

State of Arizona  
House of Representatives,  
Fifty-fourth Legislature  
First Regular Session  
2019

# HOUSE BILL 2672

AN ACT

AMENDING SECTIONS 9-500.39, 11-269.17, 42-2001 AND 42-2003, ARIZONA REVISED STATUTES; AMENDING TITLE 42, CHAPTER 5, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 42-5042; RELATING TO VACATION RENTALS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 9-500.39, Arizona Revised Statutes, is amended  
3 to read:

4 9-500.39. Limits on regulation of vacation rentals and  
5 short-term rentals; state preemption; definitions

6 A. A city or town may not prohibit vacation rentals or short-term  
7 rentals.

8 B. A city or town may not restrict the use of or regulate vacation  
9 rentals or short-term rentals based on their classification, use or  
10 occupancy EXCEPT AS PROVIDED IN THIS SECTION. A city or town may regulate  
11 vacation rentals or short-term rentals for the following purposes:

12 1. ~~Protection of~~ PROTECTING the public's health and safety,  
13 including rules and regulations related to fire and building codes, health  
14 and sanitation, transportation or traffic control, solid or hazardous  
15 waste and pollution control, and designation of an emergency point of  
16 contact, if the city or town demonstrates that the rule or regulation is  
17 for the primary purpose of protecting the public's health and safety.

18 2. Adopting and enforcing residential use and zoning ordinances,  
19 including ordinances related to noise, protection of welfare, property  
20 maintenance and other nuisance issues, if the ordinance is applied in the  
21 same manner as other property classified under sections 42-12003 and  
22 42-12004.

23 3. Limiting or prohibiting the use of a vacation rental or  
24 short-term rental for the purposes of housing sex offenders, operating or  
25 maintaining a sober living home, selling illegal drugs, liquor control or  
26 pornography, obscenity, nude or topless dancing and other adult-oriented  
27 businesses.

28 4. REQUIRING THE OWNER OF A VACATION RENTAL OR SHORT-TERM RENTAL TO  
29 PROVIDE THE CITY OR TOWN WITH CONTACT INFORMATION FOR THE OWNER OR THE  
30 OWNER'S DESIGNEE WHO IS RESPONSIBLE FOR RESPONDING TO COMPLAINTS IN A  
31 TIMELY MANNER IN PERSON, OVER THE PHONE OR BY E-MAIL AT ANY TIME OF DAY  
32 BEFORE OFFERING FOR RENT OR RENTING THE VACATION RENTAL OR SHORT-TERM  
33 RENTAL.

34 C. A CITY OR TOWN SHALL NOTIFY THE DEPARTMENT OF REVENUE AND THE  
35 PROPERTY OWNER OF VERIFIED VIOLATIONS OF THE CITY'S OR TOWN'S APPLICABLE  
36 LAWS, REGULATIONS AND ORDINANCES WITHIN THIRTY DAYS AFTER A VERIFIED  
37 VIOLATION.

38 ~~C.~~ D. This section does not exempt an owner of a residential  
39 rental property, as defined in section 33-1901, from maintaining with the  
40 assessor of the county in which the property is located information  
41 required under title 33, chapter 17, article 1.

42 E. A VACATION RENTAL OR SHORT-TERM RENTAL MAY NOT BE USED FOR  
43 NONRESIDENTIAL USES, INCLUDING FOR SPECIAL EVENTS OR FOR A RETAIL,  
44 RESTAURANT, BANQUET SPACE OR OTHER SIMILAR USE.

- 1           ~~D.~~ F. For the purposes of this section:  
2           1. "Transient" has the same meaning prescribed in section 42-5070.  
3           2. "Vacation rental" or "short-term rental" means any individually  
4 or collectively owned single-family or one-to-four-family house or  
5 dwelling unit or any unit or group of units in a condominium, cooperative  
6 or timeshare, that is also a transient public lodging establishment or  
7 owner-occupied residential home offered for transient use if the  
8 accommodations are not classified for property taxation under section  
9 42-12001. Vacation rental and short-term rental do not include a unit  
10 that is used for any nonresidential use, including retail, restaurant,  
11 banquet space, event center or another similar use.

