

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

SENATE BILL 1305

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:

4 CHAPTER 31

5 PEER-TO-PEER CAR SHARING

6 ARTICLE 1. GENERAL PROVISIONS

7 28-9601. Definitions

8 IN THIS CHAPTER, UNLESS THE CONTEXT OTHERWISE REQUIRES:

9 1. "CAR SHARING DELIVERY PERIOD" MEANS THE PERIOD OF TIME DURING
10 WHICH A SHARED VEHICLE IS BEING DELIVERED TO THE LOCATION OF THE CAR
11 SHARING START TIME AS DOCUMENTED BY THE GOVERNING CAR SHARING PROGRAM
12 AGREEMENT.

13 2. "CAR SHARING PERIOD" MEANS THE PERIOD OF TIME THAT BEGINS WITH
14 THE CAR SHARING DELIVERY PERIOD OR THE CAR SHARING START TIME IF THERE IS
15 NO CAR SHARING DELIVERY PERIOD AND ENDS AT THE CAR SHARING TERMINATION
16 TIME.

17 3. "CAR SHARING PROGRAM AGREEMENT" MEANS THE TERMS AND CONDITIONS
18 THAT APPLY TO A SHARED VEHICLE OWNER AND A SHARED VEHICLE DRIVER AND THAT
19 GOVERN THE USE OF A SHARED VEHICLE THROUGH A PEER-TO-PEER CAR SHARING
20 PROGRAM.

21 4. "CAR SHARING START TIME" MEANS THE TIME WHEN A SHARED VEHICLE
22 BECOMES SUBJECT TO THE CONTROL OF THE SHARED VEHICLE DRIVER AT OR AFTER
23 THE TIME THAT THE RESERVATION OF THE SHARED VEHICLE IS SCHEDULED TO BEGIN
24 AS DOCUMENTED IN THE RECORDS OF A PEER-TO-PEER CAR SHARING PROGRAM.

25 5. "CAR SHARING TERMINATION TIME" MEANS THE TIME WHEN A SHARED
26 VEHICLE IS RETURNED TO THE LOCATION DESIGNATED BY A SHARED VEHICLE OWNER
27 THROUGH A PEER-TO-PEER CAR SHARING PROGRAM AND THE EARLIEST OF THE
28 FOLLOWING:

29 (a) THE AGREED PERIOD OF TIME ESTABLISHED FOR THE USE OF A SHARED
30 VEHICLE IN THE GOVERNING CAR SHARING PROGRAM AGREEMENT EXPIRES.

31 (b) THE INTENT TO TERMINATE THE USE OF THE SHARED VEHICLE IS
32 VERIFIABLY COMMUNICATED BY THE SHARED VEHICLE DRIVER TO THE SHARED VEHICLE
33 OWNER.

34 (c) THE SHARED VEHICLE OWNER OR THE SHARED VEHICLE OWNER'S
35 AUTHORIZED DESIGNEE TAKES POSSESSION AND CONTROL OF THE SHARED VEHICLE.

36 6. "PEER-TO-PEER CAR SHARING" MEANS THE AUTHORIZED USE OF A SHARED
37 VEHICLE BY AN INDIVIDUAL OTHER THAN THE SHARED VEHICLE OWNER THROUGH A
38 PEER-TO-PEER CAR SHARING PROGRAM.

39 7. "PEER-TO-PEER CAR SHARING PROGRAM" MEANS A BUSINESS PLATFORM
40 THAT CONNECTS VEHICLE OWNERS WITH DRIVERS TO ENABLE THE SHARING OF
41 VEHICLES FOR FINANCIAL CONSIDERATION.

42 8. "SHARED VEHICLE" MEANS A VEHICLE THAT IS AVAILABLE FOR SHARING
43 THROUGH A PEER-TO-PEER CAR SHARING PROGRAM.

44 9. "SHARED VEHICLE DRIVER" MEANS AN INDIVIDUAL WHO IS AUTHORIZED TO
45 DRIVE A SHARED VEHICLE UNDER A CAR SHARING PROGRAM AGREEMENT.

1 10. "SHARED VEHICLE OWNER" MEANS THE REGISTERED OWNER OF A SHARED
2 VEHICLE THAT IS MADE AVAILABLE FOR SHARING THROUGH A PEER-TO-PEER CAR
3 SHARING PROGRAM.

4 28-9602. Vehicle rental transactions; applicability of rental
5 vehicle laws

6 A. A VEHICLE RENTAL TRANSACTION THAT IS FACILITATED BY A
7 PEER-TO-PEER CAR SHARING PROGRAM IS SUBJECT TO ALL LAWS IMPOSING TAXES OR
8 FEES ON PRIVATE PASSENGER MOTOR VEHICLE RENTAL TRANSACTIONS AND COMPANIES,
9 INCLUDING SECTIONS 5-839, 28-5810 AND 48-4234.

10 B. A PEER-TO-PEER CAR SHARING PROGRAM THAT OFFERS OR SELLS
11 INSURANCE POLICIES PURSUANT TO SECTION 20-331, SUBSECTION C SHALL BE
12 LICENSED AS EITHER:

13 1. AN INSURANCE PRODUCER WITH A PROPERTY OR CASUALTY, OR BOTH, LINE
14 OF AUTHORITY PURSUANT TO SECTION 20-286. A PEER-TO-PEER CAR SHARING
15 PROGRAM LICENSED PURSUANT TO THIS PARAGRAPH IS SUBJECT TO SECTION 20-331,
16 SUBSECTIONS E, H AND I.

17 2. A RENTAL CAR AGENT PURSUANT TO SECTION 20-331 IF THE
18 PEER-TO-PEER CAR SHARING PROGRAM SELLS INSURANCE PRODUCTS DESCRIBED IN
19 SECTION 20-331.

