

State of Arizona
House of Representatives
Fifty-first Legislature
Second Regular Session
2014

HOUSE BILL 2522

AN ACT

AMENDING SECTION 15-448, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2013, FIRST REGULAR SESSION, CHAPTER 10, SECTION 1 AND LAWS 2013, FIRST SPECIAL SESSION, CHAPTER 3, SECTION 8; REPEALING SECTION 15-448, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2013, CHAPTER 66, SECTION 1; AMENDING SECTION 41-619.51, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2013, CHAPTER 128, SECTION 11; REPEALING SECTION 41-619.51, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2013, CHAPTER 129, SECTION 24; AMENDING SECTION 41-1005, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2013, FIRST SPECIAL SESSION, CHAPTER 10, SECTION 10; REPEALING LAWS 2013, CHAPTER 231, SECTION 3; REPEALING SECTION 41-1005, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2013, CHAPTER 231, SECTION 4; AMENDING SECTION 41-1758, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2013, CHAPTER 128, SECTION 12 AND CHAPTER 174, SECTION 2; REPEALING SECTION 41-1758, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2013, CHAPTER 129, SECTION 25; AMENDING SECTION 41-1758.01, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2013, CHAPTER 128, SECTION 13 AND CHAPTER 174, SECTION 3; REPEALING SECTION 41-1758.01, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2013, CHAPTER 129, SECTION 26; AMENDING SECTION 42-2003, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2013, FIRST REGULAR SESSION, CHAPTER 40, SECTION 2, CHAPTER 114, SECTION 6 AND CHAPTER 222, SECTION 3 AND LAWS 2013, FIRST SPECIAL SESSION, CHAPTER 9, SECTION 3; REPEALING SECTION 42-2003, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2013, CHAPTER 255, SECTION 2; AMENDING SECTION 42-5061, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2013, FIRST REGULAR SESSION, CHAPTER 120, SECTION 1 AND CHAPTER 233, SECTION 1 AND LAWS 2013, FIRST SPECIAL SESSION, CHAPTER 9, SECTION 5; REPEALING SECTION 42-5061, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2013, CHAPTER 255, SECTION 13; AMENDING SECTION 42-5071, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2013,

CHAPTER 114, SECTION 7 AND CHAPTER 236, SECTION 2; REPEALING SECTION 42-5071, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2013, CHAPTER 255, SECTION 14; AMENDING SECTION 42-5159, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2013, FIRST SPECIAL SESSION, CHAPTER 9, SECTION 7; REPEALING SECTION 42-5159, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2013, CHAPTER 255, SECTION 17; RELATING TO MULTIPLE, DEFECTIVE AND CONFLICTING LEGISLATIVE DISPOSITIONS OF STATUTORY TEXT.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Purpose

3 1. Section 15-448, Arizona Revised Statutes, was amended by Laws 2013,
4 first regular session, chapter 10, section 1 and chapter 66, section 1 and
5 Laws 2013, first special session, chapter 3, section 8. The Laws 2013, first
6 regular session, chapter 66 version could not be blended because of the
7 delayed effective date. In order to combine these versions, this act amends
8 the blend version of section 15-448, Arizona Revised Statutes, to incorporate
9 the amendments made by Laws 2013, chapter 66 and the chapter 66 version is
10 repealed.

11 2. Section 41-619.51, Arizona Revised Statutes, was amended by Laws
12 2013, chapter 128, section 11 and chapter 129, section 24. The chapter 129
13 version could not be blended because of the delayed effective date. In order
14 to combine these versions, this act amends the Laws 2013, chapter 128 version
15 of section 41-619.51, Arizona Revised Statutes, to incorporate the amendments
16 made by Laws 2013, chapter 129 and the chapter 129 version is repealed.

17 3. Section 41-1005, Arizona Revised Statutes, was amended by Laws
18 2013, first regular session, chapter 197, section 24 and chapter 231, section
19 4 and Laws 2013, first special session, chapter 10, section 10. The Laws
20 2013, first regular session, chapter 231 version could not be blended because
21 it failed to amend the Laws 2013, first regular session, chapter 197 version,
22 which became effective on the governor's signature pursuant to article IX,
23 section 22, Constitution of Arizona, and therefore did not comply with
24 article IV, part 2, section 14, Constitution of Arizona. To accomplish the
25 intent of these enactments, this act amends the Laws 2013, first special
26 session, chapter 10 version of section 41-1005, Arizona Revised Statutes, to
27 incorporate the amendments made by Laws 2013, first regular session, chapter
28 231 and the chapter 231 version is repealed.

29 4. Laws 2013, chapter 231, section 3 attempted to repeal the version
30 of section 41-1005, as amended by Senate Bill 1223, section 24, Fifty-first
31 Legislature, First Regular Session. However, to repeal the changes made in
32 Senate Bill 1223, the section must be set forth and published at full length
33 pursuant to article IV, part 2, section 14, Constitution of Arizona. In
34 order to correct a potentially defective enactment, this act repeals Laws
35 2013, chapter 231, section 3.

36 5. Section 41-1758, Arizona Revised Statutes, was amended by Laws
37 2013, chapter 128, section 12, chapter 129, section 25 and chapter 174,
38 section 2. The chapter 129 version could not be blended because of the
39 delayed effective date. In order to combine these versions, this act amends
40 the blend version of section 41-1758, Arizona Revised Statutes, to
41 incorporate the amendments made by Laws 2013, chapter 129 and the chapter 129
42 version is repealed.

43 6. Section 41-1758.01, Arizona Revised Statutes, was amended by Laws
44 2013, chapter 128, section 13, chapter 129, section 26 and chapter 174,
45 section 3. The chapter 129 version could not be blended because of the

1 delayed effective date. In order to combine these versions, this act amends
2 the blend version of section 41-1758.01, Arizona Revised Statutes, to
3 incorporate the amendments made by Laws 2013, chapter 129 and the chapter 129
4 version is repealed.

5 7. Section 42-2003, Arizona Revised Statutes, was amended by Laws
6 2013, first regular session, chapter 40, section 2, chapter 114, section 6,
7 chapter 222, section 3 and chapter 255, section 2 and Laws 2013, first
8 special session, chapter 9, section 3. The Laws 2013, chapter 255 version
9 could not be blended because of the delayed effective date. In order to
10 combine these versions, this act amends the blend version of section 42-2003,
11 Arizona Revised Statutes, to incorporate the amendments made by Laws 2013,
12 chapter 255 and the chapter 255 version is repealed.

13 8. Section 42-5061, Arizona Revised Statutes, was amended by Laws
14 2013, first regular session, chapter 120, section 1, chapter 233, section 1
15 and chapter 255, section 13 and Laws 2013, first special session, chapter 9,
16 section 5. The Laws 2013, chapter 255 version could not be blended because
17 of the delayed effective date. In order to combine these versions, this act
18 amends the blend version of section 42-5061, Arizona Revised Statutes, to
19 incorporate the amendments made by Laws 2013, chapter 255 and the chapter 255
20 version is repealed.

21 9. Section 42-5071, Arizona Revised Statutes, was amended by Laws
22 2013, chapter 114, section 7, chapter 236, section 2 and chapter 255,
23 section 14. The chapter 255 version could not be blended because of the
24 delayed effective date. In order to combine these versions, this act amends
25 the blend version of section 42-5071, Arizona Revised Statutes, to
26 incorporate the amendments made by Laws 2013, chapter 255 and the chapter 255
27 version is repealed.

28 10. Section 42-5159, Arizona Revised Statutes, was amended by Laws
29 2013, first regular session, chapter 255, section 17 and Laws 2013, first
30 special session, chapter 9, section 7. The Laws 2013, chapter 255 version
31 could not be blended because of the delayed effective date. In order to
32 combine these versions, this act amends the Laws 2013, first special session,
33 chapter 9 version of section 42-5159, Arizona Revised Statutes, to
34 incorporate the amendments made by Laws 2013, chapter 255 and the chapter 255
35 version is repealed.

36 Sec. 2. Section 15-448, Arizona Revised Statutes, as amended by Laws
37 2013, first regular session, chapter 10, section 1 and Laws 2013, first
38 special session, chapter 3, section 8, is amended to read:

39 15-448. Formation of unified school district; board membership;
40 budget

41 A. One or more common school districts and a high school district with
42 coterminous or overlapping boundaries may establish a unified school district
43 pursuant to this section. Unification of a common school district and a high
44 school district is not authorized by this section if any of the high school

1 facilities owned by the new unified school district would not be located
2 within its boundaries.

3 B. Formation of a unified school district shall be by resolutions
4 approved by the governing boards of the unifying school districts and
5 certification of approval by such governing boards to the county school
6 superintendent of the county or counties in which such individual school
7 districts are located. A common school district and high school district
8 that unify pursuant to this section shall not exclude from the same
9 unification a common school district that has overlapping boundaries with the
10 high school district and that wishes to unify. Except as provided in
11 subsection D of this section, the formation of a unified school district
12 shall become effective on July 1 of the next fiscal year following the
13 certification of the county school superintendent. An election shall not be
14 required to form a unified school district pursuant to this section. At
15 least ninety days before the governing boards vote on the resolutions
16 prescribed in this subsection, the governing boards shall mail a pamphlet to
17 each household with one or more qualified electors that shall list the full
18 cash value, the assessed valuation and the estimated amount of the primary
19 property taxes and the estimated amount of the secondary property taxes under
20 the proposed unification for each of the following:

21 1. An owner occupied residence whose assessed valuation is the average
22 assessed valuation of property classified as class three, as prescribed by
23 section 42-12003 for the current year in the school district.

24 2. An owner occupied residence whose assessed valuation is one-half of
25 the assessed valuation of the residence in paragraph 1 of this subsection.

26 3. An owner occupied residence whose assessed valuation is twice the
27 assessed valuation of the residence in paragraph 1 of this subsection.

28 4. A business whose assessed valuation is the average of the assessed
29 valuation of property classified as class one, as prescribed by section
30 42-12001, paragraphs 12 and 13 for the current year in the school district.

31 C. The boundaries of the unified school district shall be the
32 boundaries of the former common school district or districts that unify. The
33 boundaries of the common school district or districts that are not unifying
34 remain unchanged. The county school superintendent, immediately on receipt
35 of the approved resolutions prescribed by subsection B of this section, shall
36 file with the board of supervisors, the county assessor and the
37 superintendent of public instruction a transcript of the boundaries of the
38 unified school district. The boundaries shown in the transcript shall become
39 the legal boundaries of the school districts on July 1 of the next fiscal
40 year.

41 D. On formation of the unified school district, the governing board
42 consists of the members of the former school district governing boards and
43 the members shall hold office until January 1 following the first general
44 election after formation of the district. For the purpose of all actions
45 that are necessary for the operation of the unified district for the next

1 year, the unified school district governing board is constituted and may
2 conduct meetings after the adoption of the unification resolutions prescribed
3 by subsection B of this section.

4 E. Beginning on January 1 following the first general election after
5 formation of the unified school district, the governing board shall have five
6 members. At the first general election after the formation of the district,
7 members shall be elected in the following manner:

8 1. The three candidates receiving the highest, the second highest and
9 the third highest number of votes shall be elected to four year terms.

10 2. The two candidates receiving the fourth and fifth highest number of
11 votes shall be elected to two year terms. Thereafter all offices shall have
12 four year terms.

13 F. The new unified school district may appoint a resident of the
14 remaining common school district to serve as a nonvoting member of the
15 governing board to represent the interests of the high school pupils who
16 reside in the remaining common school district and who attend school in the
17 unified school district.

18 G. For the first year of operation, the unified school district
19 governing board shall prepare a consolidated budget based on the student
20 counts from the school districts comprising the unified school district,
21 except that for purposes of determining budget amounts and equalization
22 assistance, the student count for the former high school district shall not
23 include the prior year average daily membership attributable to high school
24 pupils from a common school district that was part of the former high school
25 district but is not part of the unified school district. The unified school
26 district shall charge the remaining common school district tuition for these
27 pupils as provided in subsection J of this section. The unified school
28 district may budget for unification assistance pursuant to section 15-912.01.

29 H. The governing board of the unified school district shall prepare
30 policies, curricula and budgets for the district. These policies shall
31 require that:

32 1. The base compensation of each certificated teacher for the first
33 year of operation of the new unified school district shall not be lower than
34 the certificated teacher's base compensation for the prior year in the
35 previously existing school districts.

36 2. The certificated teacher's years of employment in the previously
37 existing school districts shall be included in determining the teacher's
38 certificated years of employment in the new unified school district.

39 I. On formation of a unified school district, any existing override
40 authorization of the former high school district and the former common school
41 district or districts shall continue until expiration based on the revenue
42 control limit of the school district or districts that had override
43 authorization prior to unification. The unified school district may request
44 new override authorization for the budget year as provided in section 15-481
45 based on the combined revenue control limit of the new district after

1 unification. If the unified school district's request for override
2 authorization is approved, it will replace any existing override for the
3 budget year.

4 J. The unified school district shall admit high school pupils who
5 reside in a common school district that was located within the boundaries of
6 the former high school district. Tuition shall be paid to the unified school
7 district by the common school district in which such pupils reside. Such
8 tuition amount shall be calculated in accordance with section 15-824, subject
9 to the following modifications:

10 1. If the former high school district had outstanding bonded
11 indebtedness at the time of unification, the combined tuition for the group
12 of high school pupils who reside in each common school district shall include
13 a debt service amount for the former high school district's outstanding
14 bonded indebtedness that is determined as follows:

15 (a) Divide the total ~~secondary~~ NET assessed valuation of the common
16 school district in which the group of pupils resides by the total ~~secondary~~
17 NET assessed valuation of the former high school district. For the purposes
18 of this subdivision, "~~secondary~~ NET assessed valuation" means ~~secondary~~ NET
19 assessed valuation for the tax year prior to the year when the unified school
20 district governing board is constituted pursuant to subsection D of this
21 section and includes the values used to determine voluntary contributions
22 collected pursuant to title 9, chapter 4, article 3 and title 48, chapter 1,
23 article 8.

24 (b) Multiply the quotient obtained in subdivision (a) of this paragraph
25 by the unified school district's annual debt service expenditure.

26 2. The debt service portion of such tuition payments calculated
27 pursuant to paragraph 1 of this subsection shall be used exclusively for debt
28 service of the outstanding bonded indebtedness of the former high school
29 district. When such indebtedness is fully extinguished, the debt service
30 portion of a pupil's tuition shall be determined in accordance with paragraph
31 3 of this subsection.

32 3. If the former high school district had no outstanding bonded
33 indebtedness at the time of unification, the tuition calculation shall
34 include the actual school district expenditures for the portion of any debt
35 service of the unified school district that pertains to any construction or
36 renovation of high school facilities divided by the school district's student
37 count for the high school portion of the school district.

38 4. The unified school district shall not include in the tuition
39 calculation any debt service that pertains to any construction or renovation
40 of school facilities for preschool through grade eight.