12           3. "VERIFIED VIOLATION" MEANS A FINDING OF GUILT OR CIVIL  
13 RESPONSIBILITY FOR VIOLATING ANY REGULATION ENACTED PURSUANT TO SUBSECTION  
14 B OR E OF THIS SECTION OR ANY STATE LAW OR LOCAL ORDINANCE RELATING TO A  
15 PURPOSE PRESCRIBED IN SUBSECTION B OR E OF THIS SECTION THAT HAS BEEN  
16 FINALLY ADJUDICATED.

17           Sec. 2. Section 11-269.17, Arizona Revised Statutes, is amended to  
18 read:

19           11-269.17. Limits on regulation of vacation rentals and  
20   short-term rentals; state preemption;  
21   definitions

22           A. A county may not prohibit vacation rentals or short-term  
23 rentals.

24           B. A county may not restrict the use of or regulate vacation  
25 rentals or short-term rentals based on their classification, use or  
26 occupancy EXCEPT AS PROVIDED IN THIS SECTION. A county may regulate  
27 vacation rentals or short-term rentals for the following purposes:

28           1. ~~Protection of~~ PROTECTING the public's health and safety,  
29 including rules and regulations related to fire and building codes, health  
30 and sanitation, transportation or traffic control, solid or hazardous  
31 waste and pollution control, and designation of an emergency point of  
32 contact, if the county demonstrates that the rule or regulation is for the  
33 primary purpose of protecting the public's health and safety.

34           2. Adopting and enforcing residential use and zoning ordinances,  
35 including ordinances related to noise, protection of welfare, property  
36 maintenance and other nuisance issues, if the ordinance is applied in the  
37 same manner as other property classified under sections 42-12003 and  
38 42-12004.

39           3. Limiting or prohibiting the use of a vacation rental or  
40 short-term rental for the purposes of housing sex offenders, operating or  
41 maintaining a sober living home, selling illegal drugs, liquor control or  
42 pornography, obscenity, nude or topless dancing and other adult-oriented  
43 businesses.

44           4. REQUIRING THE OWNER OF A VACATION RENTAL OR SHORT-TERM RENTAL TO  
45 PROVIDE THE COUNTY WITH CONTACT INFORMATION FOR THE OWNER OR THE OWNER'S

1 DESIGNEE WHO IS RESPONSIBLE FOR RESPONDING TO COMPLAINTS IN A TIMELY  
2 MANNER IN PERSON, OVER THE PHONE OR BY E-MAIL AT ANY TIME OF DAY BEFORE  
3 OFFERING FOR RENT OR RENTING THE VACATION RENTAL OR SHORT-TERM RENTAL.

4 C. A COUNTY SHALL NOTIFY THE DEPARTMENT OF REVENUE AND THE PROPERTY  
5 OWNER OF VERIFIED VIOLATIONS OF THE COUNTY'S APPLICABLE LAWS, REGULATIONS  
6 AND ORDINANCES WITHIN THIRTY DAYS AFTER A VERIFIED VIOLATION.

7 ~~C.~~ D. This section does not exempt an owner of a residential  
8 rental property, as defined in section 33-1901, from maintaining with the  
9 assessor of the county in which the property is located information  
10 required under title 33, chapter 17, article 1.

11 E. A VACATION RENTAL OR SHORT-TERM RENTAL MAY NOT BE USED FOR  
12 NONRESIDENTIAL USES, INCLUDING FOR SPECIAL EVENTS OR FOR A RETAIL,  
13 RESTAURANT, BANQUET SPACE OR OTHER SIMILAR USE.

14 ~~D.~~ F. For the purposes of this section:

15 1. "Transient" has the same meaning prescribed in section 42-5070.

16 2. "Vacation rental" or "short-term rental" means any individually  
17 or collectively owned single-family or one-to-four-family house or  
18 dwelling unit or any unit or group of units in a condominium, cooperative  
19 or timeshare, that is also a transient public lodging establishment or  
20 owner-occupied residential home offered for transient use if the  
21 accommodations are not classified for property taxation under section  
22 42-12001. Vacation rental and short-term rental do not include a unit  
23 that is used for any nonresidential use, including retail, restaurant,  
24 banquet space, event center or another similar use.