20 C. THIS SECTION DOES NOT PROHIBIT OR RESTRICT A PUBLIC AIRPORT FROM
21 IMPLEMENTING RULES OR LICENSING REQUIREMENTS OR FROM ASSESSING FEES OR
22 CHARGES TO APPLY TO PEER-TO-PEER CAR SHARING TRANSACTIONS THAT ARE
23 CONDUCTED AT THE PUBLIC AIRPORT.

24 28-9603. Insurance requirements; liability; indemnification

25 A. EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, A PEER-TO-PEER
26 CAR SHARING PROGRAM SHALL ASSUME LIABILITY OF A SHARED VEHICLE OWNER FOR
27 BODILY INJURY OR PROPERTY DAMAGE TO A THIRD PARTY OR UNINSURED AND
28 UNDERINSURED MOTORIST OR PERSONAL INJURY PROTECTION LOSSES DURING THE CAR
29 SHARING PERIOD IN AN AMOUNT THAT IS STATED IN THE CAR SHARING PROGRAM
30 AGREEMENT AND THAT IS NOT LESS THAN THE MINIMUM AMOUNT OF COVERAGE
31 REQUIRED BY SECTION 28-4009. THIS SUBSECTION DOES NOT APPLY IF THE SHARED
32 VEHICLE OWNER MAKES AN INTENTIONAL OR FRAUDULENT MATERIAL
33 MISREPRESENTATION TO THE PEER-TO-PEER CAR SHARING PROGRAM BEFORE THE CAR
34 SHARING PERIOD IN WHICH THE LOSS OCCURS.

35 B. A PEER-TO-PEER CAR SHARING PROGRAM SHALL ENSURE THAT DURING EACH
36 CAR SHARING PERIOD THE SHARED VEHICLE OWNER AND THE SHARED VEHICLE DRIVER
37 ARE INSURED UNDER A MOTOR VEHICLE LIABILITY INSURANCE POLICY THAT:

38 1. RECOGNIZES THAT THE VEHICLE INSURED UNDER THE POLICY IS MADE
39 AVAILABLE AND USED THROUGH A PEER-TO-PEER CAR SHARING PROGRAM.

40 2. PROVIDES INSURANCE COVERAGE IN AN AMOUNT NOT LESS THAN THE
41 MINIMUM AMOUNT OF COVERAGE REQUIRED BY SECTION 28-4009.

42 C. THE INSURANCE REQUIRED BY THIS SECTION MAY BE SATISFIED BY MOTOR
43 VEHICLE LIABILITY INSURANCE THAT IS MAINTAINED BY ANY OF THE FOLLOWING OR
44 A COMBINATION OF ALL OF THE FOLLOWING:

45 1. A SHARED VEHICLE OWNER.

1 2. A SHARED VEHICLE DRIVER.
2 3. A PEER-TO-PEER CAR SHARING PROGRAM.
3 D. THE INSURANCE REQUIRED BY THIS SECTION IS PRIMARY DURING EACH
4 CAR SHARING PERIOD.
5 E. IF INSURANCE IS MAINTAINED BY A SHARED VEHICLE OWNER OR SHARED
6 VEHICLE DRIVER PURSUANT TO SUBSECTION C OF THIS SECTION AND HAS LAPSED OR
7 DOES NOT PROVIDE THE REQUIRED COVERAGE:
8 1. INSURANCE THAT IS MAINTAINED BY A PEER-TO-PEER CAR SHARING
9 PROGRAM SHALL PROVIDE THE COVERAGE REQUIRED BY SUBSECTION B OF THIS
10 SECTION BEGINNING WITH THE FIRST DOLLAR OF A CLAIM.
11 2. THE PEER-TO-PEER CAR SHARING PROGRAM SHALL DEFEND A CLAIM.
12 F. COVERAGE UNDER A MOTOR VEHICLE LIABILITY INSURANCE POLICY THAT
13 IS MAINTAINED BY A PEER-TO-PEER CAR SHARING PROGRAM IS NOT DEPENDENT ON A
14 PERSONAL MOTOR VEHICLE LIABILITY INSURER FIRST DENYING A CLAIM.
15 G. THIS CHAPTER DOES NOT LIMIT EITHER OF THE FOLLOWING:
16 1. THE LIABILITY OF THE PEER-TO-PEER CAR SHARING PROGRAM FOR ANY
17 ACT OR OMISSION OF THE PEER-TO-PEER CAR SHARING PROGRAM THAT RESULTS IN
18 INJURY TO ANY PERSON AS A RESULT OF THE USE OF A SHARED VEHICLE.
19 2. THE ABILITY OF THE PEER-TO-PEER CAR SHARING PROGRAM TO, BY
20 CONTRACT, SEEK INDEMNIFICATION FROM THE SHARED VEHICLE OWNER OR THE SHARED
21 VEHICLE DRIVER FOR ECONOMIC LOSS SUSTAINED BY THE PEER-TO-PEER CAR SHARING
22 PROGRAM RESULTING FROM A BREACH OF THE TERMS AND CONDITIONS OF THE CAR
23 SHARING PROGRAM AGREEMENT.
24 28-9604. Notice to owner of vehicle with lien
25 A. WHEN A PERSON BECOMES A SHARED VEHICLE OWNER ON A PEER-TO-PEER
26 CAR SHARING PROGRAM, THE PEER-TO-PEER CAR SHARING PROGRAM SHALL NOTIFY THE
27 SHARED VEHICLE OWNER THAT IF THE SHARED VEHICLE HAS A LIEN, USING THE
28 SHARED VEHICLE THROUGH A PEER-TO-PEER CAR SHARING PROGRAM, INCLUDING USING
29 THE SHARED VEHICLE WITHOUT PHYSICAL DAMAGE COVERAGE, MAY VIOLATE THE TERMS
30 OF THE CONTRACT WITH THE LIENHOLDER.
31 B. THE PEER-TO-PEER CAR SHARING PROGRAM SHALL PROVIDE THE NOTICE
32 PRESCRIBED IN SUBSECTION A OF THIS SECTION BEFORE THE SHARED VEHICLE OWNER
33 MAKES A SHARED VEHICLE AVAILABLE FOR PEER-TO-PEER CAR SHARING ON THE
34 PEER-TO-PEER CAR SHARING PROGRAM.
35 28-9605. Authorized insurer exclusions
36 AN AUTHORIZED INSURER THAT WRITES MOTOR VEHICLE LIABILITY INSURANCE
37 IN THIS STATE MAY EXCLUDE ANY COVERAGE AND THE DUTY TO DEFEND OR INDEMNIFY
38 ANY CLAIM AFFORDED UNDER A SHARED VEHICLE OWNER'S PERSONAL MOTOR VEHICLE
39 LIABILITY INSURANCE POLICY. A MOTOR VEHICLE INSURER MAY LIMIT THE NUMBER
40 OF VEHICLES THAT THE MOTOR VEHICLE INSURER WILL INSURE ON A SINGLE POLICY
41 IF THE VEHICLES ARE MADE AVAILABLE FOR SHARING THROUGH A PEER-TO-PEER CAR
42 SHARING PROGRAM. THIS CHAPTER DOES NOT INVALIDATE OR LIMIT AN EXCLUSION
43 CONTAINED IN A MOTOR VEHICLE LIABILITY INSURANCE POLICY, INCLUDING AN
44 INSURANCE POLICY IN USE OR APPROVED FOR USE THAT EXCLUDES COVERAGE FOR

