

\*Sponsorship has changed since the bill was introduced

REFERENCE TITLE: **vacation rentals; short-term rentals; regulation**

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

## **HB 2672**

\*Introduced by

Representatives Kavanagh: Barto, Blackman, Bolick, Bowers, Butler, Campbell, Cano, Carroll, Cobb, Dunn, Engel, Espinoza, Fernandez, Finchem, Friese, Gabaldón, Grantham, Hernandez A, Jermaine, Kern, Lawrence, Lieberman, Longdon, Meza, Osborne, Pawlik, Payne, Rivero, Roberts, Shah, Sierra, Stringer, Thorpe, Toma, Tsosie, Senators Alston, Bowie, Boyer, Bradley, Brophy McGee, Carter, Contreras, Dalessandro, Fann, Gray, Kerr, Leach, Livingston, Mendez, Otondo, Peshlakai, Pratt, Quezada, Rios, Ugenti-Rita

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. RESTRICTING THE MAXIMUM NUMBER OF ADULT OCCUPANTS ALLOWED ON THE  
29 VACATION RENTAL OR SHORT-TERM RENTAL PROPERTY AT ANY ONE TIME TO NOT MORE  
30 THAN TWO ADULTS PER SLEEPING ROOM PLUS TWO ADULTS.

31 5. RESTRICTING THE MAXIMUM NUMBER OF GUESTS ALLOWED ON THE VACATION  
32 RENTAL OR SHORT-TERM RENTAL PROPERTY AT ANY ONE TIME UNTIL 10:00 P.M. TO  
33 NOT MORE THAN THAT OF THE ALLOWED OCCUPANCY FOR THAT PARTICULAR PROPERTY.

34 6. REQUIRING THE INSTALLATION OF SAFETY AND MONITORING EQUIPMENT  
35 THAT MONITORS AND DETECTS THE LEVEL OF NOISE AND NUMBER OF OCCUPANTS ON  
36 THE PROPERTY AND THE TRANSMITTAL OF THAT INFORMATION TO THE PROPERTY OWNER  
37 OR MANAGER OF:

38 (a) ANY INVESTOR-OWNED VACATION RENTAL OR SHORT-TERM RENTAL.

39 (b) ANY VACATION RENTAL OR SHORT-TERM RENTAL THAT HAS RECEIVED  
40 THREE OR MORE VERIFIED VIOLATIONS OF A CITY'S OR TOWN'S APPLICABLE LAWS,  
41 REGULATIONS AND ORDINANCES WITHIN A TWELVE-MONTH PERIOD.

42 7. REQUIRING THE OWNER OF A VACATION RENTAL OR SHORT-TERM RENTAL TO  
43 PROVIDE THE CITY OR TOWN WITH CONTACT INFORMATION FOR THE PERSON WHO IS  
44 RESPONSIBLE FOR RESPONDING TO COMPLAINTS AT ANY TIME OF DAY BEFORE  
45 OFFERING FOR RENT OR RENTING THE VACATION RENTAL OR SHORT-TERM RENTAL.

1 C. A CITY OR TOWN MAY REQUEST THE DEPARTMENT OF REVENUE TO PROVIDE  
2 THE INFORMATION REQUIRED BY SECTION 42-5014, SUBSECTION E, PARAGRAPH 3 TO  
3 ENFORCE REGULATIONS AND ORDINANCES PURSUANT TO THIS SECTION.

4 D. A CITY OR TOWN SHALL NOTIFY THE DEPARTMENT OF REVENUE OF  
5 VERIFIED VIOLATIONS OF THE CITY'S OR TOWN'S APPLICABLE LAWS, REGULATIONS  
6 AND ORDINANCES.

7 ~~E.~~ E. 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 F. A VACATION RENTAL OR SHORT-TERM RENTAL MAY NOT BE USED FOR  
12 NONRESIDENTIAL USES, INCLUDING A RETAIL, RESTAURANT, BANQUET SPACE, EVENT  
13 CENTER OR OTHER SIMILAR USE.

