

REFERENCE TITLE: **peer-to-peer car rentals**

State of Arizona
Senate
Fifty-fourth Legislature
First Regular Session
2019

SB 1305

Introduced by
Senator Livingston

AN ACT

AMENDING TITLE 28, ARIZONA REVISED STATUTES, BY ADDING CHAPTER 31; AMENDING SECTIONS 42-2003, 42-5001, 42-5005, 42-5009, 42-5014, 42-5040 AND 42-5071, ARIZONA REVISED STATUTES; AMENDING TITLE 42, CHAPTER 6, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 42-6017; RELATING TO TRANSPORTATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Title 28, Arizona Revised Statutes, is amended by adding
3 chapter 31, to read:

CHAPTER 31

PEER-TO-PEER CAR RENTAL

ARTICLE 1. GENERAL PROVISIONS

28-9601. Definitions

IN THIS CHAPTER, UNLESS THE CONTEXT OTHERWISE REQUIRES:

1. "MOTOR VEHICLE" HAS THE SAME MEANING PRESCRIBED IN SECTION
1 EXCEPT THAT THE MOTOR VEHICLE:

(a) HAS A GROSS WEIGHT RATING OF TWENTY-SIX THOUSAND POUNDS OR LESS.

(b) IS NOT USED FOR THE COMMERCIAL DELIVERY OR TRANSPORTATION OF
GOODS OR MATERIALS.

2. "PEER-TO-PEER CAR RENTAL" MEANS THE USE OF A PRIVATE MOTOR VEHICLE BY PERSONS OTHER THAN THE VEHICLE'S REGISTERED OWNERS, IN CONNECTION WITH A PEER-TO-PEER CAR RENTAL PROGRAM.

3. "PEER-TO-PEER CAR RENTAL OWNER" MEANS THE REGISTERED OWNER OF A PRIVATE MOTOR VEHICLE THAT IS AVAILABLE FOR RENT THROUGH A PEER-TO-PEER CAR RENTAL PROGRAM.

4. "PEER-TO-PEER CAR RENTAL PROGRAM" MEANS A PEER-TO-PEER CAR RENTAL PROGRAM PROVIDER FACILITATES, BY ANY MEANS, DIGITAL OR OTHERWISE, A PEER-TO-PEER CAR RENTAL.

5. "PEER-TO-PEER CAR RENTAL PROGRAM PROVIDER" MEANS THE PERSON THAT IS RESPONSIBLE FOR OPERATING, FACILITATING OR ADMINISTERING PRIVATE MOTOR VEHICLE RENTAL TRANSACTIONS THROUGH A PEER-TO-PEER CAR RENTAL PROGRAM.

6. "PEER-TO-PEER CAR RENTER" MEANS A PERSON, OTHER THAN THE PEER-TO-PEER CAR RENTAL OWNER, WHO RENTS THE OWNER'S PRIVATE MOTOR VEHICLE THROUGH A PEER-TO-PEER CAR RENTAL PROGRAM.

7. "PRIVATE MOTOR VEHICLE" MEANS A MOTOR VEHICLE THAT IS OWNED AND REGISTERED TO AN INDIVIDUAL AND THAT IS INSURED, OR SUBJECT TO BEING INSURED, UNDER A PERSONAL AUTOMOBILE LIABILITY INSURANCE POLICY INSURING A SINGLE INDIVIDUAL OR INDIVIDUALS RESIDING IN THE SAME HOUSEHOLD, AS THE NAMED INSURED, BUT DOES NOT INCLUDE A MOTOR VEHICLE WITH FEWER THAN FOUR WHEELS

8. "VEHICLE RENTAL TRANSACTION" MEANS THE TRANSFER OF POSSESSION OF A PRIVATE MOTOR VEHICLE FOR CONSIDERATION, WITHOUT THE TRANSFER OF OWNERSHIP OF THE PRIVATE MOTOR VEHICLE.

28-9602. Vehicle rental transactions; applicability of rental vehicle laws; duration

A. A VEHICLE RENTAL TRANSACTION THAT IS FACILITATED BY A PEER-TO-PEER CAR RENTAL PROGRAM PROVIDER IS SUBJECT TO ALL LAWS FOR PRIVATE PASSENGER MOTOR VEHICLE RENTAL VEHICLES, TRANSACTIONS AND COMPANIES, INCLUDING SECTIONS 5-839, 20-331, 28-2166, 28-5810 AND 48-4234.

1 B. A PEER-TO-PEER CAR RENTAL PROGRAM PROVIDER SHALL BE LICENSED AS
2 EITHER:

3 1. AN INSURANCE PRODUCER WITH A PROPERTY OR CASUALTY, OR BOTH, LINE
4 OF AUTHORITY PURSUANT TO SECTION 20-286. A PEER-TO-PEER CAR RENTAL
5 PROGRAM PROVIDER LICENSED PURSUANT TO THIS PARAGRAPH IS SUBJECT TO SECTION
6 20-331, SUBSECTIONS E, H AND I.

7 2. A RENTAL CAR AGENT PURSUANT TO SECTION 20-331 IF THE
8 PEER-TO-PEER CAR RENTAL PROGRAM PROVIDER SELLS INSURANCE PRODUCTS
9 DESCRIBED IN SECTION 20-331.

10 C. THE VEHICLE RENTAL TRANSACTION REMAINS IN EFFECT UNTIL THE
11 PEER-TO-PEER CAR RENTAL PROGRAM TIME PERIOD EXPIRES. FOR THE PURPOSES OF
12 THIS SUBSECTION, "PEER-TO-PEER CAR RENTAL PROGRAM TIME PERIOD" MEANS THE
13 PERIOD OF TIME WHEN A PEER-TO-PEER CAR RENTER TAKES POSSESSION AND CONTROL
14 OF A PRIVATE MOTOR VEHICLE THAT IS AVAILABLE FOR PEER-TO-PEER CAR RENTAL,
15 INCLUDES THE TIME WHEN THE VEHICLE IS UNDER THE CONTROL OF THE
16 PEER-TO-PEER CAR RENTAL PROGRAM PROVIDER AND CONTINUES UNTIL THE PRIVATE
17 MOTOR VEHICLE IS RETRIEVED BY THE PEER-TO-PEER CAR RENTAL OWNER OR OWNER'S
18 DESIGNEE, RETURNED TO A LOCATION AGREED ON BY THE PEER-TO-PEER CAR RENTAL
19 OWNER AND THE PEER-TO-PEER CAR RENTER OR RETURNED TO A LOCATION DESIGNATED
20 BY THE PEER-TO-PEER CAR RENTAL PROGRAM PROVIDER AND ONE OF THE FOLLOWING
21 OCCURS:

22 (a) THE TIME PERIOD ESTABLISHED THROUGH THE PEER-TO-PEER CAR RENTAL
23 PROGRAM PROVIDER EXPIRES.

24 (b) THE PEER-TO-PEER CAR RENTER VERIFIABLY COMMUNICATES TO THE
25 PEER-TO-PEER CAR RENTAL PROGRAM PROVIDER OR PEER-TO-PEER CAR RENTAL OWNER
26 THAT THE PEER-TO-PEER CAR RENTER DEEMS THE PEER-TO-PEER CAR RENTAL PROGRAM
27 TIME PERIOD TERMINATED.

28 (c) THE PEER-TO-PEER CAR RENTAL OWNER OR THE PEER-TO-PEER CAR
29 RENTAL PROGRAM PROVIDER TAKES POSSESSION AND CONTROL OF THE PRIVATE MOTOR
30 VEHICLE.

31 28-9603. Recall and safety

32 A. WHEN A PERSON REGISTERS AS A PEER-TO-PEER CAR RENTAL OWNER WITH
33 A PEER-TO-PEER CAR RENTAL PROGRAM AND BEFORE THE PEER-TO-PEER CAR RENTAL
34 OWNER MAKES A PRIVATE MOTOR VEHICLE AVAILABLE FOR PEER-TO-PEER CAR RENTAL
35 ON THE PEER-TO-PEER CAR RENTAL PROGRAM, THE PEER-TO-PEER CAR RENTAL
36 PROGRAM SHALL VERIFY THAT THE PRIVATE MOTOR VEHICLE DOES NOT HAVE ANY
37 SAFETY RECALLS ON THE VEHICLE FOR WHICH THE REPAIRS HAVE NOT BEEN MADE.