1 MOTOR VEHICLES MADE AVAILABLE FOR RENT, SHARING OR HIRE OR FOR ANY
2 BUSINESS USE.

3 28-9606. Shared vehicle records; retention

4 A PEER-TO-PEER CAR SHARING PROGRAM SHALL COLLECT AND VERIFY RECORDS
5 RELATING TO THE USE OF A SHARED VEHICLE, INCLUDING TIMES USED, FEES PAID
6 BY THE SHARED VEHICLE DRIVER AND MONIES RECEIVED BY THE SHARED VEHICLE
7 OWNER, AND PROVIDE THAT INFORMATION ON REQUEST TO THE SHARED VEHICLE
8 OWNER, THE SHARED VEHICLE OWNER'S INSURER OR THE SHARED VEHICLE DRIVER'S
9 INSURER TO FACILITATE A CLAIM COVERAGE INVESTIGATION. THE PEER-TO-PEER
10 CAR SHARING PROGRAM SHALL RETAIN THE RECORDS FOR AT LEAST TWO YEARS.

11 28-9607. Insurance claims; shared vehicles; indemnification

12 A MOTOR VEHICLE INSURER THAT DEFENDS OR INDEMNIFIES A CLAIM AGAINST
13 A SHARED VEHICLE THAT IS EXCLUDED UNDER THE TERMS OF THE MOTOR VEHICLE
14 INSURER'S POLICY MAY SEEK INDEMNIFICATION FROM THE MOTOR VEHICLE INSURER
15 OF THE PEER-TO-PEER CAR SHARING PROGRAM IF THE CLAIM IS BOTH:

- 16 1. MADE AGAINST THE SHARED VEHICLE OWNER OR THE SHARED VEHICLE
17 DRIVER FOR LOSS OR INJURY THAT OCCURS DURING THE CAR SHARING PERIOD.
- 18 2. EXCLUDED UNDER THE TERMS OF ITS POLICY.

19 28-9608. Insurable interests

20 A. NOTWITHSTANDING ANY OTHER LAW, A PEER-TO-PEER CAR SHARING
21 PROGRAM HAS AN INSURABLE INTEREST IN A SHARED VEHICLE DURING THE CAR
22 SHARING PERIOD.

23 B. THIS SECTION DOES NOT IMPOSE LIABILITY ON A PEER-TO-PEER CAR
24 SHARING PROGRAM TO MAINTAIN THE COVERAGE MANDATED BY SECTION 28-9603.

25 28-9609. Car sharing program agreement disclosures

26 EACH CAR SHARING PROGRAM AGREEMENT MADE IN THIS STATE SHALL DISCLOSE
27 TO THE SHARED VEHICLE OWNER AND THE SHARED VEHICLE DRIVER:

28 1. ANY RIGHT OF THE PEER-TO-PEER CAR SHARING PROGRAM TO SEEK
29 INDEMNIFICATION FROM THE SHARED VEHICLE OWNER OR THE SHARED VEHICLE DRIVER
30 FOR ECONOMIC LOSS SUSTAINED BY THE PEER-TO-PEER CAR SHARING PROGRAM
31 RESULTING FROM A BREACH OF THE TERMS AND CONDITIONS OF THE CAR SHARING
32 PROGRAM AGREEMENT.

33 2. THAT A MOTOR VEHICLE LIABILITY INSURANCE POLICY ISSUED TO THE
34 SHARED VEHICLE OWNER FOR THE SHARED VEHICLE OR TO THE SHARED VEHICLE
35 DRIVER DOES NOT PROVIDE A DEFENSE OR INDEMNIFICATION FOR ANY CLAIM
36 ASSERTED BY THE PEER-TO-PEER CAR SHARING PROGRAM.

37 3. THAT THE PEER-TO-PEER CAR SHARING PROGRAM'S INSURANCE COVERAGE
38 ON THE SHARED VEHICLE OWNER AND THE SHARED VEHICLE DRIVER IS IN EFFECT
39 ONLY DURING EACH CAR SHARING PERIOD AND THAT, FOR ANY USE OF THE SHARED
40 VEHICLE BY THE SHARED VEHICLE DRIVER AFTER THE CAR SHARING TERMINATION
41 TIME, THE SHARED VEHICLE DRIVER AND THE SHARED VEHICLE OWNER MIGHT NOT
42 HAVE INSURANCE COVERAGE.

43 4. THE DAILY RATE, FEES AND INSURANCE, IF APPLICABLE, OR PROTECTION
44 PACKAGE COSTS THAT ARE CHARGED TO THE SHARED VEHICLE OWNER OR THE SHARED
45 VEHICLE DRIVER.