41 5. Notwithstanding section 15-951, subsection F, the revenue control
42 limit of the common school district shall include the full amount of the debt
43 service portion of the tuition calculated pursuant to this subsection.

44 K. All assets and liabilities of the unifying school districts shall
45 be transferred and assumed by the new unified school district. Any existing

1 bonded indebtedness of a common school district or a high school district
2 unifying pursuant to this section shall be assumed by the new unified school
3 district and shall be regarded as an indebtedness of the new unified school
4 district for the purpose of determining the debt incurring authority of the
5 district. Taxes for the payment of such bonded indebtedness shall be levied
6 on all taxable property in the new unified school district, but nothing in
7 this subsection shall be construed to relieve from liability to taxation for
8 the payment of all taxable property of the former high school district if
9 necessary to prevent a default in the payment of any bonded indebtedness of
10 the former high school district. The residents of a common school district
11 that does not unify shall not vote in bond or override elections of the
12 unified school district and shall not be assessed taxes as a result of a bond
13 or override election of the unified school district.

14 L. If the remaining common school district had authorization for an
15 override as provided in section 15-481 or 15-482, the override authorization
16 continues for the remaining common school district or districts in the same
17 manner as before the formation of the unified school district.

18 M. The bonding authorization and bonding limitations continue for the
19 remaining common school district or districts in the same manner as before
20 the formation of the unified school district.

21 N. Nothing in this section shall be construed to relieve a school
22 district formed pursuant to section 15-457 or 15-458 of its liability for any
23 outstanding bonded indebtedness.

24 O. For school districts that become unified after July 1, 2004 and
25 where all of the common schools were eligible for the small school district
26 weight pursuant to section 15-943, paragraph 1, subdivision (a) when
27 computing their base support level and base revenue control limit before
28 unification, the unified school district may continue to use the small school
29 district weight as follows:

30 1. Annually determine the common school student count and the weighted
31 student count pursuant to section 15-943, paragraph 1, subdivision (a) for
32 each common school district before unification.

33 2. Calculate the sum of the common school districts' student counts
34 and weighted student counts determined in paragraph 1 of this subsection.

35 3. Divide the sum of the weighted student counts by the sum of the
36 student counts determined in paragraph 2 of this subsection.

37 4. The amount determined in paragraph 3 of this subsection shall be
38 the weight for the common schools in the unified school district.

39 P. A unified school district may calculate its revenue control limit
40 and district support level by using subsection O of this section as follows:

41 1. Determine the number of individual school districts that existed
42 before unification into a single school district.

43 2. Multiply the amount determined in paragraph 1 of this subsection by
44 six hundred.

1 3. Multiply the amount determined in paragraph 2 of this subsection by
2 0.80.

3 4. If the amount determined in paragraph 3 of this subsection exceeds
4 the student count of the unified school district, the unified school district
5 is eligible to use subsection 0 of this section.

6 Q. Subsections 0 and P of this section shall remain in effect until
7 the aggregate student count of the common school districts before unification
8 exceeds the aggregate number of students of the common school districts
9 before unification authorized to utilize section 15-943, paragraph 1,
10 subdivision (a).

11 Sec. 3. Repeal

12 Section 15-448, Arizona Revised Statutes, as amended by Laws 2013,
13 chapter 66, section 1, is repealed.

14 Sec. 4. Section 41-619.51, Arizona Revised Statutes, as amended by
15 Laws 2013, chapter 128, section 11, is amended to read:

16 41-619.51. Definitions

17 In this article, unless the context otherwise requires:

18 1. "Agency" means the supreme court, the department of economic
19 security, the department of education, the department of health services, the
20 department of juvenile corrections, the department of emergency and military
21 affairs, the department of transportation, the state real estate department
22 or the board of examiners of nursing care institution administrators and
23 assisted living facility managers.

24 2. "Board" means the board of fingerprinting.

25 3. "Central registry exception" means notification to the department
26 of economic security or the department of health services, as appropriate,
27 pursuant to section 41-619.57 that the person is not disqualified because of
28 a central registry check conducted pursuant to section 8-804.

29 4. "Expedited review" means an examination, in accordance with board
30 rule, of the documents an applicant submits by the board or its hearing
31 officer without the applicant being present.

32 5. "Good cause exception" means the issuance of a fingerprint
33 clearance card to an employee pursuant to section 41-619.55.

34 6. "Person" means a person who is required to be fingerprinted
35 pursuant to this article or who is subject to a central registry check and
36 any of the following:

- 37 (a) Section 8-105.
- 38 (b) Section 8-322.
- 39 (c) Section 8-509.
- 40 (d) Section 8-802.
- 41 (e) Section 8-804.
- 42 (f) Section 8-804.01.
- 43 (g) Section 15-183.
- 44 (h) Section 15-534.
- 45 (i) Section 15-782.02.

- 1 (j) Section 15-1330.
- 2 (k) Section 15-1881.
- 3 (l) Section 17-215.
- 4 (m) Section 26-103.
- 5 (n) SECTION 28-3413.
- 6 ~~(n)~~ (o) Section 32-2108.01.
- 7 ~~(o)~~ (p) Section 32-2123.
- 8 ~~(p)~~ (q) Section 32-2371.
- 9 ~~(q)~~ (r) Section 32-2372.
- 10 ~~(r)~~ (s) Section 36-207.
- 11 ~~(s)~~ (t) Section 36-411.
- 12 ~~(t)~~ (u) Section 36-425.03.
- 13 ~~(u)~~ (v) Section 36-446.04.
- 14 ~~(v)~~ (w) Section 36-594.01.
- 15 ~~(w)~~ (x) Section 36-594.02.
- 16 ~~(x)~~ (y) Section 36-882.
- 17 ~~(y)~~ (z) Section 36-883.02.
- 18 ~~(z)~~ (aa) Section 36-897.01.
- 19 ~~(aa)~~ (bb) Section 36-897.03.
- 20 ~~(bb)~~ (cc) Section 36-3008.
- 21 ~~(cc)~~ (dd) Section 41-619.53.
- 22 ~~(dd)~~ (ee) Section 41-1964.
- 23 ~~(ee)~~ (ff) Section 41-1967.01.
- 24 ~~(ff)~~ (gg) Section 41-1968.
- 25 ~~(gg)~~ (hh) Section 41-1969.
- 26 ~~(hh)~~ (ii) Section 41-2814.
- 27 ~~(ii)~~ (jj) Section 46-141, subsection A.
- 28 ~~(jj)~~ (kk) Section 46-321.
- 29 Sec. 5. Repeal
- 30 Section ~~41-619.51~~, Arizona Revised Statutes, as amended by Laws 2013,
- 31 chapter 129, section 24, is repealed.
- 32 Sec. 6. Section 41-1005, Arizona Revised Statutes, as amended by Laws
- 33 2013, first special session, chapter 10, section 10, is amended to read:
- 34 ~~41-1005.~~ Exemptions
- 35 A. This chapter does not apply to any:
- 36 1. Rule that relates to the use of public works, including streets and
- 37 highways, under the jurisdiction of an agency if the effect of the order is
- 38 indicated to the public by means of signs or signals.
- 39 2. Order or rule of the Arizona game and fish commission ~~adopted~~
- 40 ~~pursuant to section 5-321 or 5-327 that establishes a fee or section 17-333~~
- 41 ~~that establishes a license classification, fee or application fee~~ THAT DOES
- 42 THE FOLLOWING:
- 43 (a) OPENS, CLOSSES OR ALTERS SEASONS OR ESTABLISHES BAG OR POSSESSION
- 44 LIMITS FOR WILDLIFE.
- 45 (b) ESTABLISHES A FEE PURSUANT TO SECTION 5-321, 5-322 OR 5-327.

1 (c) ESTABLISHES A LICENSE CLASSIFICATION, FEE OR APPLICATION FEE
2 PURSUANT TO TITLE 17, CHAPTER 3, ARTICLE 2.

3 3. Rule relating to section 28-641 or to any rule regulating motor
4 vehicle operation that relates to speed, parking, standing, stopping or
5 passing enacted pursuant to title 28, chapter 3.

6 4. Rule concerning only the internal management of an agency that does
7 not directly and substantially affect the procedural or substantive rights or
8 duties of any segment of the public.

9 5. Rule that only establishes specific prices to be charged for
10 particular goods or services sold by an agency.

11 6. Rule concerning only the physical servicing, maintenance or care of
12 agency owned or operated facilities or property.

13 7. Rule or substantive policy statement concerning inmates or
14 committed youths of a correctional or detention facility in secure custody or
15 patients admitted to a hospital, if made by the state department of
16 corrections, the department of juvenile corrections, the board of executive
17 clemency or the department of health services or a facility or hospital under
18 the jurisdiction of the state department of corrections, the department of
19 juvenile corrections or the department of health services.

20 8. Form whose contents or substantive requirements are prescribed by
21 rule or statute, and instructions for the execution or use of the form.

22 9. Capped fee-for-service schedule adopted by the Arizona health care
23 cost containment system administration pursuant to title 36, chapter 29.

24 10. Fees prescribed by section 6-125.

25 11. Order of the director of water resources adopting or modifying a
26 management plan pursuant to title 45, chapter 2, article 9.

27 12. Fees established under section 3-1086.

28 13. Fee-for-service schedule adopted by the department of economic
29 security pursuant to section 8-512.

30 14. Fees established under sections 41-2144 and 41-2189.

31 15. Rule or other matter relating to agency contracts.

32 16. Fees established under section 32-2067 or 32-2132.

33 17. Rules made pursuant to section 5-111, subsection A.

34 18. Rules made by the Arizona state parks board concerning the
35 operation of the Tonto natural bridge state park, the facilities located in
36 the Tonto natural bridge state park and the entrance fees to the Tonto
37 natural bridge state park.

38 19. Fees or charges established under section 41-511.05.

39 20. Emergency medical services protocols except as provided in section
40 36-2205, subsection B.

41 21. Fee schedules established pursuant to section 36-3409.

42 22. Procedures of the state transportation board as prescribed in
43 section 28-7048.

44 23. Rules made by the state department of corrections.

45 24. Fees prescribed pursuant to section 32-1527.

- 1 25. Rules made by the department of economic security pursuant to
2 section 46-805.
- 3 26. Schedule of fees prescribed by section 23-908.
- 4 27. Procedure that is established pursuant to title 23, chapter 6,
5 article 6.
- 6 28. Rules, administrative policies, procedures and guidelines adopted
7 for any purpose by the Arizona commerce authority pursuant to chapter 10 of
8 this title if the authority provides, as appropriate under the circumstances,
9 for notice of an opportunity for comment on the proposed rules,
10 administrative policies, procedures and guidelines.
- 11 29. Rules made by a marketing commission or marketing committee
12 pursuant to section 3-414.
- 13 30. Administration of public assistance program monies authorized for
14 liabilities that are incurred for disasters declared pursuant to sections
15 26-303 and 35-192.
- 16 31. User charges, tolls, fares, rents, advertising and sponsorship
17 charges, services charges or similar charges established pursuant to section
18 28-7705.
- 19 32. Administration and implementation of the hospital assessment
20 pursuant to section 36-2901.08, except that the Arizona health care cost
21 containment system administration must provide notice and an opportunity for
22 public comment at least thirty days before establishing or implementing the
23 administration of the assessment.
- 24 B. Notwithstanding subsection A, paragraph 22 of this section, at such
25 time as the federal highway administration authorizes the privatization of
26 rest areas, the state transportation board shall make rules governing the
27 lease or license by the department of transportation to a private entity for
28 the purposes of privatization of a rest area.
- 29 C. Coincident with the making of a final rule pursuant to an exemption
30 from the applicability of this chapter under this section, another statute or
31 session law, the agency shall file a copy of the rule with the secretary of
32 state for publication pursuant to section 41-1012 and provide a copy to the
33 council.
- 34 D. Unless otherwise required by law, articles 2, 3, 4 and 5 of this
35 chapter do not apply to the Arizona board of regents and the institutions
36 under its jurisdiction, except that the Arizona board of regents shall make
37 policies or rules for the board and the institutions under its jurisdiction
38 that provide, as appropriate under the circumstances, for notice of and
39 opportunity for comment on the policies or rules proposed.
- 40 E. Unless otherwise required by law, articles 2, 3, 4 and 5 of this
41 chapter do not apply to the Arizona state schools for the deaf and the blind,
42 except that the board of directors of all the state schools for the deaf and
43 the blind shall adopt policies for the board and the schools under its
44 jurisdiction that provide, as appropriate under the circumstances, for notice
45 of and opportunity for comment on the policies proposed for adoption.

1 F. Unless otherwise required by law, articles 2, 3, 4 and 5 of this
2 chapter do not apply to the state board of education, except that the state
3 board of education shall adopt policies or rules for the board and the
4 institutions under its jurisdiction that provide, as appropriate under the
5 circumstances, for notice of and opportunity for comment on the policies or
6 rules proposed for adoption. In order to implement or change any rule, the
7 state board of education shall provide at least two opportunities for public
8 comment.

9 Sec. 7. Repeal

10 Laws 2013, chapter 231, section 3 is repealed.

11 Sec. 8. Repeal

12 Section 41-1005, Arizona Revised Statutes, as amended by Laws 2013,
13 chapter 231, section 4, is repealed.

14 Sec. 9. Section 41-1758, Arizona Revised Statutes, as amended by Laws
15 2013, chapter 128, section 12 and chapter 174, section 2, is amended to read:

16 41-1758. Definitions

17 In this article, unless the context otherwise requires:

18 1. "Agency" means the supreme court, the department of economic
19 security, the department of education, the department of health services, the
20 department of juvenile corrections, the department of emergency and military
21 affairs, the department of transportation, the state real estate department,
22 the board of fingerprinting or the board of examiners of nursing care
23 institution administrators and assisted living facility managers.

24 2. "Division" means the fingerprinting division in the department of
25 public safety.

26 3. "Electronic or internet-based fingerprinting services" means a
27 secure system for digitizing applicant fingerprints and transmitting the
28 applicant data and fingerprints of a person or entity submitting fingerprints
29 to the department of public safety for any authorized purpose under this
30 title. For the purposes of this paragraph, "secure system" means a system
31 that complies with the information technology security policy approved by the
32 department of public safety.

33 4. "Good cause exception" means the issuance of a fingerprint
34 clearance card to an employee pursuant to section 41-619.55.

35 5. "Person" means a person who is required to be fingerprinted
36 pursuant to any of the following:

- 37 (a) Section 8-105.
- 38 (b) Section 8-322.
- 39 (c) Section 8-509.
- 40 (d) Section 8-802.
- 41 (e) Section 15-183.
- 42 (f) Section 15-503.
- 43 (g) Section 15-512.
- 44 (h) Section 15-534.

