

## HOUSE FLOOR AMENDMENT EXPLANATION



Bill Number: **HB 2429**

Bolick Floor Amendment

The Bolick substitute floor amendment dated 02/01/2021 at 12:08 PM does the following:

1. Corrects a drafting error;
2. Adds the recreational marijuana excise tax to the taxpayer confidentiality statutes as prescribed by the proposition; and,
3. Removes added language regarding property tax.

Amendment explanation prepared by Vince Perez

Phone Number 65989

Is

2/1/2021

Fifty-fifth Legislature  
First Regular Session

Bolick  
H.B. 2429

BOLICK SUBSTITUTE FLOOR AMENDMENT  
HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2429

I move the following SUBSTITUTE amendment to the WAYS & MEANS Committee Amendment to

HOUSE BILL 2429 (Reference to printed bill)

1 Page 7, line 41, after "contractor" strike remainder of line  
2 Line 42, strike "internal revenue service guidelines or any other federal  
3 guidelines"  
4 Page 8, line 2, strike "preferred applicants, employees or contractors" insert  
5 "[APPLICANT, EMPLOYEE OR CONTRACTOR](#)"  
6 Line 10, strike "or temporary employee"  
7 Between lines 30 and 31, insert:  
8        "Sec. 4. Section 42-2001, Arizona Revised Statutes, is amended to  
9 read:  
10            [42-2001. Definitions](#)  
11            In this article, unless the context otherwise requires:  
12            1. "Confidential information":  
13            (a) Includes the following information whether it concerns  
14 individual taxpayers or is aggregate information for specifically  
15 identified taxpayers:  
16            (i) Returns and reports filed with the department for income tax,  
17 withholding tax, transaction privilege tax, luxury tax, use tax, property  
18 tax, [EXCISE TAX ON MARIJUANA](#) and severance tax.

1                         (ii) Applications TO RECEIVE A LICENSE OR REGISTRATION for  
2 transaction privilege ~~LICENSES~~ TAX, luxury tax ~~LICENSES~~, use tax ~~LICENSES~~,  
3 EXCISE TAX ON MARIJUANA and withholding ~~LICENSES~~ TAX.

4                         (iii) Information discovered concerning taxes and receipts by the  
5 department, whether or not by compulsory process.

6                         (iv) Return information obtained from the United States internal  
7 revenue service and United States bureau of alcohol, tobacco and firearms.

8                         (v) Information supplied at the special request of the department by  
9 a taxpayer that the taxpayer requests to be held in confidence.

10                         (vi) Guidelines, standards or procedures that are established by the  
11 department for, or other information relating to, selecting returns or  
12 taxpayers for examination or settling or compromising any tax liability.

13                         (vii) A taxpayer's identity, the nature, source or amount of the  
14 taxpayer's income, payments, receipts, deductions, exemptions, credits,  
15 assets, liabilities, net worth, tax liability, tax withheld, deficiencies,  
16 overassessments or tax payments, whether the taxpayer's return was, is  
17 being or will be examined or subject to investigation, collection or  
18 processing or any other data received by, recorded by, prepared by,  
19 furnished to or collected by the department with respect to a return or  
20 with respect to the termination, or possible existence, of liability of any  
21 person for any tax, penalty or interest imposed pursuant to this title or  
22 title 43.

23                         (viii) Information supplied by an employee to an employer regarding  
24 the employee's election to have the employee's withholding tax reduced for  
25 the purposes of contributions to qualifying charitable organizations,  
26 qualified school tuition organizations or public schools pursuant to  
27 section 43-401, subsection G.

28                         (b) Does not include information that is otherwise a public record.

29                         2. "Report" includes a notice of insurance payments, a request for a  
30 release of a bank account and an inventory of a safe deposit box.

31                         3. "Return" includes any form prescribed by the department and any  
32 supporting schedules, attachments and lists.

1           4. "Tax administration" includes assessment, collection,  
2 investigation, litigation, statistical gathering functions, enforcement,  
3 policy making functions or management of those functions of the tax revenue  
4 laws of this state.

5           5. "Tax official" means a nonelected employee or the nonelected  
6 employee's designee or agent who is responsible for tax administration.

7           6. "Taxpayer", with respect to a joint return, means either party.

8           Sec. 5. Section 42-2003, Arizona Revised Statutes, is amended to  
9 read:

10           42-2003. Authorized disclosure of confidential information

11           A. Confidential information relating to:

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

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

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

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

1           5. An estate may be disclosed to the personal representative of the  
2 estate and to any heir, next of kin or beneficiary under the will of the  
3 decedent if the department finds that the heir, next of kin or beneficiary  
4 has a material interest that will be affected by the confidential  
5 information.

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

10          7. A government entity may be disclosed to the head of the entity or  
11 a member of the governing board of the entity, or any employee of the  
12 entity who has been delegated the authorization in writing by the head of  
13 the entity or the governing board of the entity.

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

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

19          10. Any taxpayer may be disclosed during a meeting or telephone call  
20 if the taxpayer is present during the meeting or telephone call and  
21 authorizes the disclosure of confidential information.

22         B. Confidential information may be disclosed to:

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

25          2. The office of the attorney general solely for its use in  
26 preparation for, or in an investigation that may result in, any proceeding  
27 involving tax administration before the department or any other agency or  
28 board of this state, or before any grand jury or any state or federal  
29 court.

