRs and tourist zones. This sometimes resulted in STRs being used for large parties prompting noise complaints from nearby residents. Local town councils, city councils, and county supervisors began regulating STRs through zoning, which prompted a nationwide movement by the online lodging marketplace operators to begin lobbying state legislators for uniform rules for locating and taxing STRs. Arizona's Legislature responded very early and starting in 2016, the Arizona Legislature began passing laws

preempting almost all local control on operations of STRs.

This caused some unintended consequences, so local Arizona communities, advocacy organizations such as the League of Arizona Cities and Towns, and the online lodging marketplace operators began looking for mutually beneficial statewide laws to assist the communities as well as the industry.

It took many years, but finally the last couple of Legislative sessions began to provide a sliver of authority back to local town and city councils for STR operations within their jurisdictions. The current law is found at A.R.S. § 9-500.39 and while it still largely preempts local authority, the statute does allow some local control for items like requiring business licenses for STR operations and requiring the business license number be displayed on the online marketplace advertisements offering the STR.

STR operators in the State of Arizona were already required to have a State transaction-privilege tax (TPT) number and to display the TPT number on STR advertisements and offerings. The Legislature now extends the display requirement to local TPT licenses as well. Adding the local license numbers on advertisements ensures the AZDOR assigns the proper transient lodging regulations to STRs in the jurisdiction. The State tax statutes found in Title 42 of the A.R.S., the Model City Tax Code (MCTC), and AZDOR regulations and rules classify STRs as transient lodging operations and subjects them to the same taxes and rates applicable to hotels, motels, or other transient lodging operations within the jurisdiction.

Adopting the proposed Ordinance and regulations in Exhibit A follows State law and AZDOR regulations and places STRs on an even taxable basis with similar hotel/motel/transient lodging operations.

FISCAL REQUIREMENTS:

CITY FUNDS:	\$ 0.00	BUDGETED:	\$ 0.00
STATE FUNDS:	\$ 0.00	AVAILABLE TO TRANSFER:	\$ 0.00
FEDERAL FUNDS:	\$ 0.00	IN CONTINGENCY:	\$ 0.00
OTHER SOURCES:	\$ 0.00	FUNDING: ACCOUNT/FUND #/CIP	
TOTAL \$ 0.00			
-			
To total; right click number & choose "Update Field"			

FISCAL IMPACT STATEMENT:

NONE

ADDITIONAL INFORMATION:

SUPPORTING DOCUMENTS NOT ATTACHED TO THE CITY COUNCIL ACTION FORM THAT ARE ON FILE IN THE OFFICE OF THE CITY CLERK:

NONE

IF CITY COUNCIL ACTION INCLUDES A CONTRACT, LEASE OR AGREEMENT, WHO WILL BE RESPONSIBLE FOR ROUTING THE DOCUMENT FOR SIGNATURE AFTER CITY COUNCIL APPROVAL?

- Department
- City Clerk's Office
- Document to be recorded

Document to be codified

Acting City Administrator: John D. Simonton	Date: 04/08/2024
Reviewed by City Attorney: Richard W. Files	Date: 04/05/2024