- 1 (i) Section 15-782.02.
- 2 (j) Section 15-1330.
- 3 (k) Section 15-1881.
- 4 (l) Section 17-215.
- 5 (m) Section 26-103.
- 6 (n) SECTION 28-3413.
- 7 ~~(n)~~ (o) Section 32-2108.01.
- 8 ~~(o)~~ (p) Section 32-2123.
- 9 ~~(p)~~ (q) Section 32-2371.
- 10 ~~(q)~~ (r) Section 32-2372.
- 11 ~~(r)~~ (s) Section 36-207.
- 12 ~~(s)~~ (t) Section 36-411.
- 13 ~~(t)~~ (u) Section 36-425.03.
- 14 ~~(u)~~ (v) Section 36-446.04.
- 15 ~~(v)~~ (w) Section 36-594.01.
- 16 ~~(w)~~ (x) Section 36-594.02.
- 17 ~~(x)~~ (y) Section 36-882.
- 18 ~~(y)~~ (z) Section 36-883.02.
- 19 ~~(z)~~ (aa) Section 36-897.01.
- 20 ~~(aa)~~ (bb) Section 36-897.03.
- 21 ~~(bb)~~ (cc) Section 36-3008.
- 22 ~~(cc)~~ (dd) Section 41-619.52.
- 23 ~~(dd)~~ (ee) Section 41-619.53.
- 24 ~~(ee)~~ (ff) Section 41-1964.
- 25 ~~(ff)~~ (gg) Section 41-1967.01.
- 26 ~~(gg)~~ (hh) Section 41-1968.
- 27 ~~(hh)~~ (ii) Section 41-1969.
- 28 ~~(ii)~~ (jj) Section 41-2814.
- 29 ~~(jj)~~ (kk) Section 46-141, subsection A.
- 30 ~~(kk)~~ (ll) Section 46-321.

31 6. "Vulnerable adult" has the same meaning prescribed in section
32 13-3623.

33 Sec. 10. Repeal

34 Section 41-1758, Arizona Revised Statutes, as amended by Laws 2013,
35 chapter 129, section 25, is repealed.

36 Sec. 11. Section 41-1758.01, Arizona Revised Statutes, as amended by
37 Laws 2013, chapter 128, section 13 and chapter 174, section 3, is amended to
38 read:

39 41-1758.01. Fingerprinting division; powers and duties

40 A. The fingerprinting division is established in the department of
41 public safety and shall:

42 1. Conduct fingerprint background checks for persons and applicants
43 who are seeking licenses from state agencies, employment with licensees,
44 contract providers and state agencies or employment or educational
45 opportunities with agencies that require fingerprint background checks

1 pursuant to sections 8-105, 8-322, 8-509, 8-802, 15-183, 15-503, 15-512,
2 15-534, 15-782.02, 15-1330, 15-1881, 17-215, 26-103, [28-3413](#), 32-2108.01,
3 32-2123, 32-2371, 32-2372, 36-207, 36-411, 36-425.03, 36-446.04, 36-594.01,
4 36-594.02, 36-882, 36-883.02, 36-897.01, 36-897.03, 36-3008, 41-619.52,
5 41-619.53, 41-1964, 41-1967.01, 41-1968, 41-1969 and 41-2814, section 46-141,
6 subsection A and section 46-321.

7 2. Issue fingerprint clearance cards. On issuance, a fingerprint
8 clearance card becomes the personal property of the cardholder and the
9 cardholder shall retain possession of the fingerprint clearance card.

10 3. On submission of an application for a fingerprint clearance card,
11 collect the fees established by the board of fingerprinting pursuant to
12 section 41-619.53 and deposit, pursuant to sections 35-146 and 35-147, the
13 monies collected in the board of fingerprinting fund.

14 4. Inform in writing each person who submits fingerprints for a
15 fingerprint background check of the person's right to petition the board of
16 fingerprinting for a good cause exception pursuant to sections 41-1758.03 and
17 41-1758.07.

18 5. Administer and enforce this article.

19 B. The fingerprinting division may contract for electronic or
20 internet-based fingerprinting services through an entity or entities for the
21 acquisition and transmission of applicant fingerprint and data submissions to
22 the department, including identity verified fingerprints pursuant to section
23 15-106. The entity or entities contracted by the department of public safety
24 may charge the applicant a fee for services provided pursuant to this
25 article. The entity or entities contracted by the department of public
26 safety shall comply with:

27 1. All information privacy and security measures and submission
28 standards established by the department of public safety.

29 2. The information technology security policy approved by the
30 department of public safety.

31 Sec. 12. [Repeal](#)

32 Section [41-1758.01](#), Arizona Revised Statutes, as amended by Laws 2013,
33 chapter 129, section 26, is repealed.

34 Sec. 13. Section 42-2003, Arizona Revised Statutes, as amended by Laws
35 2013, first regular session, chapter 40, section 2, chapter 114, section 6
36 and chapter 222, section 3 and Laws 2013, first special session, chapter 9,
37 section 3, is amended to read:

38 [42-2003. Authorized disclosure of confidential information](#)

39 A. Confidential information relating to:

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

1 2. A corporate taxpayer may be disclosed to any principal officer, any
2 person designated by a principal officer or any person designated in a
3 resolution by the corporate board of directors or other similar governing
4 body.

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

8 4. 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 which will be affected by the confidential
12 information.

13 5. 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 that
16 will be affected by the confidential information.

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

20 7. The name and taxpayer identification numbers of persons issued
21 direct payment permits may be publicly disclosed.

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 court.

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

35 4. Other state tax officials whose official duties require the
36 disclosure for proper tax administration purposes if the information is
37 sought in connection with an investigation or any other proceeding conducted
38 by the official. Any disclosure is limited to information of a taxpayer who
39 is being investigated or who is a party to a proceeding conducted by the
40 official.

41 5. The following agencies, officials and organizations, if they grant
42 substantially similar privileges to the department for the type of
43 information being sought, pursuant to statute and a written agreement between
44 the department and the foreign country, agency, state, Indian tribe or
45 organization:

1 (a) The United States internal revenue service, alcohol and tobacco
2 tax and trade bureau of the United States treasury, United States bureau of
3 alcohol, tobacco, firearms and explosives of the United States department of
4 justice, United States drug enforcement agency and federal bureau of
5 investigation.

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

7 (c) An organization of states, federation of tax administrators or
8 multistate tax commission that operates an information exchange for tax
9 administration purposes.

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

13 (e) An agency, official or organization of an Indian tribal government
14 with responsibilities comparable to the responsibilities of the agencies,
15 officials or organizations identified in subdivision (a), (b) or (c) of this
16 paragraph.

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

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

21 (a) The processing, storage, transmission, destruction and
22 reproduction of the information.

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

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

26 8. The office of administrative hearings relating to taxes
27 administered by the department pursuant to section 42-1101, but the
28 department shall not disclose any confidential information:

29 (a) Regarding income tax or withholding tax.

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

32 9. The United States treasury inspector general for tax administration
33 for the purpose of reporting a violation of internal revenue code section
34 7213A (26 United States Code section 7213A), unauthorized inspection of
35 returns or return information.

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

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

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

42 (a) Qualifying renewable energy operations for the tax incentives
43 under sections 42-12006, 43-1083.01 and 43-1164.01.

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 section
4 41-1511, subsections U and V and section 41-1512, subsections U and V.

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

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

8 14. The state fire marshal for use in determining compliance with and
9 enforcing title 41, chapter 16, article 3.1.

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

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

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

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

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

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

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

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

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

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

33 E. The department, on the request of any person, shall provide the
34 names and addresses of bingo licensees as defined in section 5-401, verify
35 whether or not a person has a privilege license and number, a distributor's
36 license and number or a withholding license and number or disclose the
37 information to be posted on the department's website or otherwise publicly
38 accessible pursuant to section 42-1124, subsection F and section 42-3201,
39 subsection A.

40 F. A department employee, in connection with the official duties
41 relating to any audit, collection activity or civil or criminal
42 investigation, may disclose return information to the extent that disclosure
43 is necessary to obtain information that is not otherwise reasonably
44 available. These official duties include the correct determination of and

1 liability for tax, the amount to be collected or the enforcement of other
2 state tax revenue laws.

3 G. If an organization is exempt from this state's income tax as
4 provided in section 43-1201 for any taxable year, the name and address of the
5 organization and the application filed by the organization on which the
6 department made its determination for exemption together with any papers
7 submitted in support of the application and any letter or document issued by
8 the department concerning the application are open to public inspection.

9 H. Confidential information relating to transaction privilege tax, use
10 tax, severance tax, jet fuel excise and use tax and any other tax collected
11 by the department on behalf of ~~the county~~ ANY JURISDICTION may be disclosed
12 to any county, city or town tax official if the information relates to a
13 taxpayer who is or may be taxable by the county, city or town OR WHO MAY BE
14 SUBJECT TO AUDIT BY THE DEPARTMENT PURSUANT TO SECTION 42-6002. Any taxpayer
15 information released by the department to the county, city or town:

16 1. May only be used for internal purposes, INCLUDING AUDITS.

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

24 I. The department may disclose statistical information gathered from
25 confidential information if it does not disclose confidential information
26 attributable to any one taxpayer. The department may disclose statistical
27 information gathered from confidential information, even if it discloses
28 confidential information attributable to a taxpayer, to:

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

31 2. The joint legislative income tax credit review committee and the
32 joint legislative budget committee staff in order to comply with the
33 requirements of section 43-221.

34 J. The department may disclose the aggregate amounts of any tax
35 credit, tax deduction or tax exemption enacted after January 1, 1994.
36 Information subject to disclosure under this subsection shall not be
37 disclosed if a taxpayer demonstrates to the department that such information
38 would give an unfair advantage to competitors.

39 K. Except as provided in section 42-2002, subsection C, confidential
40 information, described in section 42-2001, paragraph 1, subdivision (a), item
41 (ii), may be disclosed to law enforcement agencies for law enforcement
42 purposes.

43 L. The department may provide transaction privilege tax license
44 information to property tax officials in a county for the purpose of
45 identification and verification of the tax status of commercial property.

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

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

9 O. This section does not prohibit the disclosure by the department of
10 any information or documents submitted to the department by a bingo licensee.
11 Before disclosing the information the department shall obtain the name and
12 address of the person requesting the information.

13 P. If the department is required or permitted to disclose confidential
14 information, it may charge the person or agency requesting the information
15 for the reasonable cost of its services.

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

22 R. Except as provided in section 42-2002, subsection D, the department
23 of revenue shall release confidential information as requested by the courts
24 and clerks of the court pursuant to section 42-1122.

25 S. To comply with the requirements of section 42-5031, the department
26 may disclose to the state treasurer, to the county stadium district board of
27 directors and to any city or town tax official that is part of the county
28 stadium district confidential information attributable to a taxpayer's
29 business activity conducted in the county stadium district.

30 T. The department shall release confidential information as requested
31 by the attorney general for purposes of determining compliance with and
32 enforcing section 44-7101, the master settlement agreement referred to
33 therein and subsequent agreements to which the state is a party that amend or
34 implement the master settlement agreement. Information disclosed under this
35 subsection is limited to luxury tax information relating to tobacco
36 manufacturers, distributors, wholesalers and retailers and information
37 collected by the department pursuant to section 44-7101(2)(j).

38 U. For proceedings before the department, the office of administrative
39 hearings, the board of tax appeals or any state or federal court involving
40 penalties that were assessed against a return preparer, an electronic return
41 preparer or a payroll service company pursuant to section 42-1103.02,
42 42-1125.01 or 43-419, confidential information may be disclosed only before
43 the judge or administrative law judge adjudicating the proceeding, the
44 parties to the proceeding and the parties' representatives in the proceeding
45 prior to its introduction into evidence in the proceeding. The confidential

1 information may be introduced as evidence in the proceeding only if the
2 taxpayer's name, the names of any dependents listed on the return, all social
3 security numbers, the taxpayer's address, the taxpayer's signature and any
4 attachments containing any of the foregoing information are redacted and if
5 either:

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

8 2. Such return or return information relates or may relate to a
9 transactional relationship between a person who is a party to the proceeding
10 and the taxpayer which directly affects the resolution of an issue in the
11 proceeding.

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

15 V. The department may disclose to the attorney general confidential
16 information received under section 44-7111 and requested by the attorney
17 general for purposes of determining compliance with and enforcing section
18 44-7111. The department and attorney general shall share with each other the
19 information received under section 44-7111, and may share the information
20 with other federal, state or local agencies only for the purposes of
21 enforcement of section 13-3711, 36-798.06, 44-7101 or 44-7111 or
22 corresponding laws of other states.

23 W. The department may provide the name and address of qualifying
24 hospitals and qualifying health care organizations, as defined in section
25 42-5001, to a business classified and reporting transaction privilege tax
26 under the utilities classification.

27 X. The department may disclose to the attorney general confidential
28 information requested by the attorney general for the purposes of determining
29 compliance with and enforcing section 13-3711 or 36-798.06.

30 Y. The department may disclose to an official of any city, town or
31 county in a current agreement or considering a prospective agreement with the
32 department as described in section 42-5032.02, subsection F any information
33 relating to amounts subject to distribution required by section 42-5032.02.
34 Information disclosed by the department under this subsection:

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

36 2. May not be disclosed to the public in any manner that does not
37 comply with confidentiality standards established by the department. The
38 city, town or county must agree with the department in writing that any
39 release of confidential information that violates the confidentiality
40 standards will result in the immediate suspension of any rights of the city,
41 town or county to receive information under this subsection.

42 Sec. 14. Repeal

43 Section 42-2003, Arizona Revised Statutes, as amended by Laws 2013,
44 chapter 255, section 2, is repealed.

1 Sec. 15. Section 42-5061, Arizona Revised Statutes, as amended by Laws
2 2013, first regular session, chapter 120, section 1 and chapter 233, section
3 1 and Laws 2013, first special session, chapter 9, section 5, is amended to
4 read:

5 42-5061. Retail classification; definitions

6 A. The retail classification is comprised of the business of selling
7 tangible personal property at retail. The tax base for the retail
8 classification is the gross proceeds of sales or gross income derived from
9 the business. The tax imposed on the retail classification does not apply to
10 the gross proceeds of sales or gross income from:

11 1. Professional or personal service occupations or businesses that
12 involve sales or transfers of tangible personal property only as
13 inconsequential elements.

14 2. Services rendered in addition to selling tangible personal property
15 at retail.

16 3. Sales of warranty or service contracts. The storage, use or
17 consumption of tangible personal property provided under the conditions of
18 such contracts is subject to tax under section 42-5156.

19 4. Sales of tangible personal property by any nonprofit organization
20 organized and operated exclusively for charitable purposes and recognized by
21 the United States internal revenue service under section 501(c)(3) of the
22 internal revenue code.

23 5. Sales to persons engaged in business classified under the
24 restaurant classification of articles used by human beings for food, drink or
25 condiment, whether simple, mixed or compounded.

26 6. Business activity that is properly included in any other business
27 classification that is taxable under this article.

28 7. The sale of stocks and bonds.