1 5. THAT THE SHARED VEHICLE OWNER'S MOTOR VEHICLE LIABILITY
2 INSURANCE MIGHT NOT PROVIDE COVERAGE FOR A SHARED VEHICLE.

3 6. AN EMERGENCY TELEPHONE NUMBER FOR ROADSIDE ASSISTANCE AND OTHER
4 CUSTOMER SERVICE INQUIRIES.

5 28-9610. Car sharing program agreement; licensed driver; data
6 retention

7 A. A PERSON MAY NOT ENTER INTO A CAR SHARING PROGRAM AGREEMENT WITH
8 A DRIVER UNLESS THE DRIVER:

9 1. HOLDS A DRIVER LICENSE ISSUED BY THE DEPARTMENT THAT AUTHORIZES
10 THE DRIVER TO OPERATE THE CLASS OF THE SHARED VEHICLE.

11 2. IS A NONRESIDENT WHO BOTH:

12 (a) HAS A DRIVER LICENSE ISSUED BY THE STATE OR COUNTRY OF THE
13 DRIVER'S RESIDENCE THAT AUTHORIZES THE DRIVER IN THAT STATE OR COUNTRY TO
14 DRIVE VEHICLES OF THE CLASS OF THE SHARED VEHICLE.

15 (b) IS AT LEAST THE SAME AGE AS THAT REQUIRED OF A RESIDENT TO
16 DRIVE.

17 3. OTHERWISE IS SPECIFICALLY AUTHORIZED BY THE DEPARTMENT TO DRIVE
18 VEHICLES OF THE CLASS OF THE SHARED VEHICLE.

19 B. A PEER-TO-PEER CAR SHARING PROGRAM SHALL KEEP A RECORD OF:

20 1. THE NAME AND ADDRESS OF EACH SHARED VEHICLE DRIVER.

21 2. THE DRIVER LICENSE NUMBER OF THE SHARED VEHICLE DRIVER.

22 3. THE DATE AND PLACE OF ISSUANCE OF THE SHARED VEHICLE DRIVER'S
23 DRIVER LICENSE.

24 28-9611. Responsibility for equipment

25 A PEER-TO-PEER CAR SHARING PROGRAM HAS SOLE RESPONSIBILITY FOR ANY
26 EQUIPMENT, INCLUDING A GLOBAL POSITIONING SYSTEM OR OTHER SPECIAL
27 EQUIPMENT, THAT IS PUT IN OR ON A SHARED VEHICLE TO MONITOR OR FACILITATE
28 THE CAR SHARING TRANSACTION AND SHALL AGREE TO INDEMNIFY AND HOLD HARMLESS
29 THE SHARED VEHICLE OWNER FOR ANY DAMAGE TO OR THEFT OF THE EQUIPMENT
30 DURING THE CAR SHARING PERIOD IF THE SHARED VEHICLE OWNER DOES NOT CAUSE
31 THE DAMAGE OR THEFT. THE PEER-TO-PEER CAR SHARING PROGRAM MAY SEEK
32 INDEMNITY FROM THE SHARED VEHICLE DRIVER FOR ANY LOSS OR DAMAGE TO THE
33 EQUIPMENT THAT OCCURS DURING THE SHARING PERIOD.

34 28-9612. Safety recalls

35 A. WHEN A VEHICLE OWNER BECOMES A SHARED VEHICLE OWNER ON A
36 PEER-TO-PEER CAR SHARING PROGRAM AND BEFORE THE SHARED VEHICLE OWNER MAKES
37 A SHARED VEHICLE AVAILABLE FOR PEER-TO-PEER CAR SHARING ON THE
38 PEER-TO-PEER CAR SHARING PROGRAM, THE PEER-TO-PEER CAR SHARING PROGRAM
39 SHALL:

40 1. VERIFY THAT THE SHARED VEHICLE DOES NOT HAVE ANY SAFETY RECALLS
41 ON THE SHARED VEHICLE FOR WHICH THE REPAIRS ARE NOT MADE.

42 2. NOTIFY THE SHARED VEHICLE OWNER OF THE REQUIREMENTS PRESCRIBED
43 BY SUBSECTIONS B, C AND D OF THIS SECTION.

1 B. IF A VEHICLE OWNER HAS RECEIVED AN ACTUAL NOTICE OF A SAFETY
2 RECALL ON THE OWNER'S VEHICLE, THE VEHICLE OWNER MAY NOT MAKE THE VEHICLE
3 AVAILABLE AS A SHARED VEHICLE UNTIL THE SAFETY RECALL REPAIR IS MADE.

4 C. IF A SHARED VEHICLE OWNER RECEIVES A NOTICE OF A SAFETY RECALL
5 ON THE SHARED VEHICLE WHILE THE SHARED VEHICLE IS MADE AVAILABLE ON THE
6 PEER-TO-PEER CAR SHARING PROGRAM, THE SHARED VEHICLE OWNER SHALL REMOVE
7 THE SHARED VEHICLE FROM AVAILABILITY ON THE PEER-TO-PEER CAR SHARING
8 PROGRAM AS SOON AS PRACTICABLE BUT NOT LATER THAN SEVENTY-TWO HOURS AFTER
9 RECEIVING THE NOTICE OF THE SAFETY RECALL. THE SHARED VEHICLE OWNER MAY
10 NOT MAKE THE SHARED VEHICLE AVAILABLE ON THE PEER-TO-PEER CAR SHARING
11 PROGRAM UNTIL THE SAFETY RECALL REPAIR IS MADE.

12 D. IF A SHARED VEHICLE OWNER RECEIVES A NOTICE OF A SAFETY RECALL
13 WHILE THE SHARED VEHICLE IS IN THE POSSESSION OF A SHARED VEHICLE DRIVER,
14 AS SOON AS PRACTICABLE BUT NOT LATER THAN TWENTY-FOUR HOURS AFTER
15 RECEIVING THE NOTICE OF THE SAFETY RECALL, THE SHARED VEHICLE OWNER SHALL
16 NOTIFY THE PEER-TO-PEER CAR SHARING PROGRAM ABOUT THE SAFETY RECALL SO
17 THAT THE SHARED VEHICLE OWNER MAY MAKE THE SAFETY RECALL REPAIR.