14 ~~G.~~ G. 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 Sec. 2. Section 11-269.17, Arizona Revised Statutes, is amended to  
26 read:

27 11-269.17. Limits on regulation of vacation rentals and  
28 short-term rentals; state preemption;  
29 definitions

30 A. A county may not prohibit vacation rentals or short-term  
31 rentals.

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

36 1. ~~Protection of~~ PROTECTING the public's health and safety,  
37 including rules and regulations related to fire and building codes, health  
38 and sanitation, transportation or traffic control, solid or hazardous  
39 waste and pollution control, and designation of an emergency point of  
40 contact, if the county demonstrates that the rule or regulation is for the  
41 primary purpose of protecting the public's health and safety.

42 2. Adopting and enforcing residential use and zoning ordinances,  
43 including ordinances related to noise, protection of welfare, property  
44 maintenance and other nuisance issues, if the ordinance is applied in the

1 same manner as other property classified under sections 42-12003 and  
2 42-12004.

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

8 4. RESTRICTING THE MAXIMUM NUMBER OF ADULT OCCUPANTS ALLOWED ON THE  
9 VACATION RENTAL OR SHORT-TERM RENTAL PROPERTY AT ANY ONE TIME TO NOT MORE  
10 THAN TWO ADULTS PER SLEEPING ROOM PLUS TWO ADULTS.

11 5. RESTRICTING THE MAXIMUM NUMBER OF GUESTS ALLOWED ON THE VACATION  
12 RENTAL OR SHORT-TERM RENTAL PROPERTY AT ANY ONE TIME UNTIL 10:00 P.M. TO  
13 NOT MORE THAN THAT OF THE ALLOWED OCCUPANCY FOR THAT PARTICULAR PROPERTY.

14 6. REQUIRING THE INSTALLATION OF SAFETY AND MONITORING EQUIPMENT  
15 THAT MONITORS AND DETECTS THE LEVEL OF NOISE AND NUMBER OF OCCUPANTS ON  
16 THE PROPERTY AND THE TRANSMITTAL OF THAT INFORMATION TO THE PROPERTY OWNER  
17 OR MANAGER OF:

18 (a) ANY INVESTOR-OWNED VACATION RENTAL OR SHORT-TERM RENTAL.

19 (b) ANY VACATION RENTAL OR SHORT-TERM RENTAL THAT HAS RECEIVED  
20 THREE OR MORE VERIFIED VIOLATIONS OF A COUNTY'S APPLICABLE LAWS,  
21 REGULATIONS AND ORDINANCES WITHIN A TWELVE-MONTH PERIOD.

22 7. REQUIRING THE OWNER OF A VACATION RENTAL OR SHORT-TERM RENTAL TO  
23 PROVIDE THE COUNTY WITH CONTACT INFORMATION FOR THE PERSON WHO IS  
24 RESPONSIBLE FOR RESPONDING TO COMPLAINTS AT ANY TIME OF DAY BEFORE  
25 OFFERING FOR RENT OR RENTING THE VACATION RENTAL OR SHORT-TERM RENTAL.

26 C. A COUNTY MAY REQUEST THE DEPARTMENT OF REVENUE TO PROVIDE THE  
27 INFORMATION REQUIRED BY SECTION 42-5014, SUBSECTION E, PARAGRAPH 3 TO  
28 ENFORCE REGULATIONS AND ORDINANCES PURSUANT TO THIS SECTION.

29 D. A COUNTY SHALL NOTIFY THE DEPARTMENT OF REVENUE OF VERIFIED  
30 VIOLATIONS OF THE COUNTY'S APPLICABLE LAWS, REGULATIONS AND ORDINANCES.

31 ~~E.~~ E. This section does not exempt an owner of a residential  
32 rental property, as defined in section 33-1901, from maintaining with the  
33 assessor of the county in which the property is located information  
34 required under title 33, chapter 17, article 1.

35 F. A VACATION RENTAL OR SHORT-TERM RENTAL MAY NOT BE USED FOR  
36 NONRESIDENTIAL USES, INCLUDING A RETAIL, RESTAURANT, BANQUET SPACE, EVENT  
37 CENTER OR OTHER SIMILAR USE.

38 ~~G.~~ G. For the purposes of this section:

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

40 2. "Vacation rental" or "short-term rental" means any individually  
41 or collectively owned single-family or one-to-four-family house or  
42 dwelling unit or any unit or group of units in a condominium, cooperative  
43 or timeshare, that is also a transient public lodging establishment or  
44 owner-occupied residential home offered for transient use if the  
45 accommodations are not classified for property taxation under section

1 42-12001. Vacation rental and short-term rental do not include a unit  
2 that is used for any nonresidential use, including retail, restaurant,  
3 banquet space, event center or another similar use.