29 8. Drugs and medical oxygen, including delivery hose, mask or tent,
30 regulator and tank, on the prescription of a member of the medical, dental or
31 veterinarian profession who is licensed by law to administer such substances.

32 9. Prosthetic appliances as defined in section 23-501 prescribed or
33 recommended by a health professional who is licensed pursuant to title 32,
34 chapter 7, 8, 11, 13, 14, 15, 16, 17 or 29.

35 10. Insulin, insulin syringes and glucose test strips.

36 11. Prescription eyeglasses or contact lenses.

37 12. Hearing aids as defined in section 36-1901.

38 13. Durable medical equipment ~~which~~ THAT has a centers for medicare and
39 medicaid services common procedure code, is designated reimbursable by
40 medicare, is prescribed by a person who is licensed under title 32, chapter
41 7, 8, 13, 14, 15, 17 or 29, can withstand repeated use, is primarily and
42 customarily used to serve a medical purpose, is generally not useful to a
43 person in the absence of illness or injury and is appropriate for use in the
44 home.

1 14. Sales OF MOTOR VEHICLES to nonresidents of this state for use
2 outside this state if the ~~vendor~~ MOTOR VEHICLE DEALER ships or delivers the
3 ~~tangible personal property~~ MOTOR VEHICLE TO A DESTINATION out of this state.

4 15. Food, as provided in and subject to the conditions of article 3 of
5 this chapter and section 42-5074.

6 16. Items purchased with United States department of agriculture food
7 stamp coupons issued under the food stamp act of 1977 (P.L. 95-113; 91 Stat.
8 958) or food instruments issued under section 17 of the child nutrition act
9 (P.L. 95-627; 92 Stat. 3603; P.L. 99-661, section 4302; 42 United States Code
10 section 1786).

11 17. Textbooks by any bookstore that are required by any state
12 university or community college.

13 18. Food and drink to a person ~~who~~ THAT is engaged in A business that
14 is classified under the restaurant classification and that provides such food
15 and drink without monetary charge to its employees for their own consumption
16 on the premises during the employees' hours of employment.

17 19. Articles of food, drink or condiment and accessory tangible
18 personal property to a school district or charter school if such articles and
19 accessory tangible personal property are to be prepared and served to persons
20 for consumption on the premises of a public school within the district or on
21 the premises of the charter school during school hours.

22 20. Lottery tickets or shares pursuant to title 5, chapter 5.1,
23 article 1.

24 21. The sale of cash equivalents and the sale of precious metal bullion
25 and monetized bullion to the ultimate consumer, but the sale of coins or
26 other forms of money for manufacture into jewelry or works of art is subject
27 to the tax and the gross proceeds of sales or gross income derived from the
28 redemption of any cash equivalent by the holder as a means of payment for
29 goods or services that are taxable under this article is subject to the tax.
30 For the purposes of this paragraph:

31 (a) "Cash equivalents" means items or intangibles, whether or not
32 negotiable, that are sold to one or more persons, through which a value
33 denominated in money is purchased in advance and may be redeemed in full or
34 in part for tangible personal property, intangibles or services. Cash
35 equivalents include gift cards, stored value cards, gift certificates,
36 vouchers, traveler's checks, money orders or other instruments, orders or
37 electronic mechanisms, such as an electronic code, personal identification
38 number or digital payment mechanism, or any other prepaid intangible right to
39 acquire tangible personal property, intangibles or services in the future,
40 whether from the seller of the cash equivalent or from another person. Cash
41 equivalents do not include either of the following:

42 (i) Items or intangibles that are sold to one or more persons, through
43 which a value is not denominated in money.

44 (ii) Prepaid calling cards or prepaid authorization numbers for
45 telecommunications services made taxable by subsection Q of this section.

1 (b) "Monetized bullion" means coins and other forms of money that are
2 manufactured from gold, silver or other metals and that have been or are used
3 as a medium of exchange in this or another state, the United States or a
4 foreign nation.

5 (c) "Precious metal bullion" means precious metal, including gold,
6 silver, platinum, rhodium and palladium, that has been smelted or refined so
7 that its value depends on its contents and not on its form.

8 22. Motor vehicle fuel and use fuel that are subject to a tax imposed
9 under title 28, chapter 16, article 1, sales of use fuel to a holder of a
10 valid single trip use fuel tax permit issued under section 28-5739, sales of
11 aviation fuel that are subject to the tax imposed under section 28-8344 and
12 sales of jet fuel that are subject to the tax imposed under article 8 of this
13 chapter.

14 23. Tangible personal property sold to a person engaged in the business
15 of leasing or renting such property under the personal property rental
16 classification if such property is to be leased or rented by such person.

17 24. Tangible personal property sold in interstate or foreign commerce
18 if prohibited from being so taxed by the Constitution of the United States or
19 the constitution of this state.

20 25. Tangible personal property sold to:

21 (a) A qualifying hospital as defined in section 42-5001.

22 (b) A qualifying health care organization as defined in section
23 42-5001 if the tangible personal property is used by the organization solely
24 to provide health and medical related educational and charitable services.

25 (c) A qualifying health care organization as defined in section
26 42-5001 if the organization is dedicated to providing educational,
27 therapeutic, rehabilitative and family medical education training for blind,
28 visually impaired and multihandicapped children from the time of birth to age
29 twenty-one.

30 (d) A qualifying community health center as defined in section
31 42-5001.

32 (e) A nonprofit charitable organization that has qualified under
33 section 501(c)(3) of the internal revenue code and that regularly serves
34 meals to the needy and indigent on a continuing basis at no cost.

35 (f) For taxable periods beginning from and after June 30, 2001, a
36 nonprofit charitable organization that has qualified under section 501(c)(3)
37 of the internal revenue code and that provides residential apartment housing
38 for low income persons over sixty-two years of age in a facility that
39 qualifies for a federal housing subsidy, if the tangible personal property is
40 used by the organization solely to provide residential apartment housing for
41 low income persons over sixty-two years of age in a facility that qualifies
42 for a federal housing subsidy.

43 26. Magazines or other periodicals or other publications by this state
44 to encourage tourist travel.

1 27. Tangible personal property sold to a person that is subject to tax
2 under this article by reason of being engaged in business classified under
3 the prime contracting classification under section 42-5075, ~~or~~ or to a
4 subcontractor working under the control of a prime contractor that is subject
5 to tax under article 1 of this chapter, if the property so sold is any of the
6 following:

7 (a) Incorporated or fabricated by the person into any real property,
8 structure, project, development or improvement as part of the business.

9 (b) Used in environmental response or remediation activities under
10 section 42-5075, subsection B, paragraph 6.

11 28. The sale of a motor vehicle to:

12 (a) A nonresident of this state if the purchaser's state of residence
13 does not allow a corresponding use tax exemption to the tax imposed by
14 article 1 of this chapter and if the nonresident has secured a special ninety
15 day nonresident registration permit for the vehicle as prescribed by sections
16 28-2154 and 28-2154.01.

17 (b) An enrolled member of an Indian tribe who resides on the Indian
18 reservation established for that tribe.

19 29. Tangible personal property purchased in this state by a nonprofit
20 charitable organization that has qualified under section 501(c)(3) of the
21 United States internal revenue code and that engages in and uses such
22 property exclusively in programs for mentally or physically handicapped
23 persons if the programs are exclusively for training, job placement,
24 rehabilitation or testing.

25 30. Sales of tangible personal property by a nonprofit organization
26 that is exempt from taxation under section 501(c)(3), 501(c)(4) or 501(c)(6)
27 of the internal revenue code if the organization is associated with a major
28 league baseball team or a national touring professional golfing association
29 and no part of the organization's net earnings inures to the benefit of any
30 private shareholder or individual.

31 31. Sales of commodities, as defined by title 7 United States Code
32 section 2, that are consigned for resale in a warehouse in this state in or
33 from which the commodity is deliverable on a contract for future delivery
34 subject to the rules of a commodity market regulated by the United States
35 commodity futures trading commission.

36 32. Sales of tangible personal property by a nonprofit organization
37 that is exempt from taxation under section 501(c)(3), 501(c)(4), 501(c)(6),
38 501(c)(7) or 501(c)(8) of the internal revenue code if the organization
39 sponsors or operates a rodeo featuring primarily farm and ranch animals and
40 no part of the organization's net earnings inures to the benefit of any
41 private shareholder or individual.

42 33. Sales of seeds, seedlings, roots, bulbs, cuttings and other
43 propagative material to persons who use those items to commercially produce
44 agricultural, horticultural, viticultural or floricultural crops in this
45 state.

1 34. Machinery, equipment, technology or related supplies that are only
2 useful to assist a person who is physically disabled as defined in section
3 46-191, has a developmental disability as defined in section 36-551 or has a
4 head injury as defined in section 41-3201 to be more independent and
5 functional.

6 ~~35. Sales of tangible personal property that is shipped or delivered~~
7 ~~directly to a destination outside the United States for use in that foreign~~
8 ~~country.~~

9 ~~36.~~ 35. Sales of natural gas or liquefied petroleum gas used to propel
10 a motor vehicle.

11 ~~37.~~ 36. Paper machine clothing, such as forming fabrics and dryer
12 felts, sold to a paper manufacturer and directly used or consumed in paper
13 manufacturing.

14 ~~38.~~ 37. Coal, petroleum, coke, natural gas, virgin fuel oil and
15 electricity sold to a qualified environmental technology manufacturer,
16 producer or processor as defined in section 41-1514.02 and directly used or
17 consumed in the generation or provision of on-site power or energy solely for
18 environmental technology manufacturing, producing or processing or
19 environmental protection. This paragraph shall apply for twenty full
20 consecutive calendar or fiscal years from the date the first paper
21 manufacturing machine is placed in service. In the case of an environmental
22 technology manufacturer, producer or processor who does not manufacture
23 paper, the time period shall begin with the date the first manufacturing,
24 processing or production equipment is placed in service.

25 ~~39.~~ 38. Sales of liquid, solid or gaseous chemicals used in
26 manufacturing, processing, fabricating, mining, refining, metallurgical
27 operations, research and development and, beginning on January 1, 1999,
28 printing, if using or consuming the chemicals, alone or as part of an
29 integrated system of chemicals, involves direct contact with the materials
30 from which the product is produced for the purpose of causing or permitting a
31 chemical or physical change to occur in the materials as part of the
32 production process. This paragraph does not include chemicals that are used
33 or consumed in activities such as packaging, storage or transportation but
34 does not affect any deduction for such chemicals that is otherwise provided
35 by this section. For the purposes of this paragraph, "printing" means a
36 commercial printing operation and includes job printing, engraving,
37 embossing, copying and bookbinding.

38 ~~40.~~ 39. Through December 31, 1994, personal property liquidation
39 transactions, conducted by a personal property liquidator. From and after
40 December 31, 1994, personal property liquidation transactions shall be
41 taxable under this section provided that nothing in this subsection shall be
42 construed to authorize the taxation of casual activities or transactions
43 under this chapter. For the purposes of this paragraph:

44 (a) "Personal property liquidation transaction" means a sale of
45 personal property made by a personal property liquidator acting solely on

1 behalf of the owner of the personal property sold at the dwelling of the
2 owner or on the death of any owner, on behalf of the surviving spouse, if
3 any, any devisee or heir or the personal representative of the estate of the
4 deceased, if one has been appointed.

5 (b) "Personal property liquidator" means a person who is retained to
6 conduct a sale in a personal property liquidation transaction.

7 ~~41.~~ 40. Sales of food, drink and condiment for consumption within the
8 premises of any prison, jail or other institution under the jurisdiction of
9 the state department of corrections, the department of public safety, the
10 department of juvenile corrections or a county sheriff.

11 ~~42.~~ 41. A motor vehicle and any repair and replacement parts and
12 tangible personal property becoming a part of such motor vehicle sold to a
13 motor carrier who is subject to a fee prescribed in title 28, chapter 16,
14 article 4 and who is engaged in the business of leasing or renting such
15 property.

16 ~~43.~~ 42. Livestock and poultry feed, salts, vitamins and other
17 additives for livestock or poultry consumption that are sold to persons who
18 are engaged in producing livestock, poultry, or livestock or poultry products
19 or who are engaged in feeding livestock or poultry commercially. For the
20 purposes of this paragraph, "poultry" includes ratites.

21 ~~44.~~ 43. Sales of implants used as growth promotants and injectable
22 medicines, not already exempt under paragraph 8 of this subsection, for
23 livestock or poultry owned by or in possession of persons who are engaged in
24 producing livestock, poultry, or livestock or poultry products or who are
25 engaged in feeding livestock or poultry commercially. For the purposes of
26 this paragraph, "poultry" includes ratites.

27 ~~45.~~ 44. Sales of motor vehicles at auction to nonresidents of this
28 state for use outside this state if the vehicles are shipped or delivered out
29 of this state, regardless of where title to the motor vehicles passes or its
30 free on board point.

31 ~~46.~~ 45. Tangible personal property sold to a person engaged in
32 business and subject to tax under the transient lodging classification if the
33 tangible personal property is a personal hygiene item or articles used by
34 human beings for food, drink or condiment, except alcoholic beverages, that
35 are furnished without additional charge to and intended to be consumed by the
36 transient during the transient's occupancy.

37 ~~47.~~ 46. Sales of alternative fuel, as defined in section 1-215, to a
38 used oil fuel burner who has received a permit to burn used oil or used oil
39 fuel under section 49-426 or 49-480.

40 ~~48.~~ 47. Sales of materials that are purchased by or for publicly
41 funded libraries including school district libraries, charter school
42 libraries, community college libraries, state university libraries or
43 federal, state, county or municipal libraries for use by the public as
44 follows:

45 (a) Printed or photographic materials, beginning August 7, 1985.