38 B. THE PEER-TO-PEER CAR RENTAL PROGRAM PROVIDER MAY NOT MAKE
39 AVAILABLE ANY PRIVATE MOTOR VEHICLE BEING OFFERED ON THE PEER-TO-PEER CAR
40 RENTAL PROGRAM IF ANY SAFETY RECALLS HAVE BEEN ISSUED ON THE PRIVATE MOTOR
41 VEHICLE.

42 C. IF A SAFETY RECALL HAS BEEN ISSUED, THE PEER-TO-PEER CAR RENTAL
43 PROGRAM PROVIDER MAY NOT MAKE A MOTOR VEHICLE AVAILABLE AS A PRIVATE MOTOR
44 VEHICLE ON A PEER-TO-PEER CAR RENTAL PROGRAM UNTIL THE SAFETY RECALL
45 REPAIR IS MADE.

1 D. IF A PEER-TO-PEER CAR RENTAL OWNER RECEIVES NOTICE OF A SAFETY
2 RECALL ON A PRIVATE MOTOR VEHICLE WHILE THE PRIVATE MOTOR VEHICLE IS MADE
3 AVAILABLE ON THE PEER-TO-PEER CAR RENTAL PROGRAM, THE PEER-TO-PEER CAR
4 RENTAL OWNER SHALL REMOVE THE PRIVATE MOTOR VEHICLE FROM AVAILABILITY ON
5 THE PEER-TO-PEER CAR RENTAL PROGRAM AS SOON AS PRACTICABLY POSSIBLE BUT
6 NOT LATER THAN SEVENTY-TWO HOURS AFTER RECEIVING NOTICE OF THE SAFETY
7 RECALL AND UNTIL THE SAFETY RECALL REPAIR HAS BEEN MADE.

8 Sec. 2. 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 solely for its use in
13 preparation for, or in an investigation that may result in, any proceeding
14 involving tax administration before the department or any other agency or
15 board of this state, or before any grand jury or any state or federal
16 court.

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

23 4. Other state tax officials whose official duties require the
24 disclosure for proper tax administration purposes if the information is
25 sought in connection with an investigation or any other proceeding
26 conducted by the official. Any disclosure is limited to information of a
27 taxpayer who is being investigated or who is a party to a proceeding
28 conducted by the official.

29 5. The following agencies, officials and organizations, if they
30 grant substantially similar privileges to the department for the type of
31 information being sought, pursuant to statute and a written agreement
32 between the department and the foreign country, agency, state, Indian
33 tribe or organization:

34 (a) The United States internal revenue service, alcohol and tobacco
35 tax and trade bureau of the United States treasury, United States bureau
36 of alcohol, tobacco, firearms and explosives of the United States
37 department of justice, United States drug enforcement agency and federal
38 bureau of investigation.

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

40 (c) An organization of states, federation of tax administrators or
41 multistate tax commission that operates an information exchange for tax
42 administration purposes.

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

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

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

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

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

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

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

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

18 (a) Regarding income tax or withholding tax.

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

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

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

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

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

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

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

35 (c) Fulfilling its annual reporting responsibility pursuant to
36 section 41-1511, subsections U and V and section 41-1512, subsections U
37 and V.

38 (d) Certifying computer data centers for tax relief under section
39 41-1519.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 G. Confidential information relating to transaction privilege tax,
4 use tax, severance tax, jet fuel excise and use tax and any other tax
5 collected by the department on behalf of any jurisdiction may be disclosed
6 to any county, city or town tax official if the information relates to a
7 taxpayer who is or may be taxable by a county, city or town or who may be
8 subject to audit by the department pursuant to section 42-6002. Any
9 taxpayer information released by the department to the county, city or
10 town:

11 1. May only be used for internal purposes, including audits.
12 2. May not be disclosed to the public in any manner that does not
13 comply with confidentiality standards established by the department. The
14 county, city or town shall agree in writing with the department that any
15 release of confidential information that violates the confidentiality
16 standards adopted by the department will result in the immediate
17 suspension of any rights of the county, city or town to receive taxpayer
18 information under this subsection.

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

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

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

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

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

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

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

44 M. Except as provided in section 42-2002, subsection D, a court may
45 order the department to disclose confidential information pertaining to a

1 party to an action. An order shall be made only on a showing of good
2 cause and that the party seeking the information has made demand on the
3 taxpayer for the information.

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

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

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

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

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

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

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

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

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

37 T. For proceedings before the department, the office of
38 administrative hearings, the board of tax appeals or any state or federal
39 court involving penalties that were assessed against a return preparer, an
40 electronic return preparer or a payroll service company pursuant to
41 section 42-1103.02, 42-1125.01 or 43-419, confidential information may be
42 disclosed only before the judge or administrative law judge adjudicating
43 the proceeding, the parties to the proceeding and the parties'
44 representatives in the proceeding prior to its introduction into evidence
45 in the proceeding. The confidential information may be introduced as

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

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

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

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

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

16 1. Federal, state or local agencies located in this state for the
17 purposes of enforcement of the statutes or agreements specified in
18 subsection S of this section or for the purposes of enforcement of
19 corresponding laws of other states.

20 2. Indian tribes located in this state for the purposes of
21 enforcement of the statutes or agreements specified in subsection S of
22 this section.

23 3. A court, arbitrator, data clearinghouse or similar entity for
24 the purpose of assessing compliance with or making calculations required
25 by the master settlement agreement or agreements regarding disputes under
26 the master settlement agreement, and with counsel for the parties or
27 expert witnesses in any such proceeding, if the information otherwise
28 remains confidential.

29 V. The department may provide the name and address of qualifying
30 hospitals and qualifying health care organizations, as defined in section
31 42-5001, to a business classified and reporting transaction privilege tax
32 under the utilities classification.

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

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

41 2. May not be disclosed to the public in any manner that does not
42 comply with confidentiality standards established by the department. The
43 city, town or county must agree with the department in writing that any
44 release of confidential information that violates the confidentiality

1 standards will result in the immediate suspension of any rights of the
2 city, town or county to receive information under this subsection.

3 X. Notwithstanding any other provision of this section, the
4 department may not disclose information provided by an online lodging
5 marketplace, as defined in section 42-5076, **OR A PEER-TO-PEER CAR RENTAL**
PROGRAM PROVIDER, AS DEFINED IN SECTION 28-9601, without the written
7 consent of the online lodging marketplace **OR PEER-TO-PEER CAR RENTAL**
PROGRAM PROVIDER, and the information may be disclosed only pursuant to
9 subsection A, paragraphs 1 through 6, 8 and 10, subsection B, paragraphs
10 1, 2, 7 and 8 and subsections C and D of this section. Such information:

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

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

15 Sec. 3. Section 42-5001, Arizona Revised Statutes, is amended to
16 read:

17 **42-5001. Definitions**

18 In this article and article 2 of this chapter, unless the context
19 otherwise requires:

20 1. "Business" includes all activities or acts, personal or
21 corporate, **THAT ARE** engaged in or caused to be engaged in with the object
22 of gain, benefit or advantage, either directly or indirectly, but does not
23 include either:

24 (a) Casual activities or sales.

25 (b) The transfer of electricity from a solar photovoltaic
26 generation system to an electric utility distribution system.

27 2. "Distribution base" means the portion of the revenues derived
28 from the tax levied by this article and articles 5 and 8 of this chapter
29 designated for distribution to counties, municipalities and other purposes
30 according to section 42-5029, subsection D.

31 3. "Engaging", when used with reference to engaging or continuing
32 in business, includes the exercise of corporate or franchise powers.

33 4. "Gross income" means the gross receipts of a taxpayer derived
34 from trade, business, commerce or sales and the value proceeding or
35 accruing from the sale of tangible personal property or service, or both,
36 and without any deduction on account of losses.

37 5. "Gross proceeds of sales" means the value proceeding or accruing
38 from the sale of tangible personal property without any deduction on
39 account of the cost of property sold, expense of any kind or losses, but
40 cash discounts allowed and taken on sales are not included as gross
41 income.

42 6. **—Gross income—** and **—gross proceeds of sales—** do not include
43 goods, wares or merchandise, or **THE** value thereof, returned by customers
44 if the sale price is refunded either in cash or by credit, **NOT OR** the
45 value of merchandise traded in on the purchase of new merchandise when the

1 trade-in allowance is deducted from the sales price of the new merchandise
2 before completion of the sale.

3 7. "Gross receipts" means the total amount of the sale, lease or
4 rental price, as the case may be, of the retail sales of retailers,
5 including any services that are a part of the sales, valued in money,
6 whether received in money or otherwise, including all receipts, cash,
7 credits and property of every kind or nature, and any amount for which
8 credit is allowed by the seller to the purchaser without any deduction
9 from the amount on account of the cost of the property sold, materials
10 used, labor or service performed, interest paid, losses or any other
11 expense. Gross receipts do not include cash discounts allowed and taken
12 ~~nor OR~~ the sale price of property returned by customers if the full sale
13 price is refunded either in cash or by credit.