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

6 42-2001. Definitions

7 In this article, unless the context otherwise requires:

8 1. "Confidential information":

9 (a) Includes the following information whether it concerns  
10 individual taxpayers or is aggregate information for specifically  
11 identified taxpayers:

12 (i) Returns and reports filed with the department for income tax,  
13 withholding tax, transaction privilege tax, luxury tax, use tax, property  
14 tax and severance tax.

15 (ii) Applications for ~~transaction privilege licenses,~~ luxury tax  
16 licenses, ~~use tax licenses~~ and withholding licenses.

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

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

21 (v) FINANCIAL information supplied at the special request of the  
22 department by a taxpayer ~~which~~ THAT the taxpayer requests to be held in  
23 confidence.

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

27 (vii) ~~A taxpayer's identity,~~ The ~~nature, source or~~ amount of the  
28 taxpayer's income, payments, receipts, deductions, exemptions, credits,  
29 assets, liabilities, net worth, tax liability, tax withheld, deficiencies,  
30 overassessments or tax payments, whether the taxpayer's return was, is  
31 being or will be examined or subject to investigation, collection or  
32 processing or any other FINANCIAL data received by, recorded by, prepared  
33 by, furnished to or collected by the department with respect to a return  
34 or with respect to the termination, or possible existence, of liability of  
35 any person for any tax, penalty or interest imposed pursuant to this title  
36 or title 43.

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

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

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

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

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

7           5. "Taxpayer", with respect to a joint return, means either party.  
8           Sec. 4. Section 42-2003, Arizona Revised Statutes, is amended to  
9 read:

10           42-2003. Authorized disclosure of confidential information

11           A. Confidential information relating to:

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

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

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

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

32           5. An estate may be disclosed to the personal representative of the  
33 estate and to any heir, next of kin or beneficiary under the will of the  
34 decedent if the department finds that the heir, next of kin or beneficiary  
35 has a material interest that will be affected by the confidential  
36 information.

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

41           7. A government entity may be disclosed to the head of the entity  
42 or a member of the governing board of the entity, or any employee of the  
43 entity who has been delegated the authorization in writing by the head of  
44 the entity or the governing board of the entity.

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

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

6           10. Any taxpayer may be disclosed during a meeting or telephone  
7 call if the taxpayer is present during the meeting or telephone call and  
8 authorizes the disclosure of confidential information.

9           B. Confidential information may be disclosed to:

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

12          2. The office of the attorney general OR ANY OTHER LAW ENFORCEMENT  
13 AGENCY solely for its use in preparation for, or in an investigation that  
14 may result in, any proceeding involving tax administration before the  
15 department or any other agency or board of this state, or before any grand  
16 jury or any state or federal court. TO RECEIVE CONFIDENTIAL INFORMATION  
17 PURSUANT TO THIS PARAGRAPH, A LAW ENFORCEMENT AGENCY OTHER THAN THE OFFICE  
18 OF THE ATTORNEY GENERAL SHALL PROVIDE AN AFFIDAVIT TO THE DEPARTMENT  
19 DESCRIBING THE INVESTIGATION AND HOW IT MAY RESULT IN A PROCEEDING  
20 INVOLVING TAX ADMINISTRATION. THE DEPARTMENT MAY NOT RELEASE ANY  
21 CONFIDENTIAL INFORMATION IF THE DEPARTMENT DETERMINES THAT THE INFORMATION  
22 WILL NOT BE USED FOR THE PURPOSES SPECIFIED IN THIS PARAGRAPH. THIS  
23 PARAGRAPH DOES NOT AUTHORIZE THE DEPARTMENT TO DISCLOSE CONFIDENTIAL  
24 INFORMATION THAT WAS PROVIDED TO THE DEPARTMENT BY THE INTERNAL REVENUE  
25 SERVICE.

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

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

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

43           (a) The United States internal revenue service, alcohol and tobacco  
44 tax and trade bureau of the United States treasury, United States bureau  
45 of alcohol, tobacco, firearms and explosives of the United States

1 department of justice, United States drug enforcement agency and federal  
2 bureau of investigation.