1 (b) Electronic or digital media materials, beginning July 17, 1994.
2 ~~49.~~ 48. Tangible personal property sold to a commercial airline and
3 consisting of food, beverages and condiments and accessories used for serving
4 the food and beverages, if those items are to be provided without additional
5 charge to passengers for consumption in flight. For the purposes of this
6 paragraph, "commercial airline" means a person holding a federal certificate
7 of public convenience and necessity or foreign air carrier permit for air
8 transportation to transport persons, property or United States mail in
9 intrastate, interstate or foreign commerce.
10 ~~50.~~ 49. Sales of alternative fuel vehicles if the vehicle was
11 manufactured as a diesel fuel vehicle and converted to operate on alternative
12 fuel and equipment that is installed in a conventional diesel fuel motor
13 vehicle to convert the vehicle to operate on an alternative fuel, as defined
14 in section 1-215.
15 ~~51.~~ 50. Sales of any spirituous, vinous or malt liquor by a person
16 that is licensed in this state as a wholesaler by the department of liquor
17 licenses and control pursuant to title 4, chapter 2, article 1.
18 ~~52.~~ 51. Sales of tangible personal property to be incorporated or
19 installed as part of environmental response or remediation activities under
20 section 42-5075, subsection B, paragraph 6.
21 ~~53.~~ 52. Sales of tangible personal property by a nonprofit
22 organization that is exempt from taxation under section 501(c)(6) of the
23 internal revenue code if the organization produces, organizes or promotes
24 cultural or civic related festivals or events and no part of the
25 organization's net earnings inures to the benefit of any private shareholder
26 or individual.
27 ~~54.~~ 53. Through August 31, 2014, sales of Arizona centennial
28 medallions by the historical advisory commission.
29 ~~55.~~ 54. Application services that are designed to assess or test
30 student learning or to promote curriculum design or enhancement purchased by
31 or for any school district, charter school, community college or state
32 university. For the purposes of this paragraph:
33 (a) "Application services" means software applications provided
34 remotely using hypertext transfer protocol or another network protocol.
35 (b) "Curriculum design or enhancement" means planning, implementing or
36 reporting on courses of study, lessons, assignments or other learning
37 activities.
38 ~~56.~~ 55. Sales of motor vehicle fuel and use fuel to a qualified
39 business under section 41-1516 for off-road use in harvesting, processing or
40 transporting qualifying forest products removed from qualifying projects as
41 defined in section 41-1516.
42 ~~57.~~ 56. Sales of repair parts installed in equipment used directly by
43 a qualified business under section 41-1516 in harvesting, processing or
44 transporting qualifying forest products removed from qualifying projects as
45 defined in section 41-1516.

1 ~~58.~~ 57. Sales or other transfers of renewable energy credits or any
2 other unit created to track energy derived from renewable energy resources.
3 For the purposes of this paragraph, "renewable energy credit" means a unit
4 created administratively by the corporation commission or governing body of a
5 public power utility to track kilowatt hours of electricity derived from a
6 renewable energy resource or the kilowatt hour equivalent of conventional
7 energy resources displaced by distributed renewable energy resources.

8 ~~59.~~ 58. Computer data center equipment purchased by the owner,
9 operator or qualified colocation tenant of the computer data center or an
10 authorized agent of the owner, operator or qualified colocation tenant during
11 the qualification period for use in a computer data center that is certified
12 by the Arizona commerce authority under section 41-1519. To qualify for this
13 deduction, at the time of purchase, the owner, operator or qualified
14 colocation tenant must present to the retailer its certificate that is issued
15 pursuant to section 41-1519 and that establishes its qualification for the
16 deduction. For the purposes of this paragraph, "computer data center",
17 "computer data center equipment", "qualification period" and "qualified
18 colocation tenant" have the same meanings prescribed in section 41-1519.

19 ~~60.~~ 59. Orthodontic devices dispensed by a dental professional who is
20 licensed under title 32, chapter 11 to a patient as part of the practice of
21 dentistry.

22 B. In addition to the deductions from the tax base prescribed by
23 subsection A of this section, the gross proceeds of sales or gross income
24 derived from sales of the following categories of tangible personal property
25 shall be deducted from the tax base:

26 1. Machinery, or equipment, used directly in manufacturing,
27 processing, fabricating, job printing, refining or metallurgical operations.
28 The terms "manufacturing", "processing", "fabricating", "job printing",
29 "refining" and "metallurgical" as used in this paragraph refer to and include
30 those operations commonly understood within their ordinary meaning.
31 "Metallurgical operations" includes leaching, milling, precipitating,
32 smelting and refining.

33 2. Mining machinery, or equipment, used directly in the process of
34 extracting ores or minerals from the earth for commercial purposes, including
35 equipment required to prepare the materials for extraction and handling,
36 loading or transporting such extracted material to the surface. "Mining"
37 includes underground, surface and open pit operations for extracting ores and
38 minerals.

39 3. Tangible personal property sold to persons engaged in business
40 classified under the telecommunications classification and consisting of
41 central office switching equipment, switchboards, private branch exchange
42 equipment, microwave radio equipment and carrier equipment including optical
43 fiber, coaxial cable and other transmission media ~~which~~ THAT are components
44 of carrier systems.

1 4. Machinery, equipment or transmission lines used directly in
2 producing or transmitting electrical power, but not including distribution.
3 Transformers and control equipment used at transmission substation sites
4 constitute equipment used in producing or transmitting electrical power.

5 5. Neat animals, horses, asses, sheep, raptures, swine or goats used or
6 to be used as breeding or production stock, including sales of breedings or
7 ownership shares in such animals used for breeding or production.

8 6. Pipes or valves four inches in diameter or larger used to transport
9 oil, natural gas, artificial gas, water or coal slurry, including compressor
10 units, regulators, machinery and equipment, fittings, seals and any other
11 part that is used in operating the pipes or valves.

12 7. Aircraft, navigational and communication instruments and other
13 accessories and related equipment sold to:

14 (a) A person holding a federal certificate of public convenience and
15 necessity, a supplemental air carrier certificate under federal aviation
16 regulations (14 Code of Federal Regulations part 121) or a foreign air
17 carrier permit for air transportation for use as or in conjunction with or
18 becoming a part of aircraft to be used to transport persons, property or
19 United States mail in intrastate, interstate or foreign commerce.

20 (b) Any foreign government.

21 (c) Persons who are not residents of this state and who will not use
22 such property in this state other than in removing such property from this
23 state. This subdivision also applies to corporations that are not
24 incorporated in this state, regardless of maintaining a place of business in
25 this state, if the principal corporate office is located outside this state
26 and the property will not be used in this state other than in removing the
27 property from this state.

28 8. Machinery, tools, equipment and related supplies used or consumed
29 directly in repairing, remodeling or maintaining aircraft, aircraft engines
30 or aircraft component parts by or on behalf of a certificated or licensed
31 carrier of persons or property.

32 9. Railroad rolling stock, rails, ties and signal control equipment
33 used directly to transport persons or property.

34 10. Machinery or equipment used directly to drill for oil or gas or
35 used directly in the process of extracting oil or gas from the earth for
36 commercial purposes.

37 11. Buses or other urban mass transit vehicles ~~which~~ THAT are used
38 directly to transport persons or property for hire or pursuant to a
39 governmentally adopted and controlled urban mass transportation program and
40 ~~which~~ THAT are sold to bus companies holding a federal certificate of
41 convenience and necessity or operated by any city, town or other governmental
42 entity or by any person contracting with such governmental entity as part of
43 a governmentally adopted and controlled program to provide urban mass
44 transportation.

45 12. Groundwater measuring devices required under section 45-604.

1 13. New machinery and equipment consisting of tractors, tractor-drawn
2 implements, self-powered implements, machinery and equipment necessary for
3 extracting milk, and machinery and equipment necessary for cooling milk and
4 livestock, and drip irrigation lines not already exempt under paragraph 6 of
5 this subsection and that are used for commercial production of agricultural,
6 horticultural, viticultural and floricultural crops and products in this
7 state. For the purposes of this paragraph:

8 (a) "New machinery and equipment" means machinery and equipment that
9 have never been sold at retail except pursuant to leases or rentals ~~which~~
10 ~~THAT~~ do not total two years or more.

11 (b) "Self-powered implements" includes machinery and equipment that
12 are electric-powered.

13 14. Machinery or equipment used in research and development. For the
14 purposes of this paragraph, "research and development" means basic and
15 applied research in the sciences and engineering, and designing, developing
16 or testing prototypes, processes or new products, including research and
17 development of computer software that is embedded in or an integral part of
18 the prototype or new product or that is required for machinery or equipment
19 otherwise exempt under this section to function effectively. Research and
20 development do not include manufacturing quality control, routine consumer
21 product testing, market research, sales promotion, sales service, research in
22 social sciences or psychology, computer software research that is not
23 included in the definition of research and development, or other
24 nontechnological activities or technical services.

25 15. Tangible personal property that is used by either of the following
26 to receive, store, convert, produce, generate, decode, encode, control or
27 transmit telecommunications information:

28 (a) Any direct broadcast satellite television or data transmission
29 service that operates pursuant to 47 Code of Federal Regulations part 25.

30 (b) Any satellite television or data transmission facility, if both of
31 the following conditions are met:

32 (i) Over two-thirds of the transmissions, measured in megabytes,
33 transmitted by the facility during the test period were transmitted to or on
34 behalf of one or more direct broadcast satellite television or data
35 transmission services that operate pursuant to 47 Code of Federal Regulations
36 part 25.

37 (ii) Over two-thirds of the transmissions, measured in megabytes,
38 transmitted by or on behalf of those direct broadcast television or data
39 transmission services during the test period were transmitted by the facility
40 to or on behalf of those services.

41 For the purposes of subdivision (b) of this paragraph, "test period" means
42 the three hundred sixty-five day period beginning on the later of the date on
43 which the tangible personal property is purchased or the date on which the
44 direct broadcast satellite television or data transmission service first
45 transmits information to its customers.

1 16. Clean rooms that are used for manufacturing, processing,
2 fabrication or research and development, as defined in paragraph 14 of this
3 subsection, of semiconductor products. For the purposes of this paragraph,
4 "clean room" means all property that comprises or creates an environment
5 where humidity, temperature, particulate matter and contamination are
6 precisely controlled within specified parameters, without regard to whether
7 the property is actually contained within that environment or whether any of
8 the property is affixed to or incorporated into real property. Clean room:

9 (a) Includes the integrated systems, fixtures, piping, movable
10 partitions, lighting and all property that is necessary or adapted to reduce
11 contamination or to control airflow, temperature, humidity, chemical purity
12 or other environmental conditions or manufacturing tolerances, as well as the
13 production machinery and equipment operating in conjunction with the clean
14 room environment.

15 (b) Does not include the building or other permanent, nonremovable
16 component of the building that houses the clean room environment.

17 17. Machinery and equipment used directly in the feeding of poultry,
18 the environmental control of housing for poultry, the movement of eggs within
19 a production and packaging facility or the sorting or cooling of eggs. This
20 exemption does not apply to vehicles used for transporting eggs.

21 18. Machinery or equipment, including related structural components,
22 that is employed in connection with manufacturing, processing, fabricating,
23 job printing, refining, mining, natural gas pipelines, metallurgical
24 operations, telecommunications, producing or transmitting electricity or
25 research and development and that is used directly to meet or exceed rules or
26 regulations adopted by the federal energy regulatory commission, the United
27 States environmental protection agency, the United States nuclear regulatory
28 commission, the Arizona department of environmental quality or a political
29 subdivision of this state to prevent, monitor, control or reduce land, water
30 or air pollution.

31 19. Machinery and equipment that are sold to a person engaged in the
32 commercial production of livestock, livestock products or agricultural,
33 horticultural, viticultural or floricultural crops or products in this state
34 and that are used directly and primarily to prevent, monitor, control or
35 reduce air, water or land pollution.

36 20. Machinery or equipment that enables a television station to
37 originate and broadcast or to receive and broadcast digital television
38 signals and that was purchased to facilitate compliance with the
39 telecommunications act of 1996 (P.L. 104-104; 110 Stat. 56; 47 United States
40 Code section 336) and the federal communications commission order issued
41 April 21, 1997 (47 Code of Federal Regulations part 73). This paragraph does
42 not exempt any of the following:

43 (a) Repair or replacement parts purchased for the machinery or
44 equipment described in this paragraph.

1 (b) Machinery or equipment purchased to replace machinery or equipment
2 for which an exemption was previously claimed and taken under this paragraph.

3 (c) Any machinery or equipment purchased after the television station
4 has ceased analog broadcasting, or purchased after November 1, 2009,
5 whichever occurs first.

6 21. Qualifying equipment that is purchased from and after June 30, 2004
7 through June 30, 2024 by a qualified business under section 41-1516 for
8 harvesting or processing qualifying forest products removed from qualifying
9 projects as defined in section 41-1516. To qualify for this deduction, the
10 qualified business at the time of purchase must present its certification
11 approved by the department.

12 C. The deductions provided by subsection B of this section do not
13 include sales of:

14 1. Expendable materials. For the purposes of this paragraph,
15 expendable materials do not include any of the categories of tangible
16 personal property specified in subsection B of this section regardless of the
17 cost or useful life of that property.

18 2. Janitorial equipment and hand tools.

19 3. Office equipment, furniture and supplies.

20 4. Tangible personal property used in selling or distributing
21 activities, other than the telecommunications transmissions described in
22 subsection B, paragraph 15 of this section.

23 5. Motor vehicles required to be licensed by this state, except buses
24 or other urban mass transit vehicles specifically exempted pursuant to
25 subsection B, paragraph 11 of this section, without regard to the use of such
26 motor vehicles.

27 6. Shops, buildings, docks, depots and all other materials of whatever
28 kind or character not specifically included as exempt.

29 7. Motors and pumps used in drip irrigation systems.

30 **8. MACHINERY AND EQUIPMENT OR OTHER TANGIBLE PERSONAL PROPERTY USED BY**
31 **A CONTRACTOR IN THE PERFORMANCE OF A CONTRACT.**

32 D. In addition to the deductions from the tax base prescribed by
33 subsection A of this section, there shall be deducted from the tax base the
34 gross proceeds of sales or gross income derived from sales of machinery,
35 equipment, materials and other tangible personal property used directly and
36 predominantly to construct a qualified environmental technology
37 manufacturing, producing or processing facility as described in section
38 41-1514.02. This subsection applies for ten full consecutive calendar or
39 fiscal years after the start of initial construction.

40 E. In computing the tax base, gross proceeds of sales or gross income
41 from retail sales of heavy trucks and trailers does not include any amount
42 attributable to federal excise taxes imposed by 26 United States Code section
43 4051.

1 F. In computing the tax base, gross proceeds of sales or gross income
2 from the sale of use fuel, as defined in section 28-5601, does not include
3 any amount attributable to federal excise taxes imposed by 26 United States
4 Code section 4091.

5 G. If a person is engaged in an occupation or business to which
6 subsection A of this section applies, the person's books shall be kept so as
7 to show separately the gross proceeds of sales of tangible personal property
8 and the gross income from sales of services, and if not so kept the tax shall
9 be imposed on the total of the person's gross proceeds of sales of tangible
10 personal property and gross income from services.

11 H. If a person is engaged in the business of selling tangible personal
12 property at both wholesale and retail, the tax under this section applies
13 only to the gross proceeds of the sales made other than at wholesale if the
14 person's books are kept so as to show separately the gross proceeds of sales
15 of each class, and if the books are not so kept, the tax under this section
16 applies to the gross proceeds of every sale so made.

17 I. A person who engages in manufacturing, baling, crating, boxing,
18 barreling, canning, bottling, sacking, preserving, processing or otherwise
19 preparing for sale or commercial use any livestock, agricultural or
20 horticultural product or any other product, article, substance or commodity
21 and who sells the product of such business at retail in this state is deemed,
22 as to such sales, to be engaged in business classified under the retail
23 classification. This subsection does not apply to businesses classified
24 under the:

- 25 1. Transporting classification.
- 26 2. Utilities classification.
- 27 3. Telecommunications classification.
- 28 4. Pipeline classification.
- 29 5. Private car line classification.
- 30 6. Publication classification.
- 31 7. Job printing classification.
- 32 8. Prime contracting classification.
- 33 ~~9. Owner builder sales classification.~~
- 34 ~~10.~~ 9. Restaurant classification.