30          3. The department of liquor licenses and control for its use in  
31 determining whether a spirituous liquor licensee has paid all transaction  
32 privilege taxes and affiliated excise taxes incurred as a result of the

1       sale of spirituous liquor, as defined in section 4-101, at the licensed  
2       establishment and imposed on the licensed establishments by this state and  
3       its political subdivisions.

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

10          5. The following agencies, officials and organizations, if they  
11       grant substantially similar privileges to the department for the type of  
12       information being sought, pursuant to statute and a written agreement  
13       between the department and the foreign country, agency, state, Indian tribe  
14       or organization:

15              (a) The United States internal revenue service, alcohol and tobacco  
16       tax and trade bureau of the United States treasury, United States bureau of  
17       alcohol, tobacco, firearms and explosives of the United States department  
18       of justice, United States drug enforcement agency and federal bureau of  
19       investigation.

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

21              (c) An organization of states, federation of tax administrators or  
22       multistate tax commission that operates an information exchange for tax  
23       administration purposes.

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

27              (e) An agency, official or organization of an Indian tribal  
28       government with responsibilities comparable to the responsibilities of the  
29       agencies, officials or organizations identified in subdivision (a), (b) or  
30       (c) of this paragraph.

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

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

3           (a) The processing, storage, transmission, destruction and  
4 reproduction of the information.

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

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

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

12           (a) Regarding income tax or withholding tax.

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

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

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

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

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

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

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

29           (c) Fulfilling its annual reporting responsibility pursuant to  
30 section 41-1511, subsections U and V and section 41-1512, subsections U  
31 and V.

1                   (d) Certifying computer data centers for tax relief under section  
2       41-1519.

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

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

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

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

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

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

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

20                  20. The department of health services for its use in determining ~~THE FOLLOWING:~~  
21       ~~THE FOLLOWING:~~

22                  (a) WHETHER a medical marijuana dispensary is in compliance with the  
23       tax requirements of ~~title 42~~, chapter 5 OF THIS TITLE for THE purposes of  
24       section 36-2806, subsection A.

25                  (b) WHETHER A MARIJUANA ESTABLISHMENT, MARIJUANA TESTING FACILITY OR  
26       DUAL LICENSEE LICENSED UNDER TITLE 36, CHAPTER 28.2 IS IN COMPLIANCE WITH  
27       THE TAX OBLIGATIONS UNDER THIS TITLE OR TITLE 43.

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

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

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

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

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

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

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

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

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

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

30                         G. Confidential information relating to transaction privilege tax,  
31 use tax, severance tax, jet fuel excise and use tax and any other tax  
32 collected by the department on behalf of any jurisdiction may be disclosed

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

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

13 (a) The information redisclosed is limited to the following:  
14 (i) The transaction privilege tax license number.  
15 (ii) The type of organization or ownership of the business.  
16 (iii) The legal business name and doing business as name, if  
17 different from the legal name.

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

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

22 (vi) The name, address and telephone number for each owner, partner,  
23 corporate officer, member, managing member or official of the employing  
24 unit.

25 (b) Redisclosure is limited to nonelected officials in other units  
26 within the county, city or town. The information may not be redisclosed to  
27 an elected official or the elected official's staff.

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

30 2. May not be disclosed to the public in any manner that does not  
31 comply with confidentiality standards established by the department. The  
32 county, city or town shall agree in writing with the department that any

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

5 H. The department may disclose statistical information gathered from  
6 confidential information if it does not disclose confidential information  
7 attributable to any one taxpayer. The department may disclose statistical  
8 information gathered from confidential information, even if it discloses  
9 confidential information attributable to a taxpayer, to:

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

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

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

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

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

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

30 M. Except as provided in section 42-2002, subsection D, a court may  
31 order the department to disclose confidential information pertaining to a  
32 party to an action. An order shall be made only on a showing of good cause

1       and that the party seeking the information has made demand on the taxpayer  
2       for the information.

3           N. This section does not prohibit the disclosure by the department  
4       of any information or documents submitted to the department by a bingo  
5       licensee. Before disclosing the information, the department shall obtain  
6       the name and address of the person requesting the information.

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

10          P. Except as provided in section 42-2002, subsection D, the  
11       department of revenue shall release confidential information as requested  
12       by the department of economic security pursuant to section 42-1122 or  
13       46-291. Information disclosed under this subsection is limited to the same  
14       type of information that the United States internal revenue service is  
15       authorized to disclose under section 6103(1)(6) of the internal revenue  
16       code.

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

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

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

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

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

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

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

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

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

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

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

28           1. Federal, state or local agencies located in this state for the  
29 purposes of enforcement of the statutes or agreements specified in  
30 subsection S of this section or for the purposes of enforcement of  
31 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 that is classified and reporting transaction  
13 privilege tax 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 THAT ARE subject to distribution AND that  
18 are required by section 42-5032.02. Information disclosed by the  
19 department under this subsection:

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

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

28          X. Notwithstanding any other provision of this section, the  
29 department may not disclose information provided by an online lodging  
30 marketplace, as defined in section 42-5076, without the written consent of  
31 the online lodging marketplace, and the information may be disclosed only  
32 pursuant to subsection A, paragraphs 1 through 6, 8 and 10, subsection B,

House Amendments to H.B. 2429

1       paragraphs 1, 2, 7 and 8 and subsections C, D and G of this section. Such  
2       information:

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

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

7       Renumber to conform

8       Page 15, strike lines 10 through 45

9       Renumber to conform

10      Amend title to conform

SHAWNNA LM BOLICK

2429FloorBOLICK  
02/01/2021  
12:08 PM  
C: ED