



**Bill Number: S.B. 1024**

**Borrelli Floor Amendment**

**Reference to: printed bill**

**Amendment drafted by: Carolyn Speroni**

## **FLOOR AMENDMENT EXPLANATION**

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- 1. Requires the Arizona Department of Health Services (DHS) to share information with the Arizona Department of Revenue (DOR) only upon request.**
- 2. Requires, upon request, DHS to share with DOR licensee information of a medical marijuana dispensary including its name and registry identification number, its physical address, cultivation site, transaction privilege tax license number and information about its supplier in addition to sales data.**
- 3. Allows DOR to disclose confidential information to DHS to determine if a medical marijuana dispensary is in compliance with transaction privilege tax requirements.**

**Amendment explanation prepared by Carolyn Speroni**

**02/04/2019**

BORRELLI FLOOR AMENDMENT  
SENATE AMENDMENTS TO S.B. 1024  
(Reference to printed bill)

1 Page 2, line 1, after "I." insert "UPON REQUEST"

2 Line 2, after "REVENUE" insert "LICENSEE INFORMATION OF A MEDICAL MARIJUANA  
3 DISPENSARY INCLUDING ITS NAME AND REGISTRY IDENTIFICATION NUMBER, ITS  
4 PHYSICAL ADDRESS, CULTIVATION SITE, TRANSACTION PRIVILEGE TAX LICENSE  
5 NUMBER, INFORMATION ABOUT ITS SUPPLIER AND"

6 Line 3, after "FROM" insert "THE"

7 Line 4, strike "DISPENSARIES" insert "DISPENSARY"

8 Page 2, between lines 7 and 8, insert:

9 "Sec. 2. Section 42-2003, Arizona Revised Statutes, is amended to  
10 read:

11 42-2003. Authorized disclosure of confidential information

12 A. Confidential information relating to:

13 1. A taxpayer may be disclosed to the taxpayer, its successor in  
14 interest or a designee of the taxpayer who is authorized in writing by the  
15 taxpayer. A principal corporate officer of a parent corporation may  
16 execute a written authorization for a controlled subsidiary.

17 2. A corporate taxpayer may be disclosed to any principal officer,  
18 any person designated by a principal officer or any person designated in a  
19 resolution by the corporate board of directors or other similar governing  
20 body. If a corporate officer signs a statement under penalty of perjury  
21 representing that the officer is a principal officer, the department may  
22 rely on the statement until the statement is shown to be false. For the  
23 purposes of this paragraph, "principal officer" includes a chief executive  
24 officer, president, secretary, treasurer, vice president of tax, chief  
25 financial officer, chief operating officer or chief tax officer or any

1 other corporate officer who has the authority to bind the taxpayer on  
2 matters related to state taxes.

3 3. A partnership may be disclosed to any partner of the partnership.  
4 This exception does not include disclosure of confidential information of a  
5 particular partner unless otherwise authorized.

6 4. A limited liability company may be disclosed to any member of the  
7 company or, if the company is manager-managed, to any manager.

8 5. An estate may be disclosed to the personal representative of the  
9 estate and to any heir, next of kin or beneficiary under the will of the  
10 decedent if the department finds that the heir, next of kin or beneficiary  
11 has a material interest that will be affected by the confidential  
12 information.

13 6. A trust may be disclosed to the trustee or trustees, jointly or  
14 separately, and to the grantor or any beneficiary of the trust if the  
15 department finds that the grantor or beneficiary has a material interest  
16 that will be affected by the confidential information.

17 7. A government entity may be disclosed to the head of the entity or  
18 a member of the governing board of the entity, or any employee of the  
19 entity who has been delegated the authorization in writing by the head of  
20 the entity or the governing board of the entity.

21 8. Any taxpayer may be disclosed if the taxpayer has waived any  
22 rights to confidentiality either in writing or on the record in any  
23 administrative or judicial proceeding.

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

26 10. Any taxpayer may be disclosed during a meeting or telephone call  
27 if the taxpayer is present during the meeting or telephone call and  
28 authorizes the disclosure of confidential information.

29 B. Confidential information may be disclosed to:

1           1. Any employee of the department whose official duties involve tax  
2 administration.

3           2. The office of the attorney general solely for its use in  
4 preparation for, or in an investigation that may result in, any proceeding  
5 involving tax administration before the department or any other agency or  
6 board of this state, or before any grand jury or any state or federal  
7 court.

8           3. The department of liquor licenses and control for its use in  
9 determining whether a spirituous liquor licensee has paid all transaction  
10 privilege taxes and affiliated excise taxes incurred as a result of the  
11 sale of spirituous liquor, as defined in section 4-101, at the licensed  
12 establishment and imposed on the licensed establishments by this state and  
13 its political subdivisions.