35 J. The gross proceeds of sales or gross income derived from the
36 following shall be deducted from the tax base for the retail classification:

- 37 1. Sales made directly to the United States government or its
38 departments or agencies by a manufacturer, modifier, assembler or repairer.
- 39 2. Sales made directly to a manufacturer, modifier, assembler or
40 repairer if such sales are of any ingredient or component part of products
41 sold directly to the United States government or its departments or agencies
42 by the manufacturer, modifier, assembler or repairer.
- 43 3. Overhead materials or other tangible personal property that is used
44 in performing a contract between the United States government and a
45 manufacturer, modifier, assembler or repairer, including property used in

1 performing a subcontract with a government contractor who is a manufacturer,
2 modifier, assembler or repairer, to which title passes to the government
3 under the terms of the contract or subcontract.

4 4. Sales of overhead materials or other tangible personal property to
5 a manufacturer, modifier, assembler or repairer if the gross proceeds of
6 sales or gross income derived from the property by the manufacturer,
7 modifier, assembler or repairer will be exempt under paragraph 3 of this
8 subsection.

9 K. There shall be deducted from the tax base fifty per cent of the
10 gross proceeds or gross income from any sale of tangible personal property
11 made directly to the United States government or its departments or
12 agencies, ~~which~~ THAT is not deducted under subsection J of this section.

13 L. The department shall require every person claiming a deduction
14 provided by subsection J or K of this section to file on forms prescribed by
15 the department at such times as the department directs a sworn statement
16 disclosing the name of the purchaser and the exact amount of sales on which
17 the exclusion or deduction is claimed.

18 M. In computing the tax base, gross proceeds of sales or gross income
19 does not include:

20 1. A manufacturer's cash rebate on the sales price of a motor vehicle
21 if the buyer assigns the buyer's right in the rebate to the retailer.

22 2. The waste tire disposal fee imposed pursuant to section 44-1302.

23 N. There shall be deducted from the tax base the amount received from
24 sales of solar energy devices. The retailer shall register with the
25 department as a solar energy retailer. By registering, the retailer
26 acknowledges that it will make its books and records relating to sales of
27 solar energy devices available to the department for examination.

28 O. In computing the tax base in the case of the sale or transfer of
29 wireless telecommunications equipment as an inducement to a customer to enter
30 into or continue a contract for telecommunications services that are taxable
31 under section 42-5064, gross proceeds of sales or gross income does not
32 include any sales commissions or other compensation received by the retailer
33 as a result of the customer entering into or continuing a contract for the
34 telecommunications services.

35 P. For the purposes of this section, a sale of wireless
36 telecommunications equipment to a person who holds the equipment for sale or
37 transfer to a customer as an inducement to enter into or continue a contract
38 for telecommunications services that are taxable under section 42-5064 is
39 considered to be a sale for resale in the regular course of business.

40 Q. Retail sales of prepaid calling cards or prepaid authorization
41 numbers for telecommunications services, including sales of reauthorization
42 of a prepaid card or authorization number, are subject to tax under this
43 section.

1 R. For the purposes of this section, the diversion of gas from a
2 pipeline by a person engaged in the business of:

3 1. Operating a natural or artificial gas pipeline, for the sole
4 purpose of fueling compressor equipment to pressurize the pipeline, is not a
5 sale of the gas to the operator of the pipeline.

6 2. Converting natural gas into liquefied natural gas, for the sole
7 purpose of fueling compressor equipment used in the conversion process, is
8 not a sale of gas to the operator of the compressor equipment.

9 S. If a seller is entitled to a deduction pursuant to subsection B,
10 paragraph 15, subdivision (b) of this section, the department may require the
11 purchaser to establish that the requirements of subsection B, paragraph 15,
12 subdivision (b) of this section have been satisfied. If the purchaser cannot
13 establish that the requirements of subsection B, paragraph 15, subdivision
14 (b) of this section have been satisfied, the purchaser is liable in an amount
15 equal to any tax, penalty and interest which the seller would have been
16 required to pay under article 1 of this chapter if the seller had not made a
17 deduction pursuant to subsection B, paragraph 15, subdivision (b) of this
18 section. Payment of the amount under this subsection exempts the purchaser
19 from liability for any tax imposed under article 4 of this chapter and
20 related to the tangible personal property purchased. The amount shall be
21 treated as transaction privilege tax to the purchaser and as tax revenues
22 collected from the seller to designate the distribution base pursuant to
23 section 42-5029.

24 T. For the purposes of section 42-5032.01, the department shall
25 separately account for revenues collected under the retail classification
26 from businesses selling tangible personal property at retail:

27 1. On the premises of a multipurpose facility that is owned, leased or
28 operated by the tourism and sports authority pursuant to title 5, chapter 8.

29 2. At professional football contests that are held in a stadium
30 located on the campus of an institution under the jurisdiction of the Arizona
31 board of regents.

32 U. In computing the tax base for the sale of a motor vehicle to a
33 nonresident of this state, if the purchaser's state of residence allows a
34 corresponding use tax exemption to the tax imposed by article 1 of this
35 chapter and the rate of the tax in the purchaser's state of residence is
36 lower than the rate prescribed in article 1 of this chapter or if the
37 purchaser's state of residence does not impose an excise tax, and the
38 nonresident has secured a special ninety day nonresident registration permit
39 for the vehicle as prescribed by sections 28-2154 and 28-2154.01, there shall
40 be deducted from the tax base a portion of the gross proceeds or gross income
41 from the sale so that the amount of transaction privilege tax that is paid in
42 this state is equal to the excise tax that is imposed by the purchaser's
43 state of residence on the nonexempt sale or use of the motor vehicle.

1 V. For the purposes of this section:
2 1. "Aircraft" includes:
3 (a) An airplane flight simulator that is approved by the federal
4 aviation administration for use as a phase II or higher flight simulator
5 under appendix H, 14 Code of Federal Regulations part 121.
6 (b) Tangible personal property that is permanently affixed or attached
7 as a component part of an aircraft that is owned or operated by a
8 certificated or licensed carrier of persons or property.
9 2. "Other accessories and related equipment" includes aircraft
10 accessories and equipment such as ground service equipment that physically
11 contact aircraft at some point during the overall carrier operation.
12 3. "Selling at retail" means a sale for any purpose other than for
13 resale in the regular course of business in the form of tangible personal
14 property, but transfer of possession, lease and rental as used in the
15 definition of sale mean only such transactions as are found on investigation
16 to be in lieu of sales as defined without the words lease or rental.
17 W. For the purposes of subsection J of this section:
18 1. "Assembler" means a person who unites or combines products, wares
19 or articles of manufacture so as to produce a change in form or substance
20 without changing or altering the component parts.
21 2. "Manufacturer" means a person who is principally engaged in the
22 fabrication, production or manufacture of products, wares or articles for use
23 from raw or prepared materials, imparting to those materials new forms,
24 qualities, properties and combinations.
25 3. "Modifier" means a person who reworks, changes or adds to products,
26 wares or articles of manufacture.
27 4. "Overhead materials" means tangible personal property, the gross
28 proceeds of sales or gross income derived from that would otherwise be
29 included in the retail classification, and that are used or consumed in the
30 performance of a contract, the cost of which is charged to an overhead
31 expense account and allocated to various contracts based on generally
32 accepted accounting principles and consistent with government contract
33 accounting standards.
34 5. "Repairer" means a person who restores or renews products, wares or
35 articles of manufacture.
36 6. "Subcontract" means an agreement between a contractor and any
37 person who is not an employee of the contractor for furnishing of supplies or
38 services that, in whole or in part, are necessary to the performance of one
39 or more government contracts, or under which any portion of the contractor's
40 obligation under one or more government contracts is performed, undertaken or
41 assumed and that includes provisions causing title to overhead materials or
42 other tangible personal property used in the performance of the subcontract
43 to pass to the government or that includes provisions incorporating such
44 title passing clauses in a government contract into the subcontract. FOR THE

1 PURPOSES OF THIS PARAGRAPH, "CONTRACTOR" HAS ITS ORDINARY AND COMMON MEANING
2 AND DOES NOT HAVE THE MEANING PRESCRIBED BY SECTION 42-5001.

3 Sec. 16. Repeal

4 Section 42-5061, Arizona Revised Statutes, as amended by Laws 2013,
5 chapter 255, section 13, is repealed.

6 Sec. 17. Section 42-5071, Arizona Revised Statutes, as amended by Laws
7 2013, chapter 114, section 7 and chapter 236, section 2, is amended to read:
8 42-5071. Personal property rental classification

9 A. The personal property rental classification is comprised of the
10 business of leasing or renting tangible personal property for a
11 consideration. The tax does not apply to:

12 1. Leasing or renting films, tapes or slides used by theaters or
13 movies, which are engaged in business under the amusement classification, or
14 used by television stations or radio stations.

15 2. Activities engaged in by the Arizona exposition and state fair
16 board or county fair commissions in connection with events sponsored by such
17 entities.

18 3. Leasing or renting tangible personal property by a parent
19 corporation to a subsidiary corporation or by a subsidiary corporation to
20 another subsidiary of the same parent corporation if taxes were paid under
21 this chapter on the gross proceeds or gross income accruing from the initial
22 sale of the tangible personal property. For the purposes of this paragraph,
23 "subsidiary" means a corporation of which at least eighty per cent of the
24 voting shares are owned by the parent corporation.

25 4. Operating coin-operated washing, drying and dry cleaning machines
26 or coin-operated car washing machines at establishments for the use of such
27 machines.

28 5. Leasing or renting tangible personal property for incorporation
29 into or comprising any part of a qualified environmental technology facility
30 as described in section 41-1514.02. This paragraph shall apply for ten full
31 consecutive calendar or fiscal years following the initial lease or rental by
32 each qualified environmental technology manufacturer, producer or processor.

33 6. Leasing or renting aircraft, flight simulators or similar training
34 equipment to students or staff by nonprofit, accredited educational
35 institutions that offer associate or baccalaureate degrees in aviation or
36 aerospace related fields.

37 7. Leasing or renting photographs, transparencies or other creative
38 works used by this state on internet websites, in magazines or in other
39 publications that encourage tourism.

40 8. Leasing or renting certified ignition interlock devices installed
41 pursuant to the requirements prescribed by section 28-1461. For the purposes
42 of this paragraph, "certified ignition interlock device" has the same meaning
43 prescribed in section 28-1301.

1 B. The tax base for the personal property rental classification is the
2 gross proceeds of sales or gross income derived from the business, but the
3 gross proceeds of sales or gross income derived from the following shall be
4 deducted from the tax base:

5 1. Reimbursements by the lessee to the lessor of a motor vehicle for
6 payments by the lessor of the applicable fees and taxes imposed by sections
7 28-2003, 28-2352, 28-2402, 28-2481 and 28-5801, title 28, chapter 15,
8 article 2 and article IX, section 11, Constitution of Arizona, to the extent
9 such amounts are separately identified as such fees and taxes and are billed
10 to the lessee.

11 2. Leases or rentals of tangible personal property that, if it had
12 been purchased instead of leased or rented by the lessee, would have been
13 exempt under:

14 (a) Section 42-5061, subsection A, paragraph 8, 9, 12, 13, 25, 29, ~~50~~
15 ~~49~~ or ~~55~~ 54.

16 (b) Section 42-5061, subsection B, except that a lease or rental of
17 new machinery or equipment is not exempt pursuant to:

18 (i) Section 42-5061, subsection B, paragraph 13 if the lease is for
19 less than two years.

20 (ii) Section 42-5061, subsection B, paragraph 21.

21 (c) Section 42-5061, subsection J, paragraph 1.

22 (d) Section 42-5061, subsection N.

23 3. Motor vehicle fuel and use fuel that are subject to a tax imposed
24 under title 28, chapter 16, article 1, sales of use fuel to a holder of a
25 valid single trip use fuel tax permit issued under section 28-5739 and sales
26 of aviation fuel that are subject to the tax imposed under section 28-8344.

27 4. Leasing or renting a motor vehicle subject to and upon which the
28 fee has been paid under title 28, chapter 16, article 4.

29 5. Amounts received by a motor vehicle dealer for the first month of a
30 lease payment if the lease and the lease payment for the first month of the
31 lease are transferred to a third-party leasing company.

32 C. Sales of tangible personal property to be leased or rented to a
33 person engaged in a business classified under the personal property rental
34 classification are deemed to be resale sales.

35 D. In computing the tax base, the gross proceeds of sales or gross
36 income from the lease or rental of a motor vehicle does not include any
37 amount attributable to the car rental surcharge under section 5-839, 28-5810
38 or 48-4234.

39 E. Until December 31, 1988, leasing or renting animals for
40 recreational purposes is exempt from the tax imposed by this section.
41 Beginning January 1, 1989, the gross proceeds or gross income from leasing or
42 renting animals for recreational purposes is subject to taxation under this
43 section. Tax liabilities, penalties and interest paid for taxable periods
44 before January 1, 1989 shall not be refunded unless the taxpayer requesting

1 the refund provides proof satisfactory to the department that the monies paid
2 as taxes will be returned to the customer.

3 Sec. 18. Repeal

4 Section 42-5071, Arizona Revised Statutes, as amended by Laws 2013,
5 chapter 255, section 14, is repealed.

6 Sec. 19. Section 42-5159, Arizona Revised Statutes, as amended by Laws
7 2013, first special session, chapter 9, section 7, is amended to read:

8 42-5159. Exemptions

9 A. The tax levied by this article does not apply to the storage, use
10 or consumption in this state of the following described tangible personal
11 property:

12 1. Tangible personal property sold in this state, the gross receipts
13 from the sale of which are included in the measure of the tax imposed by
14 articles 1 and 2 of this chapter.

15 2. Tangible personal property the sale or use of which has already
16 been subjected to an excise tax at a rate equal to or exceeding the tax
17 imposed by this article under the laws of another state of the United States.
18 If the excise tax imposed by the other state is at a rate less than the tax
19 imposed by this article, the tax imposed by this article is reduced by the
20 amount of the tax already imposed by the other state.

21 3. Tangible personal property, the storage, use or consumption of
22 which the constitution or laws of the United States prohibit this state from
23 taxing or to the extent that the rate or imposition of tax is
24 unconstitutional under the laws of the United States.

25 4. Tangible personal property ~~which~~ THAT directly enters into and
26 becomes an ingredient or component part of any manufactured, fabricated or
27 processed article, substance or commodity for sale in the regular course of
28 business.

29 5. Motor vehicle fuel and use fuel, the sales, distribution or use of
30 which in this state is subject to the tax imposed under title 28, chapter 16,
31 article 1, use fuel ~~which~~ THAT is sold to or used by a person holding a valid
32 single trip use fuel tax permit issued under section 28-5739, aviation fuel,
33 the sales, distribution or use of which in this state is subject to the tax
34 imposed under section 28-8344, and jet fuel, the sales, distribution or use
35 of which in this state is subject to the tax imposed under article 8 of this
36 chapter.