18 Sec. 2. Section 42-2003, Arizona Revised Statutes, is amended to
19 read:

20 42-2003. Authorized disclosure of confidential information

21 A. Confidential information relating to:

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

26 2. A corporate taxpayer may be disclosed to any principal officer,
27 any person designated by a principal officer or any person designated in a
28 resolution by the corporate board of directors or other similar governing
29 body. If a corporate officer signs a statement under penalty of perjury
30 representing that the officer is a principal officer, the department may
31 rely on the statement until the statement is shown to be false. For the
32 purposes of this paragraph, "principal officer" includes a chief executive
33 officer, president, secretary, treasurer, vice president of tax, chief
34 financial officer, chief operating officer or chief tax officer or any
35 other corporate officer who has the authority to bind the taxpayer on
36 matters related to state taxes.

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

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

42 5. An estate may be disclosed to the personal representative of the
43 estate and to any heir, next of kin or beneficiary under the will of the
44 decedent if the department finds that the heir, next of kin or beneficiary

1 has a material interest that will be affected by the confidential
2 information.

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

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

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

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

16 10. Any taxpayer may be disclosed during a meeting or telephone
17 call if the taxpayer is present during the meeting or telephone call and
18 authorizes the disclosure of confidential information.

19 B. Confidential information may be disclosed to:

20 1. Any employee of the department whose official duties involve tax
21 administration.

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

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

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

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

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

1 of alcohol, tobacco, firearms and explosives of the United States
2 department of justice, United States drug enforcement agency and federal
3 bureau of investigation.

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

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

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

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

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

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

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

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

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

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

28 (a) Regarding income tax or withholding tax.

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

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

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

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

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

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

43 (b) Qualifying businesses with a qualified facility for income tax
44 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 released by the department to the county, city or
20 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 law enforcement agencies
2 for law enforcement purposes.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

41 V. The department may provide the name and address of qualifying
42 hospitals and qualifying health care organizations, as defined in section
43 42-5001, to a business classified and reporting transaction privilege tax
44 under the utilities classification.

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

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

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

15 X. Notwithstanding any other provision of this section, the
16 department may not disclose information provided by an online lodging
17 marketplace, as defined in section 42-5076, [OR A PEER-TO-PEER CAR SHARING](#)
18 [PROGRAM, AS DEFINED IN SECTION 28-9601](#), without the written consent of the
19 online lodging marketplace [OR PEER-TO-PEER CAR SHARING PROGRAM](#), and the
20 information may be disclosed only pursuant to subsection A, paragraphs 1
21 through 6, 8 and 10, subsection B, paragraphs 1, 2, 7 and 8 and
22 subsections C and D of this section. Such information:

23 1. Is not subject to disclosure pursuant to title 39, relating to
24 public records.

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

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

29 42-5001. [Definitions](#)

30 In this article and article 2 of this chapter, unless the context
31 otherwise requires:

32 1. "Business" includes all activities or acts, personal or
33 corporate, [THAT ARE](#) engaged in or caused to be engaged in with the object
34 of gain, benefit or advantage, either directly or indirectly, but does not
35 include either:

36 (a) Casual activities or sales.

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

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

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

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

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

10 6. ~~"Gross income"~~ and ~~"gross proceeds of sales"~~ do not include
11 goods, wares or merchandise, or THE value thereof, returned by customers
12 if the sale price is refunded either in cash or by credit, ~~not~~ OR the
13 value of merchandise traded in on the purchase of new merchandise when the
14 trade-in allowance is deducted from the sales price of the new merchandise
15 before completion of the sale.

16 7. "Gross receipts" means the total amount of the sale, lease or
17 rental price, as the case may be, of the retail sales of retailers,
18 including any services that are a part of the sales, valued in money,
19 whether received in money or otherwise, including all receipts, cash,
20 credits and property of every kind or nature, and any amount for which
21 credit is allowed by the seller to the purchaser without any deduction
22 from the amount on account of the cost of the property sold, materials
23 used, labor or service performed, interest paid, losses or any other
24 expense. Gross receipts do not include cash discounts allowed and taken
25 ~~not~~ OR the sale price of property returned by customers if the full sale
26 price is refunded either in cash or by credit.

27 8. "LESSOR" INCLUDES:

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

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

34 ~~8-~~ 9. "Person" or "company" includes an individual, firm,
35 partnership, joint venture, association, corporation, estate or trust,
36 this state, any county, city, town, district, other than a school
37 district, or other political subdivision and any other group or
38 combination acting as a unit, and the plural as well as the singular
39 number.

40 ~~9-~~ 10. "Qualifying community health center":

41 (a) Means an entity that is recognized as nonprofit under section
42 501(c)(3) of the United States internal revenue code, that is a
43 community-based, primary care clinic that has a community-based board of
44 directors and that is either:

45 (i) The sole provider of primary care in the community.

1 (ii) A nonhospital affiliated clinic that is located in a federally
2 designated medically underserved area in this state.

3 (b) Includes clinics that are being constructed as qualifying
4 community health centers.

5 ~~10.~~ 11. "Qualifying health care organization" means an entity that
6 is recognized as nonprofit under section 501(c) of the United States
7 internal revenue code and that uses, saves or invests at least eighty ~~per~~
8 ~~cent~~ PERCENT of all monies that it receives from all sources each year
9 only for health and medical related educational and charitable services,
10 as documented by annual financial audits prepared by an independent
11 certified public accountant, performed according to generally accepted
12 auditing standards and filed annually with the department. Monies that
13 are used, saved or invested to lease, purchase or construct a facility for
14 health and medical related education and charitable services are included
15 in the eighty ~~per cent~~ PERCENT requirement.