14 8. "LESSOR" INCLUDES:

15 (a) EACH PERSON ENGAGED IN THE BUSINESS CLASSIFIED UNDER THE
16 PERSONAL PROPERTY RENTAL CLASSIFICATION PURSUANT TO SECTION 42-5071.

17 (b) IF IN THE DEPARTMENT'S OPINION IT IS NECESSARY FOR THE
18 EFFICIENT ADMINISTRATION OF THIS ARTICLE, A DEALER, BROKER OR OTHER PERSON
19 ACTING ON BEHALF OF A LESSOR WHO RECEIVES FOR THE LESSOR ALL OR PART OF
20 THE GROSS INCOME FROM THE TAXABLE ACTIVITY.

21 8. "Person" or "company" includes an individual, firm,
22 partnership, joint venture, association, corporation, estate or trust,
23 this state, any county, city, town, district, other than a school
24 district, or other political subdivision and any other group or
25 combination acting as a unit, and the plural as well as the singular
26 number.

27 9. "Qualifying community health center":

28 (a) Means an entity that is recognized as nonprofit under section
29 501(c)(3) of the United States internal revenue code, that is a
30 community-based, primary care clinic that has a community-based board of
31 directors and that is either:

32 (i) The sole provider of primary care in the community.
33 (ii) A nonhospital affiliated clinic that is located in a federally
34 designated medically underserved area in this state.

35 (b) Includes clinics that are being constructed as qualifying
36 community health centers.

37 10. "Qualifying health care organization" means an entity that
38 is recognized as nonprofit under section 501(c) of the United States
39 internal revenue code and that uses, saves or invests at least eighty ~~per~~
40 ~~cent~~ PERCENT of all monies that it receives from all sources each year
41 only for health and medical related educational and charitable services,
42 as documented by annual financial audits prepared by an independent
43 certified public accountant, performed according to generally accepted
44 auditing standards and filed annually with the department. Monies that
45 are used, saved or invested to lease, purchase or construct a facility for

1 health and medical related education and charitable services are included
2 in the eighty ~~per cent~~ PERCENT requirement.

3 ~~11.~~ 12. "Qualifying health sciences educational institution" means
4 an entity that is recognized as nonprofit under section 501(c) of the
5 United States internal revenue code and that solely provides graduate and
6 postgraduate education in the health sciences. For the purposes of this
7 paragraph, "health sciences" includes medicine, nursing, physician's
8 assistant studies, pharmacy, physical therapy, occupational therapy,
9 biomedical sciences, podiatry, clinical psychology, cardiovascular
10 science, nurse anesthesia, dentistry, optometry and veterinary medicine.

11 ~~12.~~ 13. "Qualifying hospital" means any of the following:

12 (a) A licensed hospital ~~which~~ THAT is organized and operated
13 exclusively for charitable purposes, no part of the net earnings of which
14 inures to the benefit of any private shareholder or individual.

15 (b) A licensed nursing care institution or a licensed residential
16 care institution or a residential care facility operated in conjunction
17 with a licensed nursing care institution or a licensed kidney dialysis
18 center, ~~which~~ THAT provides medical services, nursing services or health
19 related services and THAT is not used or held for profit.

20 (c) A hospital, nursing care institution or residential care
21 institution ~~which~~ THAT is operated by the federal government, this state
22 or a political subdivision of this state.

23 (d) A facility that is under construction and that on completion
24 will be a facility under subdivision (a), (b) or (c) of this paragraph.

25 ~~13.~~ 14. "Retailer" includes every person engaged in the business
26 classified under the retail classification pursuant to section 42-5061
27 and, when in the opinion of the department it is necessary for the
28 efficient administration of this article, includes dealers, distributors,
29 supervisors, employers and salesmen, representatives, peddlers or
30 canvassers as the agents of the dealers, distributors, supervisors or
31 employers under whom they operate or from whom they obtain the tangible
32 personal property sold by them, whether in making sales on their own
33 behalf or on behalf of the dealers, distributors, supervisors or
34 employers.

35 ~~14.~~ 15. "Sale" means any transfer of title or possession, or both,
36 exchange, barter, lease or rental, conditional or otherwise, in any manner
37 or by any means whatever, including consignment transactions and auctions,
38 of tangible personal property or other activities taxable under this
39 chapter, for a consideration, and includes:

40 (a) Any transaction by which the possession of property is
41 transferred but the seller retains the title as security for the payment
42 of the price.

43 (b) Fabricating tangible personal property for consumers who
44 furnish either directly or indirectly the materials used in the
45 fabrication work.

1 (c) Furnishing, preparing or serving for a consideration any
2 tangible personal property consumed on the premises of the person
3 furnishing, preparing or serving the tangible personal property.

4 ~~15.~~ 16. "Solar daylighting" means a device that is specifically
5 designed to capture and redirect the visible portion of the solar beam,
6 while controlling the infrared portion, for use in illuminating interior
7 building spaces in lieu of artificial lighting.

8 ~~16.~~ 17. "Solar energy device" means a system or series of
9 mechanisms ~~THAT ARE~~ designed primarily to provide heating, to provide
10 cooling, to produce electrical power, to produce mechanical power, to
11 provide solar daylighting or to provide any combination of the foregoing
12 by means of collecting and transferring solar generated energy into such
13 uses either by active or passive means, including wind generator systems
14 that produce electricity. Solar energy systems may also have the
15 capability of storing solar energy for future use. Passive systems shall
16 clearly be designed as a solar energy device, such as a trombe wall, and
17 not merely as a part of a normal structure, such as a window.

18 ~~17.~~ 18. "Tangible personal property" means personal property ~~which~~
19 ~~THAT~~ may be seen, weighed, measured, felt or touched or ~~THAT~~ is in any
20 other manner perceptible to the senses.

21 ~~18.~~ 19. "Tax year" or "taxable year" means either the calendar year
22 or the taxpayer's fiscal year, if permission is obtained from the
23 department to use a fiscal year as the tax period instead of the calendar
24 year.

25 ~~19.~~ 20. "Taxpayer" means any person ~~who~~ ~~THAT~~ is liable for any tax
26 ~~which~~ imposed by this article.

27 ~~20.~~ 21. "Wholesaler" or "jobber" means any person ~~who~~ ~~THAT~~ sells
28 tangible personal property for resale and not for consumption by the
29 purchaser.

30 Sec. 4. Section 42-5005, Arizona Revised Statutes, is amended to
31 read:

32 42-5005. Transaction privilege tax and municipal privilege
33 tax licenses; fees; renewal; revocation;
34 violation; classification

35 A. Every person who receives gross proceeds of sales or gross
36 income on which a transaction privilege tax is imposed by this article and
37 who desires to engage or continue in business shall apply to the
38 department for an annual transaction privilege tax license accompanied by
39 a fee of ~~twelve dollars~~ \$12. A person shall not engage or continue in
40 business until the person has obtained a transaction privilege tax
41 license.

42 B. A person desiring to engage or continue in business within a
43 city or town that imposes a municipal privilege tax shall apply to the
44 department of revenue for an annual municipal privilege tax license
45 accompanied by a fee of up to ~~fifty dollars~~ \$50, as established by

1 ordinance of the city or town. The person shall submit the fee with each
2 new license application. The person may not engage or continue in
3 business until the person has obtained a municipal privilege tax license.
4 The department must collect, hold, pay and manage the fees in trust for
5 the city or town and may not use the monies for any other purposes.

6 C. A transaction privilege tax license is valid only for the
7 calendar year in which it is issued, but it may be renewed for the
8 following calendar year. There is no fee for the renewal of the
9 transaction privilege tax license. The transaction privilege tax license
10 must be renewed at the same time and in the manner as the municipal
11 privilege tax license renewal.

12 D. A municipal privilege tax license is valid only for the calendar
13 year in which it is issued, but it may be renewed for the following
14 calendar year by the payment of a license renewal fee of up to ~~fifty~~
15 ~~dollars~~ \$50. The renewal fee is due and payable on January 1 and is
16 considered delinquent if not received on or before the last business day
17 of January. The department must collect, hold, pay and manage the fees in
18 trust for the city or town and may not use the monies for any other
19 purposes.

20 E. A licensee that remains in business after the municipal
21 privilege tax license has expired is subject to the payment of the license
22 renewal fee and the civil penalty prescribed in section 42-1125,
23 subsection R.