37 6. Tangible personal property brought into this state by an individual
38 who was a nonresident at the time the property was purchased for storage, use
39 or consumption by the individual if the first actual use or consumption of
40 the property was outside this state, unless the property is used in
41 conducting a business in this state.

42 7. Purchases of implants used as growth promotants and injectable
43 medicines, not already exempt under paragraph 16 of this subsection, for
44 livestock and poultry owned by, or in possession of, persons who are engaged
45 in producing livestock, poultry, or livestock or poultry products, or who are

1 engaged in feeding livestock or poultry commercially. For the purposes of
2 this paragraph, "poultry" includes ratites.

3 8. Livestock, poultry, supplies, feed, salts, vitamins and other
4 additives for use or consumption in the businesses of farming, ranching and
5 feeding livestock or poultry, not including fertilizers, herbicides and
6 insecticides. For the purposes of this paragraph, "poultry" includes
7 ratites.

8 9. Seeds, seedlings, roots, bulbs, cuttings and other propagative
9 material for use in commercially producing agricultural, horticultural,
10 viticultural or floricultural crops in this state.

11 10. Tangible personal property not exceeding two hundred dollars in any
12 one month purchased by an individual at retail outside the continental limits
13 of the United States for the individual's own personal use and enjoyment.

14 11. Advertising supplements ~~which~~ THAT are intended for sale with
15 newspapers published in this state and ~~which~~ THAT have already been subjected
16 to an excise tax under the laws of another state in the United States ~~which~~
17 THAT equals or exceeds the tax imposed by this article.

18 12. Materials that are purchased by or for publicly funded libraries
19 including school district libraries, charter school libraries, community
20 college libraries, state university libraries or federal, state, county or
21 municipal libraries for use by the public as follows:

22 (a) Printed or photographic materials, beginning August 7, 1985.

23 (b) Electronic or digital media materials, beginning July 17, 1994.

24 13. Tangible personal property purchased by:

25 (a) A hospital organized and operated exclusively for charitable
26 purposes, no part of the net earnings of which inures to the benefit of any
27 private shareholder or individual.

28 (b) A hospital operated by this state or a political subdivision of
29 this state.

30 (c) A licensed nursing care institution or a licensed residential care
31 institution or a residential care facility operated in conjunction with a
32 licensed nursing care institution or a licensed kidney dialysis center, which
33 provides medical services, nursing services or health related services and is
34 not used or held for profit.

35 (d) A qualifying health care organization, as defined in section
36 42-5001, if the tangible personal property is used by the organization solely
37 to provide health and medical related educational and charitable services.

38 (e) A qualifying health care organization as defined in section
39 42-5001 if the organization is dedicated to providing educational,
40 therapeutic, rehabilitative and family medical education training for blind,
41 visually impaired and multihandicapped children from the time of birth to age
42 twenty-one.

43 (f) A nonprofit charitable organization that has qualified under
44 section 501(c)(3) of the United States internal revenue code and that engages
45 in and uses such property exclusively in programs for mentally or physically

1 handicapped persons if the programs are exclusively for training, job
2 placement, rehabilitation or testing.

3 (g) A person that is subject to tax under article 1 of this chapter by
4 reason of being engaged in business classified under the prime contracting
5 classification under section 42-5075, or a subcontractor working under the
6 control of a prime contractor, if the tangible personal property is any of
7 the following:

8 (i) Incorporated or fabricated by the contractor into a structure,
9 project, development or improvement in fulfillment of a contract.

10 (ii) Used in environmental response or remediation activities under
11 section 42-5075, subsection B, paragraph 6.

12 (h) A nonprofit charitable organization that has qualified under
13 section 501(c)(3) of the internal revenue code if the property is purchased
14 from the parent or an affiliate organization that is located outside this
15 state.

16 (i) A qualifying community health center as defined in section
17 42-5001.

18 (j) A nonprofit charitable organization that has qualified under
19 section 501(c)(3) of the internal revenue code and that regularly serves
20 meals to the needy and indigent on a continuing basis at no cost.

21 (k) A person engaged in business under the transient lodging
22 classification if the property is a personal hygiene item or articles used by
23 human beings for food, drink or condiment, except alcoholic beverages, which
24 are furnished without additional charge to and intended to be consumed by the
25 transient during the transient's occupancy.

26 (l) For taxable periods beginning from and after June 30, 2001, a
27 nonprofit charitable organization that has qualified under section 501(c)(3)
28 of the internal revenue code and that provides residential apartment housing
29 for low income persons over sixty-two years of age in a facility that
30 qualifies for a federal housing subsidy, if the tangible personal property is
31 used by the organization solely to provide residential apartment housing for
32 low income persons over sixty-two years of age in a facility that qualifies
33 for a federal housing subsidy.

34 14. Commodities, as defined by title 7 United States Code section 2,
35 that are consigned for resale in a warehouse in this state in or from which
36 the commodity is deliverable on a contract for future delivery subject to the
37 rules of a commodity market regulated by the United States commodity futures
38 trading commission.

39 15. Tangible personal property sold by:

40 (a) Any nonprofit organization organized and operated exclusively for
41 charitable purposes and recognized by the United States internal revenue
42 service under section 501(c)(3) of the internal revenue code.

43 (b) A nonprofit organization that is exempt from taxation under
44 section 501(c)(3) or 501(c)(6) of the internal revenue code if the
45 organization is associated with a major league baseball team or a national

1 touring professional golfing association and no part of the organization's
2 net earnings inures to the benefit of any private shareholder or individual.

3 (c) A nonprofit organization that is exempt from taxation under
4 section 501(c)(3), 501(c)(4), 501(c)(6), 501(c)(7) or 501(c)(8) of the
5 internal revenue code if the organization sponsors or operates a rodeo
6 featuring primarily farm and ranch animals and no part of the organization's
7 net earnings inures to the benefit of any private shareholder or individual.

8 16. Drugs and medical oxygen, including delivery hose, mask or tent,
9 regulator and tank, on the prescription of a member of the medical, dental or
10 veterinarian profession who is licensed by law to administer such substances.

11 17. Prosthetic appliances, as defined in section 23-501, prescribed or
12 recommended by a person who is licensed, registered or otherwise
13 professionally credentialed as a physician, dentist, podiatrist,
14 chiropractor, naturopath, homeopath, nurse or optometrist.

15 18. Prescription eyeglasses and contact lenses.

16 19. Insulin, insulin syringes and glucose test strips.

17 20. Hearing aids as defined in section 36-1901.

18 21. Durable medical equipment ~~which~~ **THAT** has a centers for medicare and
19 medicaid services common procedure code, is designated reimbursable by
20 medicare, is prescribed by a person who is licensed under title 32, chapter
21 7, 13, 17 or 29, can withstand repeated use, is primarily and customarily
22 used to serve a medical purpose, is generally not useful to a person in the
23 absence of illness or injury and is appropriate for use in the home.

24 22. Food, as provided in and subject to the conditions of article 3 of
25 this chapter and section 42-5074.

26 23. Items purchased with United States department of agriculture food
27 stamp coupons issued under the food stamp act of 1977 (P.L. 95-113; 91 Stat.
28 958) or food instruments issued under section 17 of the child nutrition act
29 (P.L. 95-627; 92 Stat. 3603; P.L. 99-661, section 4302; 42 United States Code
30 section 1786).

31 24. Food and drink provided without monetary charge by a taxpayer ~~which~~
32 **THAT** is subject to section 42-5074 to its employees for their own consumption
33 on the premises during the employees' hours of employment.

34 25. Tangible personal property that is used or consumed in a business
35 subject to section 42-5074 for human food, drink or condiment, whether
36 simple, mixed or compounded.

37 26. Food, drink or condiment and accessory tangible personal property
38 that are acquired for use by or provided to a school district or charter
39 school if they are to be either served or prepared and served to persons for
40 consumption on the premises of a public school in the school district or on
41 the premises of the charter school during school hours.

42 27. Lottery tickets or shares purchased pursuant to title 5, chapter
43 5.1, article 1.

44 28. Textbooks, sold by a bookstore, that are required by any state
45 university or community college.

1 29. Magazines, other periodicals or other publications produced by this
2 state to encourage tourist travel.

3 30. Paper machine clothing, such as forming fabrics and dryer felts,
4 purchased by a paper manufacturer and directly used or consumed in paper
5 manufacturing.

6 31. Coal, petroleum, coke, natural gas, virgin fuel oil and electricity
7 purchased by a qualified environmental technology manufacturer, producer or
8 processor as defined in section 41-1514.02 and directly used or consumed in
9 the generation or provision of on-site power or energy solely for
10 environmental technology manufacturing, producing or processing or
11 environmental protection. This paragraph shall apply for twenty full
12 consecutive calendar or fiscal years from the date the first paper
13 manufacturing machine is placed in service. In the case of an environmental
14 technology manufacturer, producer or processor who does not manufacture
15 paper, the time period shall begin with the date the first manufacturing,
16 processing or production equipment is placed in service.

17 32. Motor vehicles that are removed from inventory by a motor vehicle
18 dealer as defined in section 28-4301 and that are provided to:

19 (a) Charitable or educational institutions that are exempt from
20 taxation under section 501(c)(3) of the internal revenue code.

21 (b) Public educational institutions.

22 (c) State universities or affiliated organizations of a state
23 university if no part of the organization's net earnings inures to the
24 benefit of any private shareholder or individual.

25 33. Natural gas or liquefied petroleum gas used to propel a motor
26 vehicle.

27 34. Machinery, equipment, technology or related supplies that are only
28 useful to assist a person who is physically disabled as defined in section
29 46-191, has a developmental disability as defined in section 36-551 or has a
30 head injury as defined in section 41-3201 to be more independent and
31 functional.

32 35. Liquid, solid or gaseous chemicals used in manufacturing,
33 processing, fabricating, mining, refining, metallurgical operations, research
34 and development and, beginning on January 1, 1999, printing, if using or
35 consuming the chemicals, alone or as part of an integrated system of
36 chemicals, involves direct contact with the materials from which the product
37 is produced for the purpose of causing or permitting a chemical or physical
38 change to occur in the materials as part of the production process. This
39 paragraph does not include chemicals that are used or consumed in activities
40 such as packaging, storage or transportation but does not affect any
41 exemption for such chemicals that is otherwise provided by this section. For
42 the purposes of this paragraph, "printing" means a commercial printing
43 operation and includes job printing, engraving, embossing, copying and
44 bookbinding.

1 36. Food, drink and condiment purchased for consumption within the
2 premises of any prison, jail or other institution under the jurisdiction of
3 the state department of corrections, the department of public safety, the
4 department of juvenile corrections or a county sheriff.

5 37. A motor vehicle and any repair and replacement parts and tangible
6 personal property becoming a part of such motor vehicle sold to a motor
7 carrier who is subject to a fee prescribed in title 28, chapter 16, article 4
8 and who is engaged in the business of leasing or renting such property.

9 38. Tangible personal property ~~which~~ THAT is or directly enters into
10 and becomes an ingredient or component part of cards used as prescription
11 plan identification cards.

12 39. Overhead materials or other tangible personal property that is used
13 in performing a contract between the United States government and a
14 manufacturer, modifier, assembler or repairer, including property used in
15 performing a subcontract with a government contractor who is a manufacturer,
16 modifier, assembler or repairer, to which title passes to the government
17 under the terms of the contract or subcontract. For the purposes of this
18 paragraph:

19 (a) "Overhead materials" means tangible personal property, the gross
20 proceeds of sales or gross income derived from which would otherwise be
21 included in the retail classification, ~~and which are~~ THAT IS used or consumed
22 in the performance of a contract, the cost of which is charged to an overhead
23 expense account and allocated to various contracts based ~~upon~~ ON generally
24 accepted accounting principles and consistent with government contract
25 accounting standards.

26 (b) "Subcontract" means an agreement between a contractor and any
27 person who is not an employee of the contractor for furnishing of supplies or
28 services that, in whole or in part, are necessary to the performance of one
29 or more government contracts, or under which any portion of the contractor's
30 obligation under one or more government contracts is performed, undertaken or
31 assumed, and that includes provisions causing title to overhead materials or
32 other tangible personal property used in the performance of the subcontract
33 to pass to the government or that includes provisions incorporating such
34 title passing clauses in a government contract into the subcontract.

35 40. Through December 31, 1994, tangible personal property sold pursuant
36 to a personal property liquidation transaction, as defined in section
37 42-5061. From and after December 31, 1994, tangible personal property sold
38 pursuant to a personal property liquidation transaction, as defined in
39 section 42-5061, if the gross proceeds of the sales were included in the
40 measure of the tax imposed by article 1 of this chapter or if the personal
41 property liquidation was a casual activity or transaction.

42 41. Wireless telecommunications equipment that is held for sale or
43 transfer to a customer as an inducement to enter into or continue a contract
44 for telecommunications services that are taxable under section 42-5064.

1 42. Alternative fuel, as defined in section 1-215, purchased by a used
2 oil fuel burner who has received a permit to burn used oil or used oil fuel
3 under section 49-426 or 49-480.

4 43. Tangible personal property purchased by a commercial airline and
5 consisting of food, beverages and condiments and accessories used for serving
6 the food and beverages, if those items are to be provided without additional
7 charge to passengers for consumption in flight. For the purposes of this
8 paragraph, "commercial airline" means a person holding a federal certificate
9 of public convenience and necessity or foreign air carrier permit for air
10 transportation to transport persons, property or United States mail in
11 intrastate, interstate or foreign commerce.

12 44. Alternative fuel vehicles if the vehicle was manufactured as a
13 diesel fuel vehicle and converted to operate on alternative fuel and
14 equipment that is installed in a conventional diesel fuel motor vehicle to
15 convert the vehicle to operate on an alternative fuel, as defined in section
16 1-215.

17 45. Gas diverted from a pipeline, by a person engaged in the business
18 of:

19 (a) Operating a natural or artificial gas pipeline, and used or
20 consumed for the sole purpose of fueling compressor equipment that
21 pressurizes the pipeline.

22 (b) Converting natural gas into liquefied natural gas, and used or
23 consumed for the sole purpose of fueling compressor equipment used in the
24 conversion process.

25 46. Tangible personal property that is excluded, exempt or deductible
26 from transaction privilege tax pursuant to section 42-5063.

27 47. Tangible personal property purchased to be incorporated or
28 installed as part of environmental response or remediation activities under
29 section 42-5075, subsection B, paragraph 6.

30 48. Tangible personal property sold by a nonprofit organization that is
31 exempt from taxation under section 501(c)(6) of the internal revenue code if
32 the organization produces, organizes or promotes cultural or civic related
33 festivals or events and no part of the organization's net earnings inures to
34 the benefit of any private shareholder or individual.