16 ~~11.~~ 12. "Qualifying health sciences educational institution" means
17 an entity that is recognized as nonprofit under section 501(c) of the
18 United States internal revenue code and that solely provides graduate and
19 postgraduate education in the health sciences. For the purposes of this
20 paragraph, "health sciences" includes medicine, nursing, physician's
21 assistant studies, pharmacy, physical therapy, occupational therapy,
22 biomedical sciences, podiatry, clinical psychology, cardiovascular
23 science, nurse anesthesia, dentistry, optometry and veterinary medicine.

24 ~~12.~~ 13. "Qualifying hospital" means any of the following:

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

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

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

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

38 ~~13.~~ 14. "Retailer" includes every person engaged in the business
39 classified under the retail classification pursuant to section 42-5061
40 and, when in the opinion of the department it is necessary for the
41 efficient administration of this article, includes dealers, distributors,
42 supervisors, employers and salesmen, representatives, peddlers or
43 canvassers as the agents of the dealers, distributors, supervisors or
44 employers under whom they operate or from whom they obtain the tangible
45 personal property sold by them, whether in making sales on their own

1 behalf or on behalf of the dealers, distributors, supervisors or
2 employers.

3 ~~14:~~ 15. "Sale" means any transfer of title or possession, or both,
4 exchange, barter, lease or rental, conditional or otherwise, in any manner
5 or by any means whatever, including consignment transactions and auctions,
6 of tangible personal property or other activities taxable under this
7 chapter, for a consideration, and includes:

8 (a) Any transaction by which the possession of property is
9 transferred but the seller retains the title as security for the payment
10 of the price.

11 (b) Fabricating tangible personal property for consumers who
12 furnish either directly or indirectly the materials used in the
13 fabrication work.

14 (c) Furnishing, preparing or serving for a consideration any
15 tangible personal property consumed on the premises of the person
16 furnishing, preparing or serving the tangible personal property.

17 ~~15:~~ 16. "Solar daylighting" means a device that is specifically
18 designed to capture and redirect the visible portion of the solar beam,
19 while controlling the infrared portion, for use in illuminating interior
20 building spaces in lieu of artificial lighting.

21 ~~16:~~ 17. "Solar energy device" means a system or series of
22 mechanisms **THAT ARE** designed primarily to provide heating, to provide
23 cooling, to produce electrical power, to produce mechanical power, to
24 provide solar daylighting or to provide any combination of the foregoing
25 by means of collecting and transferring solar generated energy into such
26 uses either by active or passive means, including wind generator systems
27 that produce electricity. Solar energy systems may also have the
28 capability of storing solar energy for future use. Passive systems shall
29 clearly be designed as a solar energy device, such as a trombe wall, and
30 not merely as a part of a normal structure, such as a window.

31 ~~17:~~ 18. "Tangible personal property" means personal property ~~which~~
32 **THAT** may be seen, weighed, measured, felt or touched or **THAT** is in any
33 other manner perceptible to the senses.

34 ~~18:~~ 19. "Tax year" or "taxable year" means either the calendar year
35 or the taxpayer's fiscal year, if permission is obtained from the
36 department to use a fiscal year as the tax period instead of the calendar
37 year.

38 ~~19:~~ 20. "Taxpayer" means any person ~~who~~ **THAT** is liable for any tax
39 ~~which is~~ imposed by this article.

40 ~~20:~~ 21. "Wholesaler" or "jobber" means any person ~~who~~ **THAT** sells
41 tangible personal property for resale and not for consumption by the
42 purchaser.

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

3 42-5005. Transaction privilege tax and municipal privilege
4 tax licenses: fees: renewal: revocation:
5 violation; classification

6 A. Every person who receives gross proceeds of sales or gross
7 income on which a transaction privilege tax is imposed by this article and
8 who desires to engage or continue in business shall apply to the
9 department for an annual transaction privilege tax license accompanied by
10 a fee of ~~twelve dollars~~ \$12. A person shall not engage or continue in
11 business until the person has obtained a transaction privilege tax
12 license.

13 B. A person desiring to engage or continue in business within a
14 city or town that imposes a municipal privilege tax shall apply to the
15 department of revenue for an annual municipal privilege tax license
16 accompanied by a fee of up to ~~fifty dollars~~ \$50, as established by
17 ordinance of the city or town. The person shall submit the fee with each
18 new license application. The person may not engage or continue in
19 business until the person has obtained a municipal privilege tax license.
20 The department must collect, hold, pay and manage the fees in trust for
21 the city or town and may not use the monies for any other purposes.

22 C. A transaction privilege tax license is valid only for the
23 calendar year in which it is issued, but it may be renewed for the
24 following calendar year. There is no fee for the renewal of the
25 transaction privilege tax license. The transaction privilege tax license
26 must be renewed at the same time and in the manner as the municipal
27 privilege tax license renewal.

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

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

40 F. If the applicant is not in arrears in payment of any tax imposed
41 by this article, the department shall issue a license authorizing the
42 applicant to engage and continue in business on the condition that the
43 applicant complies with this article. The license number shall be
44 continuous.

1 G. The transaction privilege tax license and the municipal
2 privilege tax license are not transferable on a complete change of
3 ownership or change of location of the business. For the purposes of this
4 subsection:

5 1. "Location" means the business address appearing in the
6 application for the license and on the transaction privilege tax or
7 municipal privilege tax license.

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

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

12 H. When the ownership or location of a business on which a
13 transaction privilege tax or municipal privilege tax is imposed has been
14 changed within the meaning of subsection G of this section, the licensee
15 shall surrender the license to the department. The license shall be
16 reissued to the new owners or for the new location on application by the
17 taxpayer and payment of the ~~twelve-dollar~~ \$12 fee for a transaction
18 privilege tax license and a fee of up to ~~fifty-dollars~~ \$50 per
19 jurisdiction for a municipal privilege tax license. The department must
20 collect, hold, pay and manage the fees in trust for the city or town and
21 may not use the monies for any other purposes.