14           4. Other state tax officials whose official duties require the  
15 disclosure for proper tax administration purposes if the information is  
16 sought in connection with an investigation or any other proceeding  
17 conducted by the official. Any disclosure is limited to information of a  
18 taxpayer who is being investigated or who is a party to a proceeding  
19 conducted by the official.

20           5. The following agencies, officials and organizations, if they  
21 grant substantially similar privileges to the department for the type of  
22 information being sought, pursuant to statute and a written agreement  
23 between the department and the foreign country, agency, state, Indian tribe  
24 or organization:

25           (a) The United States internal revenue service, alcohol and tobacco  
26 tax and trade bureau of the United States treasury, United States bureau of  
27 alcohol, tobacco, firearms and explosives of the United States department  
28 of justice, United States drug enforcement agency and federal bureau of  
29 investigation.

30           (b) A state tax official of another state.

1 (c) An organization of states, federation of tax administrators or  
2 multistate tax commission that operates an information exchange for tax  
3 administration purposes.

4 (d) An agency, official or organization of a foreign country with  
5 responsibilities that are comparable to those listed in subdivision (a),  
6 (b) or (c) of this paragraph.

7 (e) An agency, official or organization of an Indian tribal  
8 government with responsibilities comparable to the responsibilities of the  
9 agencies, officials or organizations identified in subdivision (a), (b) or  
10 (c) of this paragraph.

11 6. The auditor general, in connection with any audit of the  
12 department subject to the restrictions in section 42-2002, subsection D.

13 7. Any person to the extent necessary for effective tax  
14 administration in connection with:

15 (a) The processing, storage, transmission, destruction and  
16 reproduction of the information.

17 (b) The programming, maintenance, repair, testing and procurement of  
18 equipment for purposes of tax administration.

19 (c) The collection of the taxpayer's civil liability.

20 8. The office of administrative hearings relating to taxes  
21 administered by the department pursuant to section 42-1101, but the  
22 department shall not disclose any confidential information without the  
23 taxpayer's written consent:

24 (a) Regarding income tax or withholding tax.

25 (b) On any tax issue relating to information associated with the  
26 reporting of income tax or withholding tax.

27 9. The United States treasury inspector general for tax  
28 administration for the purpose of reporting a violation of internal revenue  
29 code section 7213A (26 United States Code section 7213A), unauthorized  
30 inspection of returns or return information.

1           10. The financial management service of the United States treasury  
2 department for use in the treasury offset program.

3           11. The United States treasury department or its authorized agent  
4 for use in the state income tax levy program and in the electronic federal  
5 tax payment system.

6           12. The Arizona commerce authority for its use in:

7           (a) Qualifying renewable energy operations for the tax incentives  
8 under section 42-12006.

9           (b) Qualifying businesses with a qualified facility for income tax  
10 credits under sections 43-1083.03 and 43-1164.04.

11           (c) Fulfilling its annual reporting responsibility pursuant to  
12 section 41-1511, subsections U and V and section 41-1512, subsections U  
13 and V.

14           (d) Certifying computer data centers for tax relief under section  
15 41-1519.

16           13. A prosecutor for purposes of section 32-1164, subsection C.

17           14. The office of the state fire marshal for use in determining  
18 compliance with and enforcing title 37, chapter 9, article 5.

19           15. The department of transportation for its use in administering  
20 taxes, surcharges and penalties prescribed by title 28.

21           16. The Arizona health care cost containment system administration  
22 for its use in administering nursing facility provider assessments.

23           17. The department of administration risk management division and  
24 the office of the attorney general if the information relates to a claim  
25 against this state pursuant to section 12-821.01 involving the department  
26 of revenue.

27           18. Another state agency if the taxpayer authorizes the disclosure  
28 of confidential information in writing, including an authorization that is  
29 part of an application form or other document submitted to the agency.

1           19. The department of economic security for its use in determining  
2 whether an employer has paid all amounts due under the unemployment  
3 insurance program pursuant to title 23, chapter 4.

4           20. THE DEPARTMENT OF HEALTH SERVICES FOR ITS USE IN DETERMINING IF A  
5 MEDICAL MARIJUANA DISPENSARY IS IN COMPLIANCE WITH THE TAX REQUIREMENTS OF  
6 TITLE 42, CHAPTER 5 FOR PURPOSES OF SECTION 36-2806, SUBSECTION A.

7           C. Confidential information may be disclosed in any state or federal  
8 judicial or administrative proceeding pertaining to tax administration  
9 pursuant to the following conditions:

10           1. One or more of the following circumstances must apply:

11           (a) The taxpayer is a party to the proceeding.