25 3. "VERIFIED VIOLATION" MEANS A FINDING OF GUILT OR CIVIL  
26 RESPONSIBILITY FOR VIOLATING ANY REGULATION ENACTED PURSUANT TO SUBSECTION  
27 B OR E OF THIS SECTION OR ANY STATE LAW OR LOCAL ORDINANCE RELATING TO A  
28 PURPOSE PRESCRIBED IN SUBSECTION B OR E OF THIS SECTION THAT HAS BEEN  
29 FINALLY ADJUDICATED.

30 Sec. 3. Section 42-2001, Arizona Revised Statutes, is amended to  
31 read:

32 42-2001. Definitions

33 In this article, unless the context otherwise requires:

34 1. "Confidential information":

35 (a) Includes the following information whether it concerns  
36 individual taxpayers or is aggregate information for specifically  
37 identified taxpayers:

38 (i) Returns and reports filed with the department for income tax,  
39 withholding tax, transaction privilege tax, luxury tax, use tax, property  
40 tax and severance tax.

41 (ii) Applications for transaction privilege licenses, luxury tax  
42 licenses, use tax licenses and withholding licenses.

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

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

3 (v) Information supplied at the special request of the department  
4 by a taxpayer ~~which~~ THAT the taxpayer requests to be held in confidence.

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

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

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

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

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

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

28 4. "Tax administration" includes assessment, collection,  
29 investigation, litigation, statistical gathering functions, enforcement,  
30 policy making functions or management of those functions of the tax  
31 revenue laws of this state.

32 5. "TAX OFFICIAL" MEANS A NONELECTED EMPLOYEE OR THE NONELECTED  
33 EMPLOYEE'S DESIGNEE OR AGENT WHO IS RESPONSIBLE FOR TAX ADMINISTRATION.

34 ~~5.~~ 6. "Taxpayer", with respect to a joint return, means either  
35 party.

36 Sec. 4. Section 42-2003, Arizona Revised Statutes, is amended to  
37 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  
43 execute a written authorization for a controlled subsidiary.

1           2. A corporate taxpayer may be disclosed to any principal officer,  
2 any 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. If a corporate officer signs a statement under penalty of perjury  
5 representing that the officer is a principal officer, the department may  
6 rely on the statement until the statement is shown to be false. For the  
7 purposes of this paragraph, "principal officer" includes a chief executive  
8 officer, president, secretary, treasurer, vice president of tax, chief  
9 financial officer, chief operating officer or chief tax officer or any  
10 other corporate officer who has the authority to bind the taxpayer on  
11 matters related to state taxes.

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

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

17           5. An estate may be disclosed to the personal representative of the  
18 estate and to any heir, next of kin or beneficiary under the will of the  
19 decedent if the department finds that the heir, next of kin or beneficiary  
20 has a material interest that will be affected by the confidential  
21 information.

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

26           7. A government entity may be disclosed to the head of the entity  
27 or a member of the governing board of the entity, or any employee of the  
28 entity who has been delegated the authorization in writing by the head of  
29 the entity or the governing board of the entity.

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

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

35           10. Any taxpayer may be disclosed during a meeting or telephone  
36 call if the taxpayer is present during the meeting or telephone call and  
37 authorizes the disclosure of confidential information.

38           B. Confidential information may be disclosed to:

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

41           2. The office of the attorney general OR ANY OTHER LAW ENFORCEMENT  
42 AGENCY solely for its use in preparation for, or in an investigation that  
43 may result in, any proceeding involving tax administration before the  
44 department or any other agency or board of this state, or before any grand  
45 jury or any state or federal court. TO RECEIVE CONFIDENTIAL INFORMATION

1 PURSUANT TO THIS PARAGRAPH, A LAW ENFORCEMENT AGENCY OTHER THAN THE OFFICE  
2 OF THE ATTORNEY GENERAL SHALL PROVIDE AN AFFIDAVIT TO THE DEPARTMENT  
3 DESCRIBING THE INVESTIGATION AND HOW IT MAY RESULT IN A PROCEEDING  
4 INVOLVING TAX ADMINISTRATION. THE DEPARTMENT MAY NOT RELEASE ANY  
5 CONFIDENTIAL INFORMATION IF THE DEPARTMENT DETERMINES THAT THE INFORMATION  
6 WILL NOT BE USED FOR THE PURPOSES SPECIFIED IN THIS PARAGRAPH. THIS  
7 PARAGRAPH DOES NOT AUTHORIZE THE DEPARTMENT TO DISCLOSE CONFIDENTIAL  
8 INFORMATION THAT WAS PROVIDED TO THE DEPARTMENT BY THE INTERNAL REVENUE  
9 SERVICE.