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

4 (c) An organization of states, federation of tax administrators or  
5 multistate tax commission that operates an information exchange for tax  
6 administration purposes.

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

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

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

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

18 (a) The processing, storage, transmission, destruction and  
19 reproduction of the information.

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

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

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

27 (a) Regarding income tax or withholding tax.

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

34 (d) Return information directly relates to a transactional  
35 relationship between a person who is a party to the proceeding and the  
36 taxpayer and directly affects the resolution of an issue in the  
37 proceeding.

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

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

44 E. The department, on the request of any person, shall provide the  
45 names and addresses of bingo licensees as defined in section 5-401, verify

1 whether or not a person has a privilege license and number, a tobacco  
2 product distributor's license and number or a withholding license and  
3 number or disclose the information to be posted on the department's  
4 website or otherwise publicly accessible pursuant to section 42-1124,  
5 subsection F and section 42-3401.

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

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

21 1. May only be used for internal purposes, including audits.

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

29 H. The department may disclose statistical information gathered  
30 from confidential information if it does not disclose confidential  
31 information attributable to any one taxpayer. The department may disclose  
32 statistical information gathered from confidential information, even if it  
33 discloses confidential information attributable to a taxpayer, to:

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

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

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

44 J. Except as provided in section 42-2002, subsection C,  
45 confidential information, described in section 42-2001, paragraph 1,

1 subdivision (a), item (ii), may be disclosed to A law enforcement ~~agencies~~  
2 AGENCY for law enforcement purposes. EXCEPT AS PROVIDED IN SECTION  
3 42-2002, SUBSECTION D, THE DEPARTMENT MAY DISCLOSE OTHER CONFIDENTIAL  
4 INFORMATION TO A LAW ENFORCEMENT AGENCY IF THE LAW ENFORCEMENT AGENCY  
5 PROVIDES A GRAND JURY SUBPOENA OR A COURT ORDER DIRECTING THE DEPARTMENT  
6 TO PROVIDE THE CONFIDENTIAL INFORMATION.

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

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

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

18 N. This section does not prohibit the disclosure by the department  
19 of any information or documents submitted to the department by a bingo  
20 licensee. Before disclosing the information, the department shall obtain  
21 the name and address of the person requesting the information.

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

25 P. Except as provided in section 42-2002, subsection D, the  
26 department of revenue shall release confidential information as requested  
27 by the department of economic security pursuant to section 42-1122 or  
28 46-291. Information disclosed under this subsection is limited to the  
29 same type of information that the United States internal revenue service  
30 is authorized to disclose under section 6103(1)(6) of the internal revenue  
31 code.

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

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

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

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

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

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

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

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

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

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

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

30           1. Federal, state or local agencies located in this state for the  
31 purposes of enforcement of the statutes or agreements specified in  
32 subsection S of this section or for the purposes of enforcement of  
33 corresponding laws of other states.

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

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

43           V. The department may provide the name and address of qualifying  
44 hospitals and qualifying health care organizations, as defined in section

1 42-5001, to a business THAT IS classified and reporting transaction  
2 privilege tax under the utilities classification.

3 W. The department may disclose to an official of any city, town or  
4 county in a current agreement or considering a prospective agreement with  
5 the department as described in section 42-5032.02, subsection G any  
6 information relating to amounts subject to distribution THAT ARE required  
7 by section 42-5032.02. Information disclosed by the department under this  
8 subsection:

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

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

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

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

26 ~~1.~~ 2. Is not subject to disclosure pursuant to title 39, relating  
27 to public records.

28 ~~2.~~ 3. May not be disclosed to any agency of this state or of any  
29 county, city, town or other political subdivision of this state FOR  
30 PURPOSES OTHER THAN THOSE PROVIDED IN PARAGRAPH 1 OF THIS SUBSECTION.

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

33 42-5042. Online lodging operators; requirements; penalties;  
34 definitions

35 A. AN ONLINE LODGING OPERATOR MAY NOT OFFER FOR RENT OR RENT A  
36 LODGING ACCOMMODATION WITHOUT A CURRENT TRANSACTION PRIVILEGE TAX LICENSE.  
37 THE ONLINE LODGING OPERATOR SHALL LIST THE TRANSACTION PRIVILEGE TAX  
38 LICENSE NUMBER ON EACH ADVERTISEMENT FOR EACH LODGING ACCOMMODATION THE  
39 ONLINE LODGING OPERATOR MAINTAINS, INCLUDING ONLINE LODGING MARKETPLACE  
40 POSTINGS.