12           (b) The proceeding arose out of, or in connection with, determining  
13 the taxpayer's civil or criminal liability, or the collection of the  
14 taxpayer's civil liability, with respect to any tax imposed under this  
15 title or title 43.

16           (c) The treatment of an item reflected on the taxpayer's return is  
17 directly related to the resolution of an issue in the proceeding.

18           (d) Return information directly relates to a transactional  
19 relationship between a person who is a party to the proceeding and the  
20 taxpayer and directly affects the resolution of an issue in the proceeding.

21           2. Confidential information may not be disclosed under this  
22 subsection if the disclosure is prohibited by section 42-2002, subsection C  
23 or D.

24           D. Identity information may be disclosed for purposes of notifying  
25 persons entitled to tax refunds if the department is unable to locate the  
26 persons after reasonable effort.

27           E. The department, on the request of any person, shall provide the  
28 names and addresses of bingo licensees as defined in section 5-401, verify  
29 whether or not a person has a privilege license and number, a tobacco  
30 product distributor's license and number or a withholding license and

1 number or disclose the information to be posted on the department's website  
2 or otherwise publicly accessible pursuant to section 42-1124, subsection F  
3 and section 42-3401.

4 F. A department employee, in connection with the official duties  
5 relating to any audit, collection activity or civil or criminal  
6 investigation, may disclose return information to the extent that  
7 disclosure is necessary to obtain information that is not otherwise  
8 reasonably available. These official duties include the correct  
9 determination of and liability for tax, the amount to be collected or the  
10 enforcement of other state tax revenue laws.

11 G. Confidential information relating to transaction privilege tax,  
12 use tax, severance tax, jet fuel excise and use tax and any other tax  
13 collected by the department on behalf of any jurisdiction may be disclosed  
14 to any county, city or town tax official if the information relates to a  
15 taxpayer who is or may be taxable by a county, city or town or who may be  
16 subject to audit by the department pursuant to section 42-6002. Any  
17 taxpayer information released by the department to the county, city or  
18 town:

- 19 1. May only be used for internal purposes, including audits.
- 20 2. May not be disclosed to the public in any manner that does not  
21 comply with confidentiality standards established by the department. The  
22 county, city or town shall agree in writing with the department that any  
23 release of confidential information that violates the confidentiality  
24 standards adopted by the department will result in the immediate suspension  
25 of any rights of the county, city or town to receive taxpayer information  
26 under this subsection.

27 H. The department may disclose statistical information gathered from  
28 confidential information if it does not disclose confidential information  
29 attributable to any one taxpayer. The department may disclose statistical



1 information gathered from confidential information, even if it discloses  
2 confidential information attributable to a taxpayer, to:

3 1. The state treasurer in order to comply with the requirements of  
4 section 42-5029, subsection A, paragraph 3.

5 2. The joint legislative income tax credit review committee, the  
6 joint legislative budget committee staff and the legislative staff in order  
7 to comply with the requirements of section 43-221.

8 I. The department may disclose the aggregate amounts of any tax  
9 credit, tax deduction or tax exemption enacted after January 1, 1994.  
10 Information subject to disclosure under this subsection shall not be  
11 disclosed if a taxpayer demonstrates to the department that such  
12 information would give an unfair advantage to competitors.

13 J. Except as provided in section 42-2002, subsection C, confidential  
14 information, described in section 42-2001, paragraph 1, subdivision (a),  
15 item (ii), may be disclosed to law enforcement agencies for law enforcement  
16 purposes.

17 K. The department may provide transaction privilege tax license  
18 information to property tax officials in a county for the purpose of  
19 identification and verification of the tax status of commercial property.

20 L. The department may provide transaction privilege tax, luxury tax,  
21 use tax, property tax and severance tax information to the  
22 ombudsman-citizens aide pursuant to title 41, chapter 8, article 5.

23 M. Except as provided in section 42-2002, subsection D, a court may  
24 order the department to disclose confidential information pertaining to a  
25 party to an action. An order shall be made only on a showing of good cause  
26 and that the party seeking the information has made demand on the taxpayer  
27 for the information.

28 N. This section does not prohibit the disclosure by the department  
29 of any information or documents submitted to the department by a bingo

1 licensee. Before disclosing the information the department shall obtain the  
2 name and address of the person requesting the information.

3 O. If the department is required or permitted to disclose  
4 confidential information, it may charge the person or agency requesting the  
5 information for the reasonable cost of its services.

6 P. Except as provided in section 42-2002, subsection D, the  
7 department of revenue shall release confidential information as requested  
8 by the department of economic security pursuant to section 42-1122 or  
9 46-291. Information disclosed under this subsection is limited to the same  
10 type of information that the United States internal revenue service is  
11 authorized to disclose under section 6103(1)(6) of the internal revenue  
12 code.

13 Q. Except as provided in section 42-2002, subsection D, the  
14 department of revenue shall release confidential information as requested  
15 by the courts and clerks of the court pursuant to section 42-1122.

16 R. To comply with the requirements of section 42-5031, the  
17 department may disclose to the state treasurer, to the county stadium  
18 district board of directors and to any city or town tax official that is  
19 part of the county stadium district confidential information attributable  
20 to a taxpayer's business activity conducted in the county stadium district.

21 S. The department shall release to the attorney general confidential  
22 information as requested by the attorney general for purposes of  
23 determining compliance with or enforcing any of the following:

24 1. Any public health control law relating to tobacco sales as  
25 provided under title 36, chapter 6, article 14.

26 2. Any law relating to reduced cigarette ignition propensity  
27 standards as provided under title 37, chapter 9, article 5.

28 3. Sections 44-7101 and 44-7111, the master settlement agreement  
29 referred to in those sections and all agreements regarding disputes under  
30 the master settlement agreement.

1           T. For proceedings before the department, the office of  
2 administrative hearings, the board of tax appeals or any state or federal  
3 court involving penalties that were assessed against a return preparer, an  
4 electronic return preparer or a payroll service company pursuant to section  
5 42-1103.02, 42-1125.01 or 43-419, confidential information may be disclosed  
6 only before the judge or administrative law judge adjudicating the  
7 proceeding, the parties to the proceeding and the parties' representatives  
8 in the proceeding prior to its introduction into evidence in the  
9 proceeding. The confidential information may be introduced as evidence in  
10 the proceeding only if the taxpayer's name, the names of any dependents  
11 listed on the return, all social security numbers, the taxpayer's address,  
12 the taxpayer's signature and any attachments containing any of the  
13 foregoing information are redacted and if either:

14           1. The treatment of an item reflected on such return is or may be  
15 related to the resolution of an issue in the proceeding.

16           2. Such a return or the return information relates or may relate to  
17 a transactional relationship between a person who is a party to the  
18 proceeding and the taxpayer that directly affects the resolution of an  
19 issue in the proceeding.

20           3. The method of payment of the taxpayer's withholding tax liability  
21 or the method of filing the taxpayer's withholding tax return is an issue  
22 for the period.

23           U. The department and attorney general may share the information  
24 specified in subsection S of this section with any of the following:

25           1. Federal, state or local agencies located in this state for the  
26 purposes of enforcement of the statutes or agreements specified in  
27 subsection S of this section or for the purposes of enforcement of  
28 corresponding laws of other states.

1           2. Indian tribes located in this state for the purposes of  
2 enforcement of the statutes or agreements specified in subsection S of this  
3 section.

4           3. A court, arbitrator, data clearinghouse or similar entity for the  
5 purpose of assessing compliance with or making calculations required by the  
6 master settlement agreement or agreements regarding disputes under the  
7 master settlement agreement, and with counsel for the parties or expert  
8 witnesses in any such proceeding, if the information otherwise remains  
9 confidential.

10           V. The department may provide the name and address of qualifying  
11 hospitals and qualifying health care organizations, as defined in section  
12 42-5001, to a business classified and reporting transaction privilege tax  
13 under the utilities classification.

14           W. The department may disclose to an official of any city, town or  
15 county in a current agreement or considering a prospective agreement with  
16 the department as described in section 42-5032.02, subsection G any  
17 information relating to amounts subject to distribution required by section  
18 42-5032.02. Information disclosed by the department under this subsection:

19           1. May only be used by the city, town or county for internal  
20 purposes.

21           2. May not be disclosed to the public in any manner that does not  
22 comply with confidentiality standards established by the department. The  
23 city, town or county must agree with the department in writing that any  
24 release of confidential information that violates the confidentiality  
25 standards will result in the immediate suspension of any rights of the  
26 city, town or county to receive information under this subsection.

27           X. Notwithstanding any other provision of this section, the  
28 department may not disclose information provided by an online lodging  
29 marketplace, as defined in section 42-5076, without the written consent of  
30 the online lodging marketplace, and the information may be disclosed only

1 pursuant to subsection A, paragraphs 1 through 6, 8 and 10, subsection B,  
2 paragraphs 1, 2, 7 and 8 and subsections C and D of this section. Such  
3 information:

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

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

8 Renumber to conform

9 Amend title to conform

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