22 I. A person who is engaged in or conducting a business in two or
23 more locations or under two or more business names shall procure a
24 transaction privilege tax license for each location or business name
25 regardless of whether all locations or business names are reported on a
26 consolidated return under a single transaction privilege tax license
27 number. This requirement shall not be construed as conflicting with
28 section 42-5020.

29 J. A person who is engaged in or conducting a business in two or
30 more locations or under two or more business names shall procure a
31 municipal privilege tax license for each location or business name
32 regardless of whether all locations or business names are reported on a
33 consolidated return.

34 K. A person who is engaged in or conducting business at two or more
35 locations or under two or more business names and who files a consolidated
36 return under a single transaction privilege tax license number as provided
37 by section 42-5020 is required to pay only a single municipal privilege
38 tax license renewal fee for each local jurisdiction pursuant to subsection
39 D of this section. A person who is engaged in or conducting business at
40 two or more locations or under two or more business names and who does not
41 file a consolidated return under a single license number is required to
42 pay a license renewal fee for each location or license in a local
43 jurisdiction.

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

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

9 2. Beginning from and after December 31, 2018, an online lodging
10 marketplace, as defined in section 42-5076, shall register with the
11 department for a license for the payment of taxes levied by this state and
12 one or more counties, cities, towns or special taxing districts for taxes
13 due from an online lodging operator on any online lodging transaction
14 facilitated by the online lodging marketplace, subject to sections 42-5076
15 and 42-6009.

16 M. For the purposes of this chapter and chapter 6 of this title, a
17 person who is licensed pursuant to title 32, chapter 20 and who files an
18 electronic consolidated tax return for individual real properties under
19 management on behalf of the property owners may be licensed with the
20 department for the payment of taxes levied by this state and by any
21 county, city or town with respect to those properties. There is no fee
22 for a license issued pursuant to this subsection.

23 N. FOR THE PURPOSES OF THIS CHAPTER, A PEER-TO-PEER CAR SHARING
24 PROGRAM SHALL REGISTER WITH THE DEPARTMENT FOR A LICENSE FOR THE PAYMENT
25 OF TAXES LEVIED BY THIS STATE AND ONE OR MORE COUNTIES, CITIES, TOWNS OR
26 SPECIAL TAXING DISTRICTS FOR THE TAXES DUE FROM A SHARED VEHICLE OWNER FOR
27 ANY VEHICLE SHARING TRANSACTION FACILITATED BY THE PEER-TO-PEER CAR
28 SHARING PROGRAM. THERE IS NO FEE FOR A LICENSE ISSUED PURSUANT TO THIS
29 SUBSECTION. FOR THE PURPOSES OF THIS SUBSECTION, "PEER-TO-PEER CAR
30 SHARING PROGRAM" AND "SHARED VEHICLE OWNER" HAVE THE SAME MEANINGS
31 PRESCRIBED IN SECTION 28-9601.

32 ~~N.~~ O. If a person violates this article or any rule adopted under
33 this article, the department upon hearing may revoke any transaction
34 privilege tax or municipal privilege tax license issued to the person.
35 The department shall provide ten days' written notice of the hearing,
36 stating the time and place and requiring the person to appear and show
37 cause why the license or licenses should not be revoked. The department
38 shall provide written notice to the person of the revocation of the
39 license. The notices may be served personally or by mail pursuant to
40 section 42-5037. After revocation, the department shall not issue a new
41 license to the person unless the person presents evidence satisfactory to
42 the department that the person will comply with this article and with the
43 rules adopted under this article. The department may prescribe the terms
44 under which a revoked license may be reissued.

1 ~~P.~~ P. The department may revoke any transaction privilege tax or
2 municipal privilege tax license issued to any person who fails for
3 thirteen consecutive months to make and file a return required by this
4 article on or before the due date or the due date as extended by the
5 department unless the failure is due to a reasonable cause and not due to
6 wilful neglect.

7 ~~P.~~ Q. A person who violates any provision of this section is
8 guilty of a class 3 misdemeanor.

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

11 42-5009. Certificates establishing deductions; liability for
12 making false certificate

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

16 1. Marking the invoice for the transaction to indicate that the
17 gross proceeds of sales or gross income derived from the transaction was
18 deducted from the tax base.

19 2. Obtaining a certificate executed by the purchaser indicating the
20 name and address of the purchaser, the precise nature of the business of
21 the purchaser, the purpose for which the purchase was made, the necessary
22 facts to establish the appropriate deduction and the tax license number of
23 the purchaser to the extent the deduction depends on the purchaser
24 conducting business classified under article 2 of this chapter and a
25 certification that the person executing the certificate is authorized to
26 do so on behalf of the purchaser. The certificate may be disregarded if
27 the seller has reason to believe that the information contained in the
28 certificate is not accurate or complete.

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

32 C. The department may prescribe a form for the certificate
33 described in subsection A of this section. Under such rules as it may
34 prescribe, the department may also describe transactions with respect to
35 which a person is not entitled to rely solely on the information contained
36 in the certificate provided for in subsection A of this section but must
37 instead obtain such additional information as required by the rules in
38 order to be entitled to the deduction.

39 D. If a seller is entitled to a deduction by complying with
40 subsection A of this section, the department may require the purchaser
41 that caused the execution of the certificate to establish the accuracy and
42 completeness of the information required to be contained in the
43 certificate that would entitle the seller to the deduction. If the
44 purchaser cannot establish the accuracy and completeness of the
45 information, the purchaser is liable in an amount equal to any tax,

1 penalty and interest that the seller would have been required to pay under
2 this article if the seller had not complied with subsection A of this
3 section. Payment of the amount under this subsection exempts the
4 purchaser from liability for any tax imposed under article 4 of this
5 chapter. The amount shall be treated as tax revenues collected from the
6 seller in order to designate the distribution base for purposes of section
7 42-5029.