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

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

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

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

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

33 (c) An organization of states, federation of tax administrators or  
34 multistate tax commission that operates an information exchange for tax  
35 administration purposes.

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

39 (e) An agency, official or organization of an Indian tribal  
40 government with responsibilities comparable to the responsibilities of the  
41 agencies, officials or organizations identified in subdivision (a), (b) or  
42 (c) of this paragraph.

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

1           7. Any person to the extent necessary for effective tax  
2 administration in connection with:  
3           (a) The processing, storage, transmission, destruction and  
4 reproduction of the information.  
5           (b) The programming, maintenance, repair, testing and procurement  
6 of equipment for purposes of tax administration.  
7           (c) The collection of the taxpayer's civil liability.  
8           8. The office of administrative hearings relating to taxes  
9 administered by the department pursuant to section 42-1101, but the  
10 department shall not disclose any confidential information without the  
11 taxpayer's written consent:  
12           (a) Regarding income tax or withholding tax.  
13           (b) On any tax issue relating to information associated with the  
14 reporting of income tax or withholding tax.  
15           9. The United States treasury inspector general for tax  
16 administration for the purpose of reporting a violation of internal  
17 revenue code section 7213A (26 United States Code section 7213A),  
18 unauthorized inspection of returns or return information.  
19           10. The financial management service of the United States treasury  
20 department for use in the treasury offset program.  
21           11. The United States treasury department or its authorized agent  
22 for use in the state income tax levy program and in the electronic federal  
23 tax payment system.  
24           12. The Arizona commerce authority for its use in:  
25           (a) Qualifying renewable energy operations for the tax incentives  
26 under section 42-12006.  
27           (b) Qualifying businesses with a qualified facility for income tax  
28 credits under sections 43-1083.03 and 43-1164.04.  
29           (c) Fulfilling its annual reporting responsibility pursuant to  
30 section 41-1511, subsections U and V and section 41-1512, subsections U  
31 and V.  
32           (d) Certifying computer data centers for tax relief under section  
33 41-1519.  
34           13. A prosecutor for purposes of section 32-1164, subsection C.  
35           14. The office of the state fire marshal for use in determining  
36 compliance with and enforcing title 37, chapter 9, article 5.  
37           15. The department of transportation for its use in administering  
38 taxes, surcharges and penalties prescribed by title 28.  
39           16. The Arizona health care cost containment system administration  
40 for its use in administering nursing facility provider assessments.  
41           17. The department of administration risk management division and  
42 the office of the attorney general if the information relates to a claim  
43 against this state pursuant to section 12-821.01 involving the department  
44 of revenue.

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

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

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

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

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

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

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

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

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

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

28           E. The department, on the request of any person, shall provide the  
29 names and addresses of bingo licensees as defined in section 5-401, verify  
30 whether or not a person has a privilege license and number, a tobacco  
31 product distributor's license and number or a withholding license and  
32 number or disclose the information to be posted on the department's  
33 website or otherwise publicly accessible pursuant to section 42-1124,  
34 subsection F and section 42-3401.

35           F. A department employee, in connection with the official duties  
36 relating to any audit, collection activity or civil or criminal  
37 investigation, may disclose return information to the extent that  
38 disclosure is necessary to obtain information that is not otherwise  
39 reasonably available. These official duties include the correct  
40 determination of and liability for tax, the amount to be collected or the  
41 enforcement of other state tax revenue laws.

42           G. Confidential information relating to transaction privilege tax,  
43 use tax, severance tax, jet fuel excise and use tax and any other tax  
44 collected by the department on behalf of any jurisdiction may be disclosed  
45 to any county, city or town tax official if the information relates to a

1 taxpayer who is or may be taxable by a county, city or town or who may be  
2 subject to audit by the department pursuant to section 42-6002. Any  
3 taxpayer information THAT IS released by the department to the county,  
4 city or town:

5 1. May ~~only~~ be used ONLY for internal purposes, including audits.  
6 IF THE COUNTY, CITY OR TOWN TAX OFFICIAL DETERMINES THAT THERE IS A  
7 LEGITIMATE BUSINESS NEED, THE TAX OFFICIAL MAY REDISCLOSE TRANSACTION  
8 PRIVILEGE TAX LICENSE INFORMATION FROM THE NEW LICENSE REPORT AND LICENSE  
9 UPDATE REPORT TO NONELECTED OFFICIALS IN OTHER UNITS WITHIN THE COUNTY,  
10 CITY OR TOWN. THIS PARAGRAPH DOES NOT ALLOW REDISCLOSURE TO AN ELECTED  
11 OFFICIAL AND THE ELECTED OFFICIAL'S STAFF. ALL REDISCLOSURES OF  
12 CONFIDENTIAL INFORMATION MADE PURSUANT TO THIS PARAGRAPH ARE SUBJECT TO  
13 PARAGRAPH 2 OF THIS SUBSECTION.

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

21 H. The department may disclose statistical information gathered  
22 from confidential information if it does not disclose confidential  
23 information attributable to any one taxpayer. The department may disclose  
24 statistical information gathered from confidential information, even if it  
25 discloses confidential information attributable to a taxpayer, to:

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

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

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

36 J. Except as provided in section 42-2002, subsection C,  
37 confidential information, described in section 42-2001, paragraph 1,  
38 subdivision (a), item (ii), may be disclosed to A law enforcement ~~agencies~~  
39 AGENCY for law enforcement purposes. EXCEPT AS PROVIDED IN SECTION  
40 42-2002, SUBSECTION D, THE DEPARTMENT MAY DISCLOSE OTHER CONFIDENTIAL  
41 INFORMATION TO A LAW ENFORCEMENT AGENCY IF THE LAW ENFORCEMENT AGENCY  
42 PROVIDES A GRAND JURY SUBPOENA OR A COURT ORDER DIRECTING THE DEPARTMENT  
43 TO PROVIDE THE CONFIDENTIAL INFORMATION.

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

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

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

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

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

19 P. Except as provided in section 42-2002, subsection D, the  
20 department of revenue shall release confidential information as requested  
21 by the department of economic security pursuant to section 42-1122 or  
22 46-291. Information disclosed under this subsection is limited to the  
23 same type of information that the United States internal revenue service  
24 is authorized to disclose under section 6103(1)(6) of the internal revenue  
25 code.

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

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

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

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

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

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

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

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

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

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

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

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

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

32 3. A court, arbitrator, data clearinghouse or similar entity for  
33 the purpose of assessing compliance with or making calculations required  
34 by the master settlement agreement or agreements regarding disputes under  
35 the master settlement agreement, and with counsel for the parties or  
36 expert witnesses in any such proceeding, if the information otherwise  
37 remains confidential.

38 V. The department may provide the name and address of qualifying  
39 hospitals and qualifying health care organizations, as defined in section  
40 42-5001, to a business THAT IS classified and reporting transaction  
41 privilege tax under the utilities classification.

42 W. The department may disclose to an official of any city, town or  
43 county in a current agreement or considering a prospective agreement with  
44 the department as described in section 42-5032.02, subsection G any  
45 information relating to amounts subject to distribution THAT ARE required

1 by section 42-5032.02. Information disclosed by the department under this  
2 subsection:

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

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

11 X. Notwithstanding any other provision of this section, the  
12 department may ~~not~~ disclose information provided by an online lodging  
13 marketplace, as defined in section 42-5076, ~~without~~ ONLY WITH the written  
14 consent of the online lodging marketplace. ~~, and~~ The information:

15 1. May be disclosed only pursuant to subsection A, paragraphs 1  
16 through 6, 8 and 10, subsection B, paragraphs 1, 2, 7 and 8 and  
17 subsections C, ~~and~~ D AND J of this section AND TO A CITY, TOWN OR COUNTY  
18 FOR THE PURPOSE OF ENFORCING LAWS, REGULATIONS AND ORDINANCES ADOPTED  
19 PURSUANT TO SECTIONS 9-500.39 AND 11-269.17. ~~Such information:~~

20 ~~1.~~ 2. Is not subject to disclosure pursuant to title 39, relating  
21 to public records.

22 ~~2.~~ 3. May not be disclosed to any agency of this state or of any  
23 county, city, town or other political subdivision of this state FOR  
24 PURPOSES OTHER THAN THOSE PROVIDED IN PARAGRAPH 1 OF THIS SUBSECTION.

25 Sec. 5. Title 42, chapter 5, article 1, Arizona Revised Statutes,  
26 is amended by adding section 42-5042, to read:

27 42-5042. Online lodging operators; requirements; penalties;  
28 definitions

29 A. AN ONLINE LODGING OPERATOR MAY NOT OFFER FOR RENT OR RENT A  
30 LODGING ACCOMMODATION WITHOUT A CURRENT TRANSACTION PRIVILEGE TAX LICENSE.  
31 THE ONLINE LODGING OPERATOR SHALL LIST THE TRANSACTION PRIVILEGE TAX  
32 LICENSE NUMBER ON EACH ADVERTISEMENT FOR EACH LODGING ACCOMMODATION THE  
33 ONLINE LODGING OPERATOR MAINTAINS, INCLUDING ONLINE LODGING MARKETPLACE  
34 POSTINGS.

35 B. IF AN ONLINE LODGING OPERATOR FAILS TO COMPLY WITH THIS SECTION,  
36 THE DEPARTMENT SHALL:

37 1. FOR A FIRST OFFENSE, IMPOSE A CIVIL PENALTY OF NOT MORE THAN  
38 \$250 AGAINST THE ONLINE LODGING OPERATOR.

39 2. FOR A SECOND AND ANY SUBSEQUENT OFFENSE, IMPOSE A CIVIL PENALTY  
40 OF NOT MORE THAN \$1,000 AGAINST THE ONLINE LODGING OPERATOR.

41 C. IF AN ONLINE LODGING OPERATOR RECEIVES A VERIFIED VIOLATION, THE  
42 DEPARTMENT SHALL:

43 1. FOR A FIRST VERIFIED VIOLATION RECEIVED FOR A PROPERTY, IMPOSE A  
44 CIVIL PENALTY OF \$500 AGAINST THE ONLINE LODGING OPERATOR.

1           2. FOR A SECOND VERIFIED VIOLATION RECEIVED ON THE SAME PROPERTY  
2 WITHIN A TWELVE-MONTH PERIOD, IMPOSE A CIVIL PENALTY OF \$1,000 AGAINST THE  
3 ONLINE LODGING OPERATOR.

4           3. FOR A THIRD AND ANY SUBSEQUENT VERIFIED VIOLATION RECEIVED ON  
5 THE SAME PROPERTY WITHIN THE SAME TWELVE-MONTH PERIOD, IMPOSE A CIVIL  
6 PENALTY OF FIFTY PERCENT OF THE GROSS MONTHLY REVENUE OF THE LODGING  
7 ACCOMMODATION AT WHICH THE VIOLATION OCCURRED FOR THE MONTH IN WHICH THE  
8 VIOLATION OCCURRED OR \$1,500, WHICHEVER IS GREATER.

9           D. FOR THE PURPOSES OF THIS SECTION:

10           1. "LODGING ACCOMMODATION" HAS THE SAME MEANING PRESCRIBED IN  
11 SECTION 42-5076.

12           2. "ONLINE LODGING MARKETPLACE" HAS THE SAME MEANING PRESCRIBED IN  
13 SECTION 42-5076.

14           3. "ONLINE LODGING OPERATOR" HAS THE SAME MEANING PRESCRIBED IN  
15 SECTION 42-5076.

16           4. "VERIFIED VIOLATION" HAS THE SAME MEANING PRESCRIBED IN SECTION  
17 9-500.39 OR 11-269.17.