35 49. Prepared food, drink or condiment donated by a restaurant as
36 classified in section 42-5074, subsection A to a nonprofit charitable
37 organization that has qualified under section 501(c)(3) of the internal
38 revenue code and that regularly serves meals to the needy and indigent on a
39 continuing basis at no cost.

40 50. Application services that are designed to assess or test student
41 learning or to promote curriculum design or enhancement purchased by or for
42 any school district, charter school, community college or state university.
43 For the purposes of this paragraph:

44 (a) "Application services" means software applications provided
45 remotely using hypertext transfer protocol or another network protocol.

1 (b) "Curriculum design or enhancement" means planning, implementing or
2 reporting on courses of study, lessons, assignments or other learning
3 activities.

4 51. Motor vehicle fuel and use fuel to a qualified business under
5 section 41-1516 for off-road use in harvesting, processing or transporting
6 qualifying forest products removed from qualifying projects as defined in
7 section 41-1516.

8 52. Repair parts installed in equipment used directly by a qualified
9 business under section 41-1516 in harvesting, processing or transporting
10 qualifying forest products removed from qualifying projects as defined in
11 section 41-1516.

12 53. Renewable energy credits or any other unit created to track energy
13 derived from renewable energy resources. For the purposes of this paragraph,
14 "renewable energy credit" means a unit created administratively by the
15 corporation commission or governing body of a public power entity to track
16 kilowatt hours of electricity derived from a renewable energy resource or the
17 kilowatt hour equivalent of conventional energy resources displaced by
18 distributed renewable energy resources.

19 54. Computer data center equipment purchased by the owner, operator or
20 qualified colocation tenant of the computer data center or an authorized
21 agent of the owner, operator or qualified colocation tenant during the
22 qualification period for use in a computer data center that is certified by
23 the Arizona commerce authority under section 41-1519. To qualify for this
24 deduction, at the time of purchase, the owner, operator or qualified
25 colocation tenant must present to the retailer its certificate that is issued
26 pursuant to section 41-1519 and that establishes its qualification for the
27 deduction. For the purposes of this paragraph, "computer data center",
28 "computer data center equipment", "qualification period" and "qualified
29 colocation tenant" have the same meanings prescribed in section 41-1519.

30 B. In addition to the exemptions allowed by subsection A of this
31 section, the following categories of tangible personal property are also
32 exempt:

33 1. Machinery, or equipment, used directly in manufacturing,
34 processing, fabricating, job printing, refining or metallurgical operations.
35 The terms "manufacturing", "processing", "fabricating", "job printing",
36 "refining" and "metallurgical" as used in this paragraph refer to and include
37 those operations commonly understood within their ordinary meaning.
38 "Metallurgical operations" includes leaching, milling, precipitating,
39 smelting and refining.

40 2. Machinery, or equipment, used directly in the process of extracting
41 ores or minerals from the earth for commercial purposes, including equipment
42 required to prepare the materials for extraction and handling, loading or
43 transporting such extracted material to the surface. "Mining" includes
44 underground, surface and open pit operations for extracting ores and
45 minerals.

1 3. Tangible personal property sold to persons engaged in business
2 classified under the telecommunications classification under section 42-5064
3 and consisting of central office switching equipment, switchboards, private
4 branch exchange equipment, microwave radio equipment and carrier equipment
5 including optical fiber, coaxial cable and other transmission media ~~which~~
6 ~~THAT~~ are components of carrier systems.

7 4. Machinery, equipment or transmission lines used directly in
8 producing or transmitting electrical power, but not including distribution.
9 Transformers and control equipment used at transmission substation sites
10 constitute equipment used in producing or transmitting electrical power.

11 5. Neat animals, horses, asses, sheep, ratices, swine or goats used or
12 to be used as breeding or production stock, including sales of breedings or
13 ownership shares in such animals used for breeding or production.

14 6. Pipes or valves four inches in diameter or larger used to transport
15 oil, natural gas, artificial gas, water or coal slurry, including compressor
16 units, regulators, machinery and equipment, fittings, seals and any other
17 part that is used in operating the pipes or valves.

18 7. Aircraft, navigational and communication instruments and other
19 accessories and related equipment sold to:

20 (a) A person holding a federal certificate of public convenience and
21 necessity, a supplemental air carrier certificate under federal aviation
22 regulations (14 Code of Federal Regulations part 121) or a foreign air
23 carrier permit for air transportation for use as or in conjunction with or
24 becoming a part of aircraft to be used to transport persons, property or
25 United States mail in intrastate, interstate or foreign commerce.

26 (b) Any foreign government, or sold to persons who are not residents
27 of this state and who will not use such property in this state other than in
28 removing such property from this state.

29 8. Machinery, tools, equipment and related supplies used or consumed
30 directly in repairing, remodeling or maintaining aircraft, aircraft engines
31 or aircraft component parts by or on behalf of a certificated or licensed
32 carrier of persons or property.

33 9. Rolling stock, rails, ties and signal control equipment used
34 directly to transport persons or property.

35 10. Machinery or equipment used directly to drill for oil or gas or
36 used directly in the process of extracting oil or gas from the earth for
37 commercial purposes.

38 11. Buses or other urban mass transit vehicles ~~which~~ ~~THAT~~ are used
39 directly to transport persons or property for hire or pursuant to a
40 governmentally adopted and controlled urban mass transportation program and
41 ~~which~~ ~~THAT~~ are sold to bus companies holding a federal certificate of
42 convenience and necessity or operated by any city, town or other governmental
43 entity or by any person contracting with such governmental entity as part of
44 a governmentally adopted and controlled program to provide urban mass
45 transportation.

1 12. Groundwater measuring devices required under section 45-604.

2 13. New machinery and equipment consisting of tractors, tractor-drawn
3 implements, self-powered implements, machinery and equipment necessary for
4 extracting milk, and machinery and equipment necessary for cooling milk and
5 livestock, and drip irrigation lines not already exempt under paragraph 6 of
6 this subsection and that are used for commercial production of agricultural,
7 horticultural, viticultural and floricultural crops and products in this
8 state. For the purposes of this paragraph:

9 (a) "New machinery and equipment" means machinery or equipment ~~which~~
10 ~~THAT~~ has never been sold at retail except pursuant to leases or rentals ~~which~~
11 ~~THAT~~ do not total two years or more.

12 (b) "Self-powered implements" includes machinery and equipment that
13 are electric-powered.

14 14. Machinery or equipment used in research and development. For the
15 purposes of this paragraph, "research and development" means basic and
16 applied research in the sciences and engineering, and designing, developing
17 or testing prototypes, processes or new products, including research and
18 development of computer software that is embedded in or an integral part of
19 the prototype or new product or that is required for machinery or equipment
20 otherwise exempt under this section to function effectively. Research and
21 development do not include manufacturing quality control, routine consumer
22 product testing, market research, sales promotion, sales service, research in
23 social sciences or psychology, computer software research that is not
24 included in the definition of research and development, or other
25 nontechnological activities or technical services.

26 15. Tangible personal property that is used by either of the following
27 to receive, store, convert, produce, generate, decode, encode, control or
28 transmit telecommunications information:

29 (a) Any direct broadcast satellite television or data transmission
30 service that operates pursuant to 47 Code of Federal Regulations part 25.

31 (b) Any satellite television or data transmission facility, if both of
32 the following conditions are met:

33 (i) Over two-thirds of the transmissions, measured in megabytes,
34 transmitted by the facility during the test period were transmitted to or on
35 behalf of one or more direct broadcast satellite television or data
36 transmission services that operate pursuant to 47 Code of Federal Regulations
37 part 25.

38 (ii) Over two-thirds of the transmissions, measured in megabytes,
39 transmitted by or on behalf of those direct broadcast television or data
40 transmission services during the test period were transmitted by the facility
41 to or on behalf of those services.

42 For the purposes of subdivision (b) of this paragraph, "test period" means
43 the three hundred sixty-five day period beginning on the later of the date on
44 which the tangible personal property is purchased or the date on which the

1 direct broadcast satellite television or data transmission service first
2 transmits information to its customers.

3 16. Clean rooms that are used for manufacturing, processing,
4 fabrication or research and development, as defined in paragraph 14 of this
5 subsection, of semiconductor products. For the purposes of this paragraph,
6 "clean room" means all property that comprises or creates an environment
7 where humidity, temperature, particulate matter and contamination are
8 precisely controlled within specified parameters, without regard to whether
9 the property is actually contained within that environment or whether any of
10 the property is affixed to or incorporated into real property. Clean room:

11 (a) Includes the integrated systems, fixtures, piping, movable
12 partitions, lighting and all property that is necessary or adapted to reduce
13 contamination or to control airflow, temperature, humidity, chemical purity
14 or other environmental conditions or manufacturing tolerances, as well as the
15 production machinery and equipment operating in conjunction with the clean
16 room environment.

17 (b) Does not include the building or other permanent, nonremovable
18 component of the building that houses the clean room environment.

19 17. Machinery and equipment that are used directly in the feeding of
20 poultry, the environmental control of housing for poultry, the movement of
21 eggs within a production and packaging facility or the sorting or cooling of
22 eggs. This exemption does not apply to vehicles used for transporting eggs.

23 18. Machinery or equipment, including related structural components,
24 that is employed in connection with manufacturing, processing, fabricating,
25 job printing, refining, mining, natural gas pipelines, metallurgical
26 operations, telecommunications, producing or transmitting electricity or
27 research and development and that is used directly to meet or exceed rules or
28 regulations adopted by the federal energy regulatory commission, the United
29 States environmental protection agency, the United States nuclear regulatory
30 commission, the Arizona department of environmental quality or a political
31 subdivision of this state to prevent, monitor, control or reduce land, water
32 or air pollution.

33 19. Machinery and equipment that are used in the commercial production
34 of livestock, livestock products or agricultural, horticultural, viticultural
35 or floricultural crops or products in this state and that are used directly
36 and primarily to prevent, monitor, control or reduce air, water or land
37 pollution.

38 20. Machinery or equipment that enables a television station to
39 originate and broadcast or to receive and broadcast digital television
40 signals and that was purchased to facilitate compliance with the
41 telecommunications act of 1996 (P.L. 104-104; 110 Stat. 56; 47 United States
42 Code section 336) and the federal communications commission order issued
43 April 21, 1997 (47 Code of Federal Regulations part 73). This paragraph does
44 not exempt any of the following:

1 (a) Repair or replacement parts purchased for the machinery or
2 equipment described in this paragraph.

3 (b) Machinery or equipment purchased to replace machinery or equipment
4 for which an exemption was previously claimed and taken under this paragraph.

5 (c) Any machinery or equipment purchased after the television station
6 has ceased analog broadcasting, or purchased after November 1, 2009,
7 whichever occurs first.

8 21. Qualifying equipment that is purchased from and after June 30, 2004
9 through June 30, 2024 by a qualified business under section 41-1516 for
10 harvesting or processing qualifying forest products removed from qualifying
11 projects as defined in section 41-1516. To qualify for this exemption, the
12 qualified business must obtain and present its certification from the Arizona
13 commerce authority at the time of purchase.

14 C. The exemptions provided by subsection B of this section do not
15 include:

16 1. Expendable materials. For the purposes of this paragraph,
17 expendable materials do not include any of the categories of tangible
18 personal property specified in subsection B of this section regardless of the
19 cost or useful life of that property.

20 2. Janitorial equipment and hand tools.

21 3. Office equipment, furniture and supplies.

22 4. Tangible personal property used in selling or distributing
23 activities, other than the telecommunications transmissions described in
24 subsection B, paragraph 15 of this section.

25 5. Motor vehicles required to be licensed by this state, except buses
26 or other urban mass transit vehicles specifically exempted pursuant to
27 subsection B, paragraph 11 of this section, without regard to the use of such
28 motor vehicles.

29 6. Shops, buildings, docks, depots and all other materials of whatever
30 kind or character not specifically included as exempt.

31 7. Motors and pumps used in drip irrigation systems.

32 8. MACHINERY AND EQUIPMENT OR TANGIBLE PERSONAL PROPERTY USED BY A
33 CONTRACTOR IN THE PERFORMANCE OF A CONTRACT.

34 D. The following shall be deducted in computing the purchase price of
35 electricity by a retail electric customer from a utility business:

36 1. Revenues received from sales of ancillary services, electric
37 distribution services, electric generation services, electric transmission
38 services and other services related to providing electricity to a retail
39 electric customer who is located outside this state for use outside this
40 state if the electricity is delivered to a point of sale outside this state.

41 2. Revenues received from providing electricity, including ancillary
42 services, electric distribution services, electric generation services,
43 electric transmission services and other services related to providing
44 electricity with respect to which the transaction privilege tax imposed under
45 section 42-5063 has been paid.

1 E. The tax levied by this article does not apply to the purchase of
2 solar energy devices from a retailer that is registered with the department
3 as a solar energy retailer or a solar energy contractor.

4 F. The following shall be deducted in computing the purchase price of
5 electricity by a retail electric customer from a utility business:

6 1. Fees charged by a municipally owned utility to persons constructing
7 residential, commercial or industrial developments or connecting residential,
8 commercial or industrial developments to a municipal utility system or
9 systems if the fees are segregated and used only for capital expansion,
10 system enlargement or debt service of the utility system or systems.

11 2. Reimbursement or contribution compensation to any person or persons
12 owning a utility system for property and equipment installed to provide
13 utility access to, on or across the land of an actual utility consumer if the
14 property and equipment become the property of the utility. This deduction
15 shall not exceed the value of such property and equipment.

16 G. For the purposes of subsection B of this section:

17 1. "Aircraft" includes:

18 (a) An airplane flight simulator that is approved by the federal
19 aviation administration for use as a phase II or higher flight simulator
20 under appendix H, 14 Code of Federal Regulations part 121.

21 (b) Tangible personal property that is permanently affixed or attached
22 as a component part of an aircraft that is owned or operated by a
23 certificated or licensed carrier of persons or property.

24 2. "Other accessories and related equipment" includes aircraft
25 accessories and equipment such as ground service equipment that physically
26 contact aircraft at some point during the overall carrier operation.

27 H. For the purposes of subsection D of this section, "ancillary
28 services", "electric distribution service", "electric generation service",
29 "electric transmission service" and "other services" have the same meanings
30 prescribed in section 42-5063.

31 Sec. 20. Repeal

32 Section 42-5159, Arizona Revised Statutes, as amended by Laws 2013,
33 chapter 255, section 17, is repealed.

34 Sec. 21. Retroactive application

35 A. Section 6 of this act applies retroactively to September 12, 2013.

36 B. Sections 7 and 8 of this act apply retroactively to September 13,
37 2013.

38 C. Sections 4, 5, 9, 10, 11 and 12 of this act apply retroactively to
39 from and after June 30, 2014.

40 Sec. 22. Effective date

41 Sections 2, 3, 13, 14, 15, 16, 17, 18, 19 and 20 of this act are
42 effective from and after December 31, 2014.