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

43 1. FOR A FIRST OFFENSE, IMPOSE A CIVIL PENALTY OF NOT MORE THAN  
44 \$250 AGAINST THE ONLINE LODGING OPERATOR.

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

3           C. THE DEPARTMENT SHALL SUSPEND OR REVOKE AN ONLINE LODGING  
4 OPERATOR'S LODGING ACCOMMODATION'S TRANSACTION PRIVILEGE LICENSES ON  
5 NOTIFICATION OF VERIFIED VIOLATIONS FROM A CITY, TOWN OR COUNTY AS  
6 FOLLOWS:

7           1. FOR AN ONLINE LODGING OPERATOR THAT IS REQUIRED TO INSTALL  
8 SAFETY AND MONITORING EQUIPMENT PURSUANT TO SECTION 9-500.39, SUBSECTION  
9 B, PARAGRAPH 6, SUBDIVISION (a) AND SECTION 11-269.17, SUBDIVISION B,  
10 PARAGRAPH 6, SUBDIVISION (a) AND THAT:

11           (a) RECEIVES NOTICE OF TWO VERIFIED VIOLATIONS OF A CITY'S, TOWN'S  
12 OR COUNTY'S APPLICABLE LAWS, REGULATIONS AND ORDINANCES WITHIN A SIX-MONTH  
13 PERIOD, THE DEPARTMENT SHALL SUSPEND THE ONLINE LODGING OPERATOR'S  
14 TRANSACTION PRIVILEGE TAX LICENSE FOR A PERIOD OF SIXTY DAYS.

15           (b) RECEIVES NOTICE OF THREE ADDITIONAL VERIFIED VIOLATIONS OF A  
16 CITY'S, TOWN'S OR COUNTY'S APPLICABLE LAWS, REGULATIONS AND ORDINANCES  
17 WITHIN THE TWELVE-MONTH PERIOD AFTER THE SUSPENSION ENDS, THE DEPARTMENT  
18 SHALL REVOKE ALL OF THE ONLINE LODGING OPERATOR'S TRANSACTION PRIVILEGE  
19 TAX LICENSES.

20           2. FOR AN ONLINE LODGING OPERATOR THAT IS REQUIRED TO INSTALL  
21 SAFETY AND MONITORING EQUIPMENT PURSUANT TO SECTION 9-500.39, SUBSECTION  
22 B, PARAGRAPH 6, SUBDIVISION (b) AND SECTION 11-269.17, SUBDIVISION B,  
23 PARAGRAPH 6, SUBDIVISION (b) AND THAT:

24           (a) RECEIVES NOTICE OF TWO ADDITIONAL VERIFIED VIOLATIONS OF A  
25 CITY'S, TOWN'S OR COUNTY'S APPLICABLE LAWS, REGULATIONS AND ORDINANCES  
26 WITHIN THE SIX-MONTH PERIOD AFTER THE DATE THE ONLINE LODGING OPERATOR IS  
27 REQUIRED TO INSTALL SAFETY AND MONITORING EQUIPMENT, THE DEPARTMENT SHALL  
28 SUSPEND THE ONLINE LODGING OPERATOR'S TRANSACTION PRIVILEGE TAX LICENSES  
29 FOR A PERIOD OF SIXTY DAYS.

30           (b) RECEIVES NOTICE OF THREE ADDITIONAL VERIFIED VIOLATIONS OF A  
31 CITY'S, TOWN'S OR COUNTY'S APPLICABLE LAWS, REGULATIONS AND ORDINANCES  
32 WITHIN THE TWELVE-MONTH PERIOD AFTER THE SUSPENSION ENDS, THE DEPARTMENT  
33 SHALL REVOKE THE ONLINE LODGING OPERATOR'S TRANSACTION PRIVILEGE TAX  
34 LICENSE.

35           D. FOR THE PURPOSES OF THIS SECTION, "LODGING ACCOMMODATION",  
36 "ONLINE LODGING MARKETPLACE" AND "ONLINE LODGING OPERATOR" HAVE THE SAME  
37 MEANINGS PRESCRIBED IN SECTION 42-5076.