8 E. If a seller is entitled to a deduction by complying with
9 subsection B of this section, the department may require the purchaser to
10 establish the accuracy and completeness of the information provided to the
11 seller that entitled the seller to the deduction. If the purchaser cannot
12 establish the accuracy and completeness of the information, the purchaser
13 is liable in an amount equal to any tax, penalty and interest that the
14 seller would have been required to pay under this article if the seller
15 had not complied with subsection B of this section. Payment of the amount
16 under this subsection exempts the purchaser from liability for any tax
17 imposed under article 4 of this chapter. The amount shall be treated as
18 tax revenues collected from the seller in order to designate the
19 distribution base for purposes of section 42-5029.

20 F. The department may prescribe a form for a certificate used to
21 establish entitlement to the deductions described in section 42-5061,
22 subsection A, paragraph 46 and section 42-5063, subsection B, paragraph 3.
23 Under rules the department may prescribe, the department may also require
24 additional information for the seller to be entitled to the deduction. If
25 a seller is entitled to the deductions described in section 42-5061,
26 subsection A, paragraph 46 and section 42-5063, subsection B, paragraph 3,
27 the department may require the purchaser who executed the certificate to
28 establish the accuracy and completeness of the information contained in
29 the certificate that would entitle the seller to the deduction. If the
30 purchaser cannot establish the accuracy and completeness of the
31 information, the purchaser is liable in an amount equal to any tax,
32 penalty and interest that the seller would have been required to pay under
33 this article. Payment of the amount under this subsection exempts the
34 purchaser from liability for any tax imposed under article 4 of this
35 chapter. The amount shall be treated as tax revenues collected from the
36 seller in order to designate the distribution base for purposes of section
37 42-5029.

38 G. If a seller claims a deduction under section 42-5061,
39 subsection A, paragraph 25 and establishes entitlement to the deduction
40 with an exemption letter that the purchaser received from the department
41 and the exemption letter was based on a contingent event, the department
42 may require the purchaser that received the exemption letter to establish
43 the satisfaction of the contingent event within a reasonable time. If the
44 purchaser cannot establish the satisfaction of the event, the purchaser is
45 liable in an amount equal to any tax, penalty and interest that the seller

1 would have been required to pay under this article if the seller had not
2 been furnished the exemption letter. Payment of the amount under this
3 subsection exempts the purchaser from liability for any tax imposed under
4 article 4 of this chapter. The amount shall be treated as tax revenues
5 collected from the seller in order to designate the distribution base for
6 purposes of section 42-5029. For the purposes of this subsection,
7 "reasonable time" means a time limitation that the department determines
8 and that does not exceed the time limitations pursuant to section 42-1104.

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

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

19 2. A copy of the nonresident registration permit authorized by
20 section 28-2154.

21 3. A legible copy of a current valid driver license issued to the
22 purchaser by another state or foreign country that indicates an address
23 outside of this state. For the sale of a motor vehicle to a nonresident
24 entity, the entity's representative must have a current valid driver
25 license issued by the same jurisdiction as that in which the entity is
26 located.

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

30 I. Notwithstanding subsection A, paragraph 2 of this section, if a
31 motor vehicle dealer has established entitlement to a deduction by
32 complying with subsection H of this section, the department may require
33 the purchaser who executed the certificate to establish the accuracy and
34 completeness of the information contained in the certificate that entitled
35 the motor vehicle dealer to the deduction. If the purchaser cannot
36 establish the accuracy and completeness of the information, the purchaser
37 is liable in an amount equal to any tax, penalty and interest that the
38 motor vehicle dealer would have been required to pay under this article
39 and under articles IV and V of the model city tax code as defined in
40 section 42-6051. Payment of the amount under this subsection exempts the
41 purchaser from liability for any tax imposed under article 4 of this
42 chapter and any tax imposed under article VI of the model city tax code as
43 defined in section 42-6051. The amount shall be treated as tax revenues
44 collected from the motor vehicle dealer in order to designate the
45 distribution base for purposes of section 42-5029.

1 J. To establish entitlement to the deduction described in section
2 42-5061, subsection A, paragraph 44, a public consignment auction dealer
3 as defined in section 28-4301 shall submit the valid certificate
4 prescribed by subsection H of this section to the department and retain a
5 copy for its records.

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

9 L. The department shall prescribe a form for a certificate to be
10 used by a person that is not subject to tax under section 42-5075 when the
11 person is engaged by a contractor that is subject to tax under section
12 42-5075 for a project that is taxable under section 42-5075. The
13 certificate permits the person purchasing tangible personal property to be
14 incorporated or fabricated by the person into any real property,
15 structure, project, development or improvement to provide documentation to
16 a retailer that the sale of tangible personal property qualifies for the
17 deduction under section 42-5061, subsection A, paragraph 27,
18 subdivision (b). A prime contractor shall obtain the certificate from the
19 department and shall provide a copy to any such person working on the
20 project. The prime contractor shall obtain a new certificate for each
21 project to which this subsection applies. For the purposes of this
22 subsection, the following apply:

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

27 2. The department shall issue the certificate to the prime
28 contractor on receiving sufficient documentation to establish that the
29 prime contractor meets the requirements of this subsection.

30 3. If any person uses the certificate provided under this
31 subsection to purchase tangible personal property to be used in a project
32 that is not subject to tax under section 42-5075, the person is liable in
33 an amount equal to any tax, penalty and interest that the seller would
34 have been required to pay under this article if the seller had not
35 complied with subsection A of this section. Payment of the amount under
36 this section exempts the person from liability for any tax imposed under
37 article 4 of this chapter. The amount shall be sourced under section
38 42-5040, subsection A, paragraph 2.

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

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

5 1. Persons who feed their own livestock or poultry.

6 2. Persons who are engaged in the business of producing livestock
7 or poultry commercially.

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

10 O. A vendor who has reason to believe that a certificate prescribed
11 by this section is not accurate or complete will not be relