

COMMITTEE ON FINANCE
SENATE AMENDMENTS TO S.B. 1490
(Reference to printed bill)

1 Page 2, line 7, after "ARE" strike remainder of line
2 Line 8, strike "RESIDENTIAL PURPOSES, THAT ARE SOLELY LEASED OR"
3 Line 9, after "DAYS" insert "FOR A TOTAL OF MORE THAN NINETY DAYS IN A
4 CALENDAR YEAR,"
5 Between lines 14 and 15 insert:
6 "Sec. 2. Section 42-2003, Arizona Revised Statutes, is amended to
7 read:
8 42-2003. Authorized disclosure of confidential information
9 A. Confidential information relating to:
10 1. A taxpayer may be disclosed to the taxpayer, its successor in
11 interest or a designee of the taxpayer who is authorized in writing by the
12 taxpayer. A principal corporate officer of a parent corporation may
13 execute a written authorization for a controlled subsidiary.
14 2. A corporate taxpayer may be disclosed to any principal officer,
15 any person designated by a principal officer or any person designated in a
16 resolution by the corporate board of directors or other similar governing
17 body. If a corporate officer signs a statement under penalty of perjury
18 representing that the officer is a principal officer, the department may
19 rely on the statement until the statement is shown to be false. For the
20 purposes of this paragraph, "principal officer" includes a chief executive
21 officer, president, secretary, treasurer, vice president of tax, chief
22 financial officer, chief operating officer or chief tax officer or any
23 other corporate officer who has the authority to bind the taxpayer on
24 matters related to state taxes.

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

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

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

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

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

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

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

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

27 B. Confidential information may be disclosed to:

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

30 2. The office of the attorney general solely for its use in
31 preparation for, or in an investigation that may result in, any proceeding
32 involving tax administration before the department or any other agency or

1 board of this state, or before any grand jury or any state or federal
2 court.

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

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

15 5. The following agencies, officials and organizations, if they
16 grant substantially similar privileges to the department for the type of
17 information being sought, pursuant to statute and a written agreement
18 between the department and the foreign country, agency, state, Indian tribe
19 or organization:

20 (a) The United States internal revenue service, alcohol and tobacco
21 tax and trade bureau of the United States treasury, United States bureau of
22 alcohol, tobacco, firearms and explosives of the United States department
23 of justice, United States drug enforcement agency and federal bureau of
24 investigation.

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

26 (c) An organization of states, federation of tax administrators or
27 multistate tax commission that operates an information exchange for tax
28 administration purposes.

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

1 (e) An agency, official or organization of an Indian tribal
2 government with responsibilities comparable to the responsibilities of the
3 agencies, officials or organizations identified in subdivision (a), (b) or
4 (c) of this paragraph.

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

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

9 (a) The processing, storage, transmission, destruction and
10 reproduction of the information.

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

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

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

18 (a) Regarding income tax or withholding tax.

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

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

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

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

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

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

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

3 (c) Fulfilling its annual reporting responsibility pursuant to
4 section 41-1511, subsections U and V and section 41-1512, subsections U
5 and V.

6 (d) Certifying computer data centers for tax relief under section
7 41-1519.

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

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

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

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

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

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

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

25 20. The department of health services for its use in determining ~~if~~
26 ~~WHETHER~~ a medical marijuana dispensary is in compliance with the tax
27 requirements of ~~title 42,~~ chapter 5 ~~OF THIS TITLE~~ for purposes of section
28 36-2806, subsection A.

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

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

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

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

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

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

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

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

17 E. The department, on the request of any person, shall provide the
18 names and addresses of bingo licensees as defined in section 5-401, verify
19 whether or not a person has a privilege license and number, a tobacco
20 product distributor's license and number or a withholding license and
21 number or disclose the information to be posted on the department's website
22 or otherwise publicly accessible pursuant to section 42-1124, subsection F
23 and section 42-3401.

24 F. A department employee, in connection with the official duties
25 relating to any audit, collection activity or civil or criminal
26 investigation, may disclose return information to the extent that
27 disclosure is necessary to obtain information that is not otherwise
28 reasonably available. These official duties include the correct
29 determination of and liability for tax, the amount to be collected or the
30 enforcement of other state tax revenue laws.

31 G. Confidential information relating to transaction privilege tax,
32 use tax, severance tax, jet fuel excise and use tax and any other tax

1 collected by the department on behalf of any jurisdiction may be disclosed
2 to any county, city or town tax official if the information relates to a
3 taxpayer who is or may be taxable by a county, city or town or who may be
4 subject to audit by the department pursuant to section 42-6002. Any
5 taxpayer information that is released by the department to the county, city
6 or town:

7 1. May be used only for internal purposes, including audits. If
8 there is a legitimate business need relating to enforcing laws, regulations
9 and ordinances pursuant to section 9-500.39 or 11-269.17, a county, city or
10 town tax official may redisclose transaction privilege tax information
11 relating to a vacation rental or short-term rental property owner or online
12 lodging operator from the new license report and license update report,
13 subject to the following:

14 (a) The information redisclosed is limited to the following:

15 (i) The transaction privilege tax license number.

16 (ii) The type of organization or ownership of the business.

17 (iii) The legal business name and doing business as name, if
18 different from the legal name.

19 (iv) The business mailing address, tax record physical location
20 address, telephone number, email address and fax number.

21 (v) The date the business started in this state, the business
22 description and the North American industry classification system code.

23 (vi) THE OCCUPANCY DATA AND THE NUMBER OF NIGHTS A VACATION RENTAL OR
24 SHORT-TERM RENTAL IS RENTED, PER SITUS ADDRESS, BY TRANSACTION PRIVILEGE
25 TAX LICENSE NUMBER.

26 ~~(vii)~~ (vii) The name, address and telephone number for each owner,
27 partner, corporate officer, member, managing member or official of the
28 employing unit.

29 (b) Redisclosure is limited to nonelected officials in other units
30 within the county, city or town. The information may not be redisclosed to
31 an elected official or the elected official's staff~~;~~, EXCEPT THE
32 TRANSACTION PRIVILEGE TAX INFORMATION MAY BE REDISCLOSED TO THE COUNTY

1 ASSESSOR'S OFFICE TO USE TO PROPERLY CLASSIFY A PROPERTY FOR PROPERTY TAX
2 CLASSIFICATION PURPOSES.

3 (c) All redisclosures of confidential information made pursuant to
4 this paragraph are subject to paragraph 2 of this subsection.

5 2. May not be disclosed to the public in any manner that does not
6 comply with confidentiality standards established by the department. The
7 county, city or town shall agree in writing with the department that any
8 release of confidential information that violates the confidentiality
9 standards adopted by the department will result in the immediate suspension
10 of any rights of the county, city or town to receive taxpayer information
11 under this subsection.

12 H. The department may disclose statistical information gathered from
13 confidential information if it does not disclose confidential information
14 attributable to any one taxpayer. The department may disclose statistical
15 information gathered from confidential information, even if it discloses
16 confidential information attributable to a taxpayer, to:

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

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

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

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

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

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

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

12 N. This section does not prohibit the disclosure by the department
13 of any information or documents submitted to the department by a bingo
14 licensee. Before disclosing the information, the department shall obtain
15 the name and address of the person requesting the information.

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

19 P. Except as provided in section 42-2002, subsection D, the
20 department of revenue shall release confidential information as requested
21 by the department of economic security pursuant to section 42-1122 or
22 46-291. Information disclosed under this subsection is limited to the same
23 type of information that the United States internal revenue service is
24 authorized to disclose under section 6103(l)(6) of the internal revenue
25 code.

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

29 R. To comply with the requirements of section 42-5031, the
30 department may disclose to the state treasurer, to the county stadium
31 district board of directors and to any city or town tax official that is

1 part of the county stadium district confidential information attributable
2 to a taxpayer's business activity conducted in the county stadium district.

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

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

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

10 3. Sections 44-7101 and 44-7111, the master settlement agreement
11 referred to in those sections and all agreements regarding disputes under
12 the master settlement agreement.

13 T. For proceedings before the department, the office of
14 administrative hearings, the state board of tax appeals or any state or
15 federal court involving penalties that were assessed against a return
16 preparer, an electronic return preparer or a payroll service company
17 pursuant to section 42-1103.02, 42-1125.01 or 43-419, confidential
18 information may be disclosed only before the judge or administrative law
19 judge adjudicating the proceeding, the parties to the proceeding and the
20 parties' representatives in the proceeding prior to its introduction into
21 evidence in the proceeding. The confidential information may be introduced
22 as evidence in the proceeding only if the taxpayer's name, the names of any
23 dependents listed on the return, all social security numbers, the
24 taxpayer's address, the taxpayer's signature and any attachments containing
25 any of the foregoing information are redacted and if either:

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

28 2. Such a return or the return information relates or may relate to
29 a transactional relationship between a person who is a party to the
30 proceeding and the taxpayer that directly affects the resolution of an
31 issue in the proceeding.

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

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

6 1. Federal, state or local agencies located in this state for the
7 purposes of enforcement of the statutes or agreements specified in
8 subsection S of this section or for the purposes of enforcement of
9 corresponding laws of other states.

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

13 3. A court, arbitrator, data clearinghouse or similar entity for the
14 purpose of assessing compliance with or making calculations required by the
15 master settlement agreement or agreements regarding disputes under the
16 master settlement agreement, and with counsel for the parties or expert
17 witnesses in any such proceeding, if the information otherwise remains
18 confidential.

19 V. The department may provide the name and address of qualifying
20 hospitals and qualifying health care organizations, as defined in section
21 42-5001, to a business that is classified and reporting transaction
22 privilege tax under the utilities classification.

23 W. The department may disclose to an official of any city, town or
24 county in a current agreement or considering a prospective agreement with
25 the department as described in section 42-5032.02, subsection G any
26 information relating to amounts subject to distribution that are required
27 by section 42-5032.02. Information disclosed by the department under this
28 subsection:

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

31 2. May not be disclosed to the public in any manner that does not
32 comply with confidentiality standards established by the department. The

1 city, town or county must agree with the department in writing that any
2 release of confidential information that violates the confidentiality
3 standards will result in the immediate suspension of any rights of the
4 city, town or county to receive information under this subsection.

5 X. Notwithstanding any other provision of this section, the
6 department may not disclose information provided by an online lodging
7 marketplace, as defined in section 42-5076, without the written consent of
8 the online lodging marketplace, and the information may be disclosed only
9 pursuant to subsection A, paragraphs 1 through 6, 8 and 10, subsection B,
10 paragraphs 1, 2, 7 and 8 and subsections C, D and G of this section. Such
11 information:

12 1. Is not subject to disclosure pursuant to title 39, relating to
13 public records.

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

16 Renumber to conform

17 Page 3, line 25, strike "SOLELY leased or"

18 Line 26, after "OF" insert "LESS THAN"; strike "OR MORE" insert "FOR A TOTAL
19 OF LESS THAN NINETY DAYS IN A CALENDAR YEAR"

20 Line 30, after "one" insert "PURSUANT TO SECTION 42-12001, PARAGRAPH 15"

21 Amend title to conform

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S: MG/gs