24 F. If the applicant is not in arrears in payment of any tax imposed
25 by this article, the department shall issue a license authorizing the
26 applicant to engage and continue in business on the condition that the
27 applicant complies with this article. The license number shall be
28 continuous.

29 G. The transaction privilege tax license and the municipal
30 privilege tax license are not transferable on a complete change of
31 ownership or change of location of the business. For the purposes of this
32 subsection:

33 1. "Location" means the business address appearing in the
34 application for the license and on the transaction privilege tax or
35 municipal privilege tax license.

36 2. "Ownership" means any right, title or interest in the business.

37 3. "Transferable" means the ability to convey or change the right
38 or privilege to engage or continue in business by virtue of the issuance
39 of the transaction privilege tax or municipal privilege tax license.

40 H. When the ownership or location of a business on which a
41 transaction privilege tax or municipal privilege tax is imposed has been
42 changed within the meaning of subsection G of this section, the licensee
43 shall surrender the license to the department. The license shall be
44 reissued to the new owners or for the new location on application by the
45 taxpayer and payment of the ~~twelve-dollar~~ \$12 fee for a transaction

1 privilege tax license and a fee of up to ~~fifty dollars~~ \$50 per
2 jurisdiction for a municipal privilege tax license. The department must
3 collect, hold, pay and manage the fees in trust for the city or town and
4 may not use the monies for any other purposes.

5 I. A person who is engaged in or conducting a business in two or
6 more locations or under two or more business names shall procure a
7 transaction privilege tax license for each location or business name
8 regardless of whether all locations or business names are reported on a
9 consolidated return under a single transaction privilege tax license
10 number. This requirement shall not be construed as conflicting with
11 section 42-5020.

12 J. A person who is engaged in or conducting a business in two or
13 more locations or under two or more business names shall procure a
14 municipal privilege tax license for each location or business name
15 regardless of whether all locations or business names are reported on a
16 consolidated return.

17 K. A person who is engaged in or conducting business at two or more
18 locations or under two or more business names and who files a consolidated
19 return under a single transaction privilege tax license number as provided
20 by section 42-5020 is required to pay only a single municipal privilege
21 tax license renewal fee for each local jurisdiction pursuant to subsection
22 D of this section. A person who is engaged in or conducting business at
23 two or more locations or under two or more business names and who does not
24 file a consolidated return under a single license number is required to
25 pay a license renewal fee for each location or license in a local
26 jurisdiction.

27 L. For the purposes of this chapter and chapter 6 of this title:

28 1. Through December 31, 2018, an online lodging marketplace, as
29 defined in section 42-5076, may register with the department for a license
30 for the payment of taxes levied by this state and one or more counties,
31 cities, towns or special taxing districts, at the election of the online
32 lodging marketplace, for taxes due from an online lodging operator on any
33 online lodging transaction facilitated by the online lodging marketplace,
34 subject to sections 42-5076 and 42-6009.

35 2. Beginning from and after December 31, 2018, an online lodging
36 marketplace, as defined in section 42-5076, shall register with the
37 department for a license for the payment of taxes levied by this state and
38 one or more counties, cities, towns or special taxing districts for taxes
39 due from an online lodging operator on any online lodging transaction
40 facilitated by the online lodging marketplace, subject to sections 42-5076
41 and 42-6009.

42 M. For the purposes of this chapter and chapter 6 of this title, a
43 person who is licensed pursuant to title 32, chapter 20 and who files an
44 electronic consolidated tax return for individual real properties under
45 management on behalf of the property owners may be licensed with the

1 department for the payment of taxes levied by this state and by any
2 county, city or town with respect to those properties. There is no fee
3 for a license issued pursuant to this subsection.

4 N. FOR THE PURPOSES OF THIS CHAPTER, A PEER-TO-PEER CAR RENTAL
5 PROGRAM PROVIDER SHALL REGISTER WITH THE DEPARTMENT FOR A LICENSE FOR THE
6 PAYMENT OF TAXES LEVIED BY THIS STATE AND ONE OR MORE COUNTIES, CITIES,
7 TOWNS OR SPECIAL TAXING DISTRICTS FOR THE TAXES DUE FROM A PEER-TO-PEER
8 CAR RENTAL OWNER FOR ANY VEHICLE RENTAL TRANSACTION FACILITATED BY THE
9 PEER-TO-PEER CAR RENTAL PROGRAM PROVIDER. THERE IS NO FEE FOR A LICENSE
10 ISSUED PURSUANT TO THIS SUBSECTION. FOR THE PURPOSES OF THIS SUBSECTION,
11 "PEER-TO-PEER CAR RENTAL OWNER", "PEER-TO-PEER CAR RENTAL PROGRAM
12 PROVIDER" AND "VEHICLE RENTAL TRANSACTION" HAVE THE SAME MEANINGS
13 PRESCRIBED IN SECTION 28-9601.

14 N. O. If a person violates this article or any rule adopted under
15 this article, the department upon hearing may revoke any transaction
16 privilege tax or municipal privilege tax license issued to the person.
17 The department shall provide ten days' written notice of the hearing,
18 stating the time and place and requiring the person to appear and show
19 cause why the license or licenses should not be revoked. The department
20 shall provide written notice to the person of the revocation of the
21 license. The notices may be served personally or by mail pursuant to
22 section 42-5037. After revocation, the department shall not issue a new
23 license to the person unless the person presents evidence satisfactory to
24 the department that the person will comply with this article and with the
25 rules adopted under this article. The department may prescribe the terms
26 under which a revoked license may be reissued.

27 P. The department may revoke any transaction privilege tax or
28 municipal privilege tax license issued to any person who fails for
29 thirteen consecutive months to make and file a return required by this
30 article on or before the due date or the due date as extended by the
31 department unless the failure is due to a reasonable cause and not due to
32 wilful neglect.

33 P. Q. A person who violates any provision of this section is
34 guilty of a class 3 misdemeanor.

35 Sec. 5. Section 42-5009, Arizona Revised Statutes, is amended to
36 read:

37 42-5009. Certificates establishing deductions; liability for
38 making false certificate

39 A. A person who conducts any business classified under article 2 of
40 this chapter may establish entitlement to the allowable deductions from
41 the tax base of that business by both:

42 1. Marking the invoice for the transaction to indicate that the
43 gross proceeds of sales or gross income derived from the transaction was
44 deducted from the tax base.

1 2. Obtaining a certificate executed by the purchaser indicating the
2 name and address of the purchaser, the precise nature of the business of
3 the purchaser, the purpose for which the purchase was made, the necessary
4 facts to establish the appropriate deduction and the tax license number of
5 the purchaser to the extent the deduction depends on the purchaser
6 conducting business classified under article 2 of this chapter and a
7 certification that the person executing the certificate is authorized to
8 do so on behalf of the purchaser. The certificate may be disregarded if
9 the seller has reason to believe that the information contained in the
10 certificate is not accurate or complete.

11 B. A person who does not comply with subsection A of this section
12 may establish entitlement to the deduction by presenting facts necessary
13 to support the entitlement, but the burden of proof is on that person.

14 C. The department may prescribe a form for the certificate
15 described in subsection A of this section. Under such rules as it may
16 prescribe, the department may also describe transactions with respect to
17 which a person is not entitled to rely solely on the information contained
18 in the certificate provided for in subsection A of this section but must
19 instead obtain such additional information as required by the rules in
20 order to be entitled to the deduction.

21 D. If a seller is entitled to a deduction by complying with
22 subsection A of this section, the department may require the purchaser
23 that caused the execution of the certificate to establish the accuracy and
24 completeness of the information required to be contained in the
25 certificate that would entitle the seller to the deduction. If the
26 purchaser cannot establish the accuracy and completeness of the
27 information, the purchaser is liable in an amount equal to any tax,
28 penalty and interest that the seller would have been required to pay under
29 this article if the seller had not complied with subsection A of this
30 section. Payment of the amount under this subsection exempts the
31 purchaser from liability for any tax imposed under article 4 of this
32 chapter. The amount shall be treated as tax revenues collected from the
33 seller in order to designate the distribution base for purposes of section
34 42-5029.

35 E. If a seller is entitled to a deduction by complying with
36 subsection B of this section, the department may require the purchaser to
37 establish the accuracy and completeness of the information provided to the
38 seller that entitled the seller to the deduction. If the purchaser cannot
39 establish the accuracy and completeness of the information, the purchaser
40 is liable in an amount equal to any tax, penalty and interest that the
41 seller would have been required to pay under this article if the seller
42 had not complied with subsection B of this section. Payment of the amount
43 under this subsection exempts the purchaser from liability for any tax
44 imposed under article 4 of this chapter. The amount shall be treated as

1 tax revenues collected from the seller in order to designate the
2 distribution base for purposes of section 42-5029.

3 F. The department may prescribe a form for a certificate used to
4 establish entitlement to the deductions described in section 42-5061,
5 subsection A, paragraph 46 and section 42-5063, subsection B, paragraph 3.
6 Under rules the department may prescribe, the department may also require
7 additional information for the seller to be entitled to the deduction. If
8 a seller is entitled to the deductions described in section 42-5061,
9 subsection A, paragraph 46 and section 42-5063, subsection B, paragraph 3,
10 the department may require the purchaser who executed the certificate to
11 establish the accuracy and completeness of the information contained in
12 the certificate that would entitle the seller to the deduction. If the
13 purchaser cannot establish the accuracy and completeness of the
14 information, the purchaser is liable in an amount equal to any tax,
15 penalty and interest that the seller would have been required to pay under
16 this article. Payment of the amount under this subsection exempts the
17 purchaser from liability for any tax imposed under article 4 of this
18 chapter. The amount shall be treated as tax revenues collected from the
19 seller in order to designate the distribution base for purposes of section
20 42-5029.

21 G. If a seller claims a deduction under section 42-5061,
22 subsection A, paragraph 25 and establishes entitlement to the deduction
23 with an exemption letter that the purchaser received from the department
24 and the exemption letter was based on a contingent event, the department
25 may require the purchaser that received the exemption letter to establish
26 the satisfaction of the contingent event within a reasonable time. If the
27 purchaser cannot establish the satisfaction of the event, the purchaser is
28 liable in an amount equal to any tax, penalty and interest that the seller
29 would have been required to pay under this article if the seller had not
30 been furnished the exemption letter. Payment of the amount under this
31 subsection exempts the purchaser from liability for any tax imposed under
32 article 4 of this chapter. The amount shall be treated as tax revenues
33 collected from the seller in order to designate the distribution base for
34 purposes of section 42-5029. For the purposes of this subsection,
35 "reasonable time" means a time limitation that the department determines
36 and that does not exceed the time limitations pursuant to section 42-1104.

37 H. The department shall prescribe forms for certificates used to
38 establish the satisfaction of the criteria necessary to qualify the sale
39 of a motor vehicle for the deductions described in section 42-5061,
40 subsection A, paragraph 14, paragraph 28, subdivision (a) and paragraph 44
41 and subsection U. Except as provided in subsection J of this section, to
42 establish entitlement to these deductions, a motor vehicle dealer shall
43 retain:

1 1. A valid certificate as prescribed by this subsection completed
2 by the purchaser and obtained ~~prior to~~ BEFORE the issuance of the
3 nonresident registration permit authorized by section 28-2154.

4 2. A copy of the nonresident registration permit authorized by
5 section 28-2154.

6 3. A legible copy of a current valid driver license issued to the
7 purchaser by another state or foreign country that indicates an address
8 outside of this state. For the sale of a motor vehicle to a nonresident
9 entity, the entity's representative must have a current valid driver
10 license issued by the same jurisdiction as that in which the entity is
11 located.

12 4. For the purposes of the deduction provided by section 42-5061,
13 subsection A, paragraph 14, a certificate documenting the delivery of the
14 motor vehicle to an out-of-state location.

15 I. Notwithstanding subsection A, paragraph 2 of this section, if a
16 motor vehicle dealer has established entitlement to a deduction by
17 complying with subsection H of this section, the department may require
18 the purchaser who executed the certificate to establish the accuracy and
19 completeness of the information contained in the certificate that entitled
20 the motor vehicle dealer to the deduction. If the purchaser cannot
21 establish the accuracy and completeness of the information, the purchaser
22 is liable in an amount equal to any tax, penalty and interest that the
23 motor vehicle dealer would have been required to pay under this article
24 and under articles IV and V of the model city tax code as defined in
25 section 42-6051. Payment of the amount under this subsection exempts the
26 purchaser from liability for any tax imposed under article 4 of this
27 chapter and any tax imposed under article VI of the model city tax code as
28 defined in section 42-6051. The amount shall be treated as tax revenues
29 collected from the motor vehicle dealer in order to designate the
30 distribution base for purposes of section 42-5029.

31 J. To establish entitlement to the deduction described in section
32 42-5061, subsection A, paragraph 44, a public consignment auction dealer
33 as defined in section 28-4301 shall submit the valid certificate
34 prescribed by subsection H of this section to the department and retain a
35 copy for its records.

36 K. Notwithstanding any other law, compliance with subsection H of
37 this section by a motor vehicle dealer entitles the motor vehicle dealer
38 to the exemption provided in section 42-6004, subsection A, paragraph 4.

39 L. The department shall prescribe a form for a certificate to be
40 used by a person that is not subject to tax under section 42-5075 when the
41 person is engaged by a contractor that is subject to tax under section
42 42-5075 for a project that is taxable under section 42-5075. The
43 certificate permits the person purchasing tangible personal property to be
44 incorporated or fabricated by the person into any real property,
45 structure, project, development or improvement to provide documentation to

1 a retailer that the sale of tangible personal property qualifies for the
2 deduction under section 42-5061, subsection A, paragraph 27,
3 subdivision (b). A prime contractor shall obtain the certificate from the
4 department and shall provide a copy to any such person working on the
5 project. The prime contractor shall obtain a new certificate for each
6 project to which this subsection applies. For the purposes of this
7 subsection, the following apply:

8 1. The person that is not subject to tax under section 42-5075 may
9 use the certificate issued pursuant to this subsection only with respect
10 to tangible personal property that will be incorporated into a project for
11 which the gross receipts are subject to tax under section 42-5075.

12 2. The department shall issue the certificate to the prime
13 contractor on receiving sufficient documentation to establish that the
14 prime contractor meets the requirements of this subsection.

15 3. If any person uses the certificate provided under this
16 subsection to purchase tangible personal property to be used in a project
17 that is not subject to tax under section 42-5075, the person is liable in
18 an amount equal to any tax, penalty and interest that the seller would
19 have been required to pay under this article if the seller had not
20 complied with subsection A of this section. Payment of the amount under
21 this section exempts the person from liability for any tax imposed under
22 article 4 of this chapter. The amount shall be sourced under section
23 42-5040, subsection A, paragraph 2.

24 M. Notwithstanding any other law, compliance with subsection L of
25 this section by a person that is not subject to tax under section 42-5075
26 entitles the person to the exemption allowed by section 465,
27 subsection (k) of the model city tax code when purchasing tangible
28 personal property to be incorporated or fabricated by the person into any
29 real property, structure, project, development or improvement.

30 N. The requirements of subsections A and B of this section do not
31 apply to owners, proprietors or tenants of agricultural lands or farms who
32 sell livestock or poultry feed that is grown or raised on their lands to
33 any of the following:

34 1. Persons who feed their own livestock or poultry.
35 2. Persons who are engaged in the business of producing livestock
36 or poultry commercially.

37 3. Persons who are engaged in the business of feeding livestock or
38 poultry commercially or who board livestock noncommercially.

39 O. A vendor who has reason to believe that a certificate prescribed
40 by this section is not accurate or complete will not be relieved of the
41 burden of proving entitlement to the exemption. A vendor that accepts a
42 certificate in good faith will be relieved of the burden of proof and the
43 purchaser may be required to establish the accuracy of the claimed
44 exemption. If the purchaser cannot establish the accuracy and
45 completeness of the information provided in the certificate, the purchaser

1 is liable for an amount equal to the transaction privilege tax, penalty
2 and interest that the vendor would have been required to pay if the vendor
3 had not accepted the certificate.

4 P. Notwithstanding any other law, an online lodging operator, as
5 defined in section 42-5076, shall be entitled to an exclusion from any
6 applicable taxes for any online lodging transaction, as defined in section
7 42-5076, facilitated by an online lodging marketplace, as defined in
8 section 42-5076, for which the online lodging operator has obtained from
9 the online lodging marketplace written notice that the online lodging
10 marketplace is registered with the department to collect applicable taxes
11 for all online lodging transactions facilitated by the online lodging
12 marketplace, and transaction history documenting tax collected by the
13 online lodging marketplace, pursuant to section 42-5005, subsection L.

14 Q. The department shall prescribe the form of a certificate to be
15 used by a person purchasing an aircraft to document eligibility for a
16 deduction pursuant to section 42-5061, subsection B, paragraph 7,
17 subdivision (a), item (v) or an exemption pursuant to section 42-5159,
18 subsection B, paragraph 7, subdivision (a), item (v), relating to
19 aircraft. The person must provide this certificate and documentation
20 confirming that the operational control of the aircraft has been
21 transferred or will be transferred immediately after the purchase to one
22 or more persons described in section 42-5061, subsection B, paragraph 7,
23 subdivision (a), item (i), (ii), (iii) or (iv) or section 42-5159,
24 subsection B, paragraph 7, subdivision (a), item (i), (ii), (iii) or (iv).
25 Operational control of the aircraft must be transferred for at least fifty
26 percent of the aircraft's flight hours. If such operational control is
27 not transferred for at least fifty percent of the aircraft's flight hours
28 during the recapture period, the owner of the aircraft is liable for an
29 amount equal to any tax that the seller or purchaser would have been
30 required to pay under this chapter at the time of the sale, plus penalty
31 and interest. The recapture period begins on the date that operational
32 control of the aircraft is first transferred and ends on the later of the
33 date the aircraft is fully depreciated for federal income tax purposes or
34 five years after operational control was first transferred. For the
35 purposes of this subsection, operational control of the aircraft must be
36 within the meaning of federal aviation administration operations
37 specification A008, or its successor, except that:

38 1. If it is determined that operational control has been
39 transferred for less than fifty percent but more than forty percent of the
40 aircraft's flight hours, the owner of the aircraft is liable for an amount
41 equal to any tax that the seller or purchaser would have been required to
42 pay under this chapter at the time of the sale, plus interest.

43 2. If the aircraft is sold during the recapture period, the seller
44 is not liable for the amount determined pursuant to this subsection unless
45 the operational control of the aircraft had not been transferred for at

1 least fifty percent of the aircraft's flight hours at the time of the
2 sale.

3 R. NOTWITHSTANDING ANY OTHER LAW, A PEER-TO-PEER CAR RENTAL OWNER
4 IS ENTITLED TO AN EXCLUSION FROM ANY APPLICABLE TAXES FOR ANY VEHICLE
5 RENTAL TRANSACTION THAT IS FACILITATED BY A PEER-TO-PEER CAR RENTAL
6 PROGRAM PROVIDER AND FOR WHICH THE PEER-TO-PEER CAR RENTAL OWNER HAS
7 OBTAINED FROM THE PEER-TO-PEER CAR RENTAL PROGRAM PROVIDER BOTH OF THE
8 FOLLOWING:

9 1. WRITTEN NOTICE THAT THE PEER-TO-PEER CAR RENTAL PROGRAM PROVIDER
10 IS LICENSED WITH THE DEPARTMENT TO COLLECT APPLICABLE TAXES FOR ALL
11 VEHICLE RENTAL TRANSACTIONS THAT ARE FACILITATED BY THE PEER-TO-PEER CAR
12 RENTAL PROGRAM PROVIDER.

13 2. TRANSACTION HISTORY DOCUMENTING TAX COLLECTED BY THE
14 PEER-TO-PEER CAR RENTAL PROGRAM PROVIDER PURSUANT TO SECTION 42-5005,
15 SUBSECTION N.

16 S. FOR THE PURPOSES OF SUBSECTION R OF THIS SECTION, "PEER-TO-PEER
17 CAR RENTAL OWNER", "PEER-TO-PEER CAR RENTAL PROGRAM PROVIDER" AND "VEHICLE
18 RENTAL TRANSACTION" HAVE THE SAME MEANINGS PRESCRIBED IN SECTION 28-9601.

19 Sec. 6. Section 42-5014, Arizona Revised Statutes, is amended to
20 read:

21 42-5014. Return and payment of tax: estimated tax:
22 extensions; abatements

23 A. Except as provided in subsection B, C, D, E or F of this
24 section, the taxes levied under this article:

25 1. Are due and payable monthly in the form required by section
26 42-5018 for the amount of the tax, to the department, on or before the
27 twentieth day of the month next succeeding the month in which the tax
28 accrues.

29 2. Are delinquent as follows:

30 (a) For taxpayers that are required or elect to file and pay
31 electronically in any month, if not received by the department on or
32 before the last business day of the month.

33 (b) For all other taxpayers, if not received by the department on
34 or before the business day preceding the last business day of the month.

35 B. The department, for any taxpayer whose estimated annual
36 liability for taxes imposed or administered by this article or chapter 6
37 of this title is between ~~two thousand dollars~~ \$2,000 and ~~eight thousand~~
38 ~~dollars~~ \$8,000, shall authorize such taxpayer to pay such taxes on a
39 quarterly basis. The department, for any taxpayer whose estimated annual
40 liability for taxes imposed by this article is less than ~~two thousand~~
41 ~~dollars~~ \$2,000, shall authorize such taxpayer to pay such taxes on an
42 annual basis. For the purposes of this subsection, the taxes due under
43 this article:

44 1. For taxpayers that are authorized to pay on a quarterly basis,
45 are due and payable monthly in the form required by section 42-5018 for

1 the amount of the tax, to the department, on or before the twentieth day
2 of the month next succeeding the quarter in which the tax accrues.

3 2. For taxpayers that are authorized to pay on an annual basis, are
4 due and payable monthly in the form required by section 42-5018 for the
5 amount of the tax, to the department, on or before the twentieth day of
6 January next succeeding the year in which the tax accrues.

7 3. Are delinquent as follows:

8 (a) For taxpayers that are required or elect to file and pay
9 electronically in any quarter, if not received by the department on or
10 before the last business day of the month.

11 (b) For all other taxpayers that are required to file and pay
12 quarterly, if not received by the department on or before the business day
13 preceding the last business day of the month.

14 (c) For taxpayers that are required or elect to file and pay
15 electronically on an annual basis, if not received by the department on or
16 before the last business day of January.

17 (d) For all other taxpayers that are required to file and pay
18 annually, if not received by the department on or before the business day
19 preceding the last business day of January.

20 C. The department may require a taxpayer whose business is of a
21 transient character to file the return and remit the taxes imposed by this
22 article on a daily, a weekly or a transaction by transaction basis, and
23 those returns and payments are due and payable on the date fixed by the
24 department without a grace period otherwise allowed by this section. For
25 the purposes of this subsection, "business of a transient character" means
26 sales activity by a taxpayer not regularly engaged in selling within the
27 state conducted from vehicles, portable stands, rented spaces, structures
28 or booths, or concessions at fairs, carnivals, circuses, festivals or
29 similar activities for not more than thirty consecutive days.

30 D. If the business entity under which a taxpayer reports and pays
31 income tax under title 43 has an annual total tax liability under this
32 article, article 6 of this chapter and chapter 6, article 3 of this title
33 of ~~one million dollars~~ \$1,000,000 or more, based on the actual tax
34 liability in the preceding calendar year, regardless of the number of
35 offices at which the taxes imposed by this article, article 6 of this
36 chapter or chapter 6, article 3 of this title are collected, or if the
37 taxpayer can reasonably anticipate such liability in the current year, the
38 taxpayer shall report on a form prescribed by the department and pay an
39 estimated tax payment each June. Any other taxpayer may voluntarily elect
40 to pay the estimated tax payment pursuant to this subsection. The payment
41 shall be made on or before June 20 and is delinquent if not received by
42 the department on or before the business day preceding the last business
43 day of June for those taxpayers electing to file by mail, or delinquent if
44 not received by the department on the business day preceding the last
45 business day of June for those taxpayers electing to file in person. The

1 estimated tax paid shall be credited against the taxpayer's tax liability
2 under this article, article 6 of this chapter and chapter 6, article 3 of
3 this title for the month of June for the current calendar year. The
4 estimated tax payment shall equal either:

5 1. One-half of the actual tax liability under this article plus
6 one-half of any tax liability under article 6 of this chapter and chapter
7 6, article 3 of this title for May of the current calendar year.

8 2. The actual tax liability under this article plus any tax
9 liability under article 6 of this chapter and chapter 6, article 3 of this
10 title for the first fifteen days of June of the current calendar year.

11 E. An online lodging marketplace, as defined in section 42-5076,
12 that is registered with the department pursuant to section 42-5005,
13 subsection L:

14 1. Shall remit to the department the applicable taxes payable
15 pursuant to section 42-5076 and chapter 6 of this title with respect to
16 each online lodging transaction, as defined in section 42-5076,
17 facilitated by the online lodging marketplace.

18 2. Shall report the taxes monthly and remit the aggregate total
19 amounts for each of the respective taxing jurisdictions.

20 3. Shall not be required to list or otherwise identify any
21 individual online lodging operator, as defined in section 42-5076, on any
22 return or any attachment to a return.

23 F. A person who is licensed pursuant to title 32, chapter 20 and
24 who is licensed with the department pursuant to section 42-5005,
25 subsection M shall:

26 1. File a consolidated return monthly with respect to all managed
27 properties for which the licensee files an electronic consolidated tax
28 return pursuant to section 42-6013.

29 2. Remit to the department the aggregate total amount of the
30 applicable taxes payable pursuant to this chapter and chapter 6 of this
31 title for all of the respective taxing jurisdictions with respect to the
32 managed properties.

33 G. A PEER-TO-PEER CAR RENTAL PROGRAM PROVIDER, AS DEFINED IN
34 SECTION 28-9601, THAT IS LICENSED WITH THE DEPARTMENT PURSUANT TO SECTION
35 42-5005, SUBSECTION N:

36 1. SHALL ELECTRONICALLY REMIT TO THE DEPARTMENT THE APPLICABLE
37 SURCHARGES AND TAXES PURSUANT TO SECTIONS 5-839, 42-5071 AND 48-4234.

38 2. SHALL ELECTRONICALLY REPORT THE TAXES MONTHLY AND REMIT THE
39 AGGREGATE TOTAL AMOUNTS FOR EACH OF THE RESPECTIVE TAXING JURISDICTIONS.

40 3. IS NOT REQUIRED TO LIST OR OTHERWISE IDENTIFY ANY INDIVIDUAL
41 PEER-TO-PEER CAR RENTAL OWNER, AS DEFINED IN SECTION 28-9601, ON ANY
42 RETURN OR ANY ATTACHMENT TO A RETURN. THE PEER-TO-PEER CAR RENTAL PROGRAM
43 PROVIDER SHALL RETAIN SURCHARGE AND TAX INFORMATION FOR EACH PEER-TO-PEER
44 CAR RENTAL TRANSACTION AND SHALL PROVIDE THE INFORMATION TO THE DEPARTMENT
45 AT THE DEPARTMENT'S REQUEST.

1 ~~G.~~ **H.** The taxpayer shall prepare a return showing the amount of
2 the tax for which the taxpayer is liable for the preceding month, and shall
3 mail or deliver the return to the department in the same manner and time
4 as prescribed for the payment of taxes in subsection A of this section.
5 If the taxpayer fails to file the return in the manner and time as
6 prescribed for the payment of taxes in subsection A of this section, the
7 amount of the tax required to be shown on the return is subject to the
8 penalty imposed pursuant to section 42-1125, subsection X, without any
9 reduction for taxes paid on or before the due date of the return. The
10 return shall be verified by the oath of the taxpayer or an authorized
11 agent or as prescribed by the department pursuant to section 42-1105,
12 subsection B.

13 ~~H.~~ **I.** Any person who is taxable under this article and who makes
14 cash and credit sales shall report such cash and credit sales separately
15 and on making application may obtain from the department an extension of
16 time for payment of taxes due on the credit sales. The extension shall be
17 granted by the department under such rules as the department prescribes.
18 When the extension is granted, the taxpayer shall thereafter include in
19 each monthly report all collections made on such credit sales during the
20 month next preceding and shall pay the taxes due at the time of filing
21 such report.

22 ~~I.~~ **J.** The returns required under this article shall be made on
23 forms prescribed by the department and shall capture data with sufficient
24 specificity to meet the needs of all taxing jurisdictions.

25 ~~J.~~ **K.** Any person who is engaged in or conducting business in two
26 or more locations or under two or more business names shall file the
27 return required under this article using an electronic filing program
28 established by the department.

29 ~~K.~~ **L.** For taxable periods beginning from and after December 31,
30 2017, any taxpayer with an annual total tax liability under this chapter
31 and chapter 6 of this title of ~~twenty thousand dollars~~ \$20,000 or more,
32 based on the actual tax liability in the preceding calendar year,
33 regardless of the number of offices at which the taxes imposed by this
34 chapter or chapter 6 of this title are collected, or a taxpayer that can
35 reasonably anticipate that liability in the current year, shall file the
36 return required under this article using an electronic filing program
37 established by the department.

38 ~~L.~~ **M.** For taxable periods beginning from and after December 31,
39 2018, any taxpayer with an annual total tax liability under this chapter
40 and chapter 6 of this title of ten thousand dollars or more, based on the
41 actual tax liability in the preceding calendar year, regardless of the
42 number of offices at which the taxes imposed by this chapter or chapter 6
43 of this title are collected, or a taxpayer that can reasonably anticipate
44 that liability in the current year, shall file the return required under

1 this article using an electronic filing program established by the
2 department.

3 ~~M.~~ N. For taxable periods beginning from and after December 31,
4 2019, any taxpayer with an annual total tax liability under this chapter
5 and chapter 6 of this title of five thousand dollars or more, based on the
6 actual tax liability in the preceding calendar year, regardless of the
7 number of offices at which the taxes imposed by this chapter or chapter 6
8 of this title are collected, or a taxpayer that can reasonably anticipate
9 that liability in the current year, shall file the return required under
10 this article using an electronic filing program established by the
11 department.

12 ~~N.~~ O. For taxable periods beginning from and after December 31,
13 2020, any taxpayer with an annual total tax liability under this chapter
14 and chapter 6 of this title of five hundred dollars or more, based on the
15 actual tax liability in the preceding calendar year, regardless of the
16 number of offices at which the taxes imposed by this chapter or chapter 6
17 of this title are collected, or a taxpayer that can reasonably anticipate
18 that liability in the current year, shall file the return required under
19 this article using an electronic filing program established by the
20 department.

21 ~~O.~~ P. Any taxpayer that is required to report and pay using an
22 electronic filing program established by the department may apply to the
23 director, on a form prescribed by the department, for an annual waiver
24 from the electronic filing requirement. The director may grant a waiver,
25 which may be renewed, if any of the following applies:

- 26 1. The taxpayer has no computer.
- 27 2. The taxpayer has no internet access.
- 28 3. Any other circumstance considered to be worthy by the director.

29 ~~P.~~ Q. A waiver is not required if the return cannot be
30 electronically filed for reasons beyond the taxpayer's control, including
31 situations in which the taxpayer was instructed by either the internal
32 revenue service or the department of revenue to file by paper.

33 ~~Q.~~ R. The department, for good cause, may extend the time for
34 making any return required by this article and may grant such reasonable
35 additional time within which to make the return as it deems proper, but
36 the time for filing the return shall not be extended beyond the first day
37 of the third month next succeeding the regular due date of the return.

38 ~~R.~~ S. The department, with the approval of the attorney general,
39 may abate small tax balances if the administration costs exceed the amount
40 of tax due.

41 ~~S.~~ T. For the purposes of subsection D of this section, "taxpayer"
42 means the business entity under which the business reports and pays state
43 income taxes regardless of the number of offices at which the taxes
44 imposed by this article, article 6 of this chapter or chapter 6, article 3
45 of this title are collected.

1 Sec. 7. Section 42-5040, Arizona Revised Statutes, is amended to
2 read:

3 **42-5040. Sourcing of certain transactions; definitions**

4 A. Except as provided in section 42-5075, retail sales of tangible
5 personal property shall be sourced as follows:

6 1. To the seller's business location if the seller receives the
7 order at a business location in this state.

8 2. Except as provided in section 42-5008.01, to the purchaser's
9 location in this state if the seller receives the order at a business
10 location outside this state.

11 **B. PEER-TO-PEER CAR RENTAL TRANSACTIONS SHALL BE SOURCED AS
12 FOLLOW:**

13 1. TO THE PERMANENT STREET ADDRESS OF THE REGISTERED OWNER OF A
14 MOTOR VEHICLE THAT IS USED IN A PEER-TO-PEER CAR RENTAL PROGRAM IF THE
15 MOTOR VEHICLE IS REGISTERED IN THIS STATE.

16 2. TO THE STREET ADDRESS IN THIS STATE WHERE THE PEER-TO-PEER CAR
17 RENTAL OWNER RESIDES WHILE IN THIS STATE IF THE MOTOR VEHICLE IS
18 REGISTERED IN ANOTHER STATE OR COUNTRY.

19 ~~B.~~ C. For the purposes of **SUBSECTION A OF** this section, an order
20 is received when all of the information necessary to accept the order has
21 been received by or on behalf of the seller, regardless of where the order
22 is accepted or approved. The place of business or residence of the
23 purchaser does not determine where the order is received.

24 ~~C.~~ D. The gross receipts from leasing or renting tangible personal
25 property shall be sourced as follows:

26 1. To the lessor's business location if the lessor has a business
27 location in this state.

28 2. To the lessee's address if the lessor does not have a business
29 location in this state. The gross receipts are taxable when the property
30 is shipped, delivered or otherwise brought into this state for use in this
31 state.

32 ~~D.~~ E. For the purposes of this section:

33 1. "Lessee's address" means the residential address of an
34 individual lessee and the primary business address of any other lessee.

35 2. "Lessor's business location" means the business address that
36 appears on the lessor's transaction privilege tax license.

37 3. "PEER-TO-PEER CAR RENTAL" HAS THE SAME MEANING PRESCRIBED IN
38 SECTION 28-9601.

39 4. "PEER-TO-PEER CAR RENTAL OWNER" HAS THE SAME MEANING PRESCRIBED
40 IN SECTION 28-9601.

41 5. "PEER-TO-PEER CAR RENTAL PROGRAM" HAS THE SAME MEANING
42 PRESCRIBED IN SECTION 28-9601.

1 Sec. 8. Section 42-5071, Arizona Revised Statutes, is amended to
2 read:

3 **42-5071. Personal property rental classification; definitions**

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

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

10 2. Activities engaged in by the Arizona exposition and state fair
11 board or county fair commissions in connection with events sponsored by
12 such entities.

13 3. Leasing or renting tangible personal property by a parent
14 corporation to a subsidiary corporation or by a subsidiary corporation to
15 another subsidiary of the same parent corporation if taxes were paid under
16 this chapter on the gross proceeds or gross income accruing from the
17 initial sale of the tangible personal property. For the purposes of this
18 paragraph, "subsidiary" means a corporation of which at least eighty
19 percent of the voting shares are owned by the parent corporation.

20 4. Operating coin-operated washing, drying and dry cleaning
21 machines or coin-operated car washing machines at establishments for the
22 use of such machines.

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

29 6. Leasing or renting aircraft, flight simulators or similar
30 training equipment to students or staff by nonprofit, accredited
31 educational institutions that offer associate or baccalaureate degrees in
32 aviation or aerospace related fields.

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

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

40 9. The leasing or renting of space to make attachments to utility
41 poles, as follows:

42 (a) By a person that is engaged in business under section 42-5063
43 or 42-5064 or that is a cable operator.

44 (b) To a person that is engaged in business under section 42-5063
45 or 42-5064 or that is a cable operator.

1 10. Leasing or renting billboards that are designed, intended or
2 used to advertise or inform and that are visible from any street, road or
3 other highway.

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

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

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

17 (a) Section 42-5061, subsection A, paragraph 8, 9, 12, 13, 25, 29,
18 49 or 53.

19 (b) Section 42-5061, subsection B, except that a lease or rental of
20 new machinery or equipment is not exempt pursuant to section 42-5061,
21 subsection B, paragraph 13 if the lease is for less than two years.

22 (c) Section 42-5061, subsection I, paragraph 1.

23 (d) Section 42-5061, subsection M.

24 3. Motor vehicle fuel and use fuel that are subject to a tax
25 imposed under title 28, chapter 16, article 1, sales of use fuel to a
26 holder of a valid single trip use fuel tax permit issued under section
27 28-5739 and sales of aviation fuel that are subject to the tax imposed
28 under section 28-8344.

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

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

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

37 D. In computing the tax base, the gross proceeds of sales or gross
38 income from the lease or rental of a motor vehicle does not include any
39 amount attributable to the car rental surcharge under section 5-839,
40 28-5810 or 48-4234.

41 E. Until December 31, 1988, leasing or renting animals for
42 recreational purposes is exempt from the tax imposed by this section.
43 Beginning January 1, 1989, the gross proceeds or gross income from leasing
44 or renting animals for recreational purposes is subject to taxation under
45 this section. Tax liabilities, penalties and interest paid for taxable

1 periods before January 1, 1989 shall not be refunded unless the taxpayer
2 requesting the refund provides proof satisfactory to the department that
3 the monies paid as taxes will be returned to the customer.

4 F. THE TAX BASE OF THE PERSONAL PROPERTY RENTAL CLASSIFICATION DOES
5 NOT INCLUDE THE GROSS PROCEEDS OR GROSS INCOME RECEIVED BY A PEER-TO-PEER
6 CAR RENTAL OWNER FROM ANY VEHICLE RENTAL TRANSACTION FOR WHICH THE
7 PEER-TO-PEER CAR RENTAL OWNER HAS RECEIVED DOCUMENTATION FROM A LICENSED
8 PEER-TO-PEER CAR RENTAL PROGRAM PROVIDER PURSUANT TO SECTION 42-5005,
9 SUBSECTION N THAT THE PEER-TO-PEER CAR RENTAL PROGRAM PROVIDER HAS
10 REMITTED OR WILL REMIT THE APPLICABLE TAX TO THE DEPARTMENT PURSUANT TO
11 SECTION 42-5014, SUBSECTION G.

12 F. G. For the purposes of this section:

13 1. "Cable operator" has the same meaning prescribed by section
14 9-505.

15 2. "PEER-TO-PEER CAR RENTAL OWNER" HAS THE SAME MEANING PRESCRIBED
16 IN SECTION 28-9601.

17 3. "PEER-TO-PEER CAR RENTAL PROGRAM PROVIDER" HAS THE SAME MEANING
18 PRESCRIBED IN SECTION 28-9601.

19 2. "Utility pole" means any wooden, metal or other pole used
20 for utility purposes and the pole's appurtenances that are attached or
21 authorized for attachment by the person controlling the pole.

22 5. "VEHICLE RENTAL TRANSACTION" HAS THE SAME MEANING PRESCRIBED IN
23 SECTION 28-9601.

24 Sec. 9. Title 42, chapter 6, article 1, Arizona Revised Statutes,
25 is amended by adding section 42-6017, to read:

26 42-6017. Marketplace rentals of tangible personal property;
27 definitions

28 A. A BROKER AS DEFINED IN SECTION 100 OF THE MODEL CITY TAX CODE
29 WHO IS ENGAGING IN OR CONTINUING BUSINESS ACTIVITY ON BEHALF OF ANY OTHER
30 PERSON ENGAGED IN BUSINESS ACTIVITY TAXABLE UNDER SECTION 450 OF THE MODEL
31 CITY TAX CODE AND WHO IS A PEER-TO-PEER CAR RENTAL PROGRAM PROVIDER, IN
32 CONDUCTING THAT BUSINESS SHALL BE LICENSED PURSUANT TO SECTION 42-5005,
33 SUBSECTION N AND IS SUBJECT TO:

34 1. SECTION 42-5014, SUBSECTION G, RELATING TO TAX RETURNS.
35 2. TAX AT THE CURRENT RATES IMPOSED BY A CITY, TOWN OR OTHER TAXING
36 JURISDICTION UNDER SECTION 450 OF THE MODEL CITY TAX CODE.

37 B. ANY TAX REMITTED PURSUANT TO THE TERMS OF THIS SECTION SHALL BE
38 ADMINISTERED, COLLECTED AND ENFORCED BY THE DEPARTMENT AND DISTRIBUTED TO
39 THE CITY, TOWN OR OTHER TAXING JURISDICTION IN A UNIFORM MANNER.

40 C. A TAX MAY NOT BE COLLECTED BY A CITY, TOWN OR OTHER TAXING
41 JURISDICTION FROM A LESSOR OF TANGIBLE PERSONAL PROPERTY FOR WHICH THE
42 LESSOR HAS RECEIVED WRITTEN NOTICE OR DOCUMENTATION FROM AN ONLINE RENTAL
43 MARKETPLACE THAT IT HAS REMITTED OR WILL REMIT THE APPLICABLE TAX WITH
44 RESPECT TO THOSE TRANSACTIONS TO THE DEPARTMENT PURSUANT TO SECTION
45 42-5014, SUBSECTION G.

1 D. FOR THE PURPOSES OF THIS SECTION, "PEER-TO-PEER CAR RENTAL
2 OWNER", "PEER-TO-PEER CAR RENTAL PROGRAM", "PEER-TO-PEER CAR RENTAL
3 PROGRAM PROVIDER" AND "VEHICLE RENTAL TRANSACTION" HAVE THE SAME MEANINGS
4 PRESCRIBED IN SECTION 28-9601.

5 Sec. 10. Effective date

6 This act is effective from and after December 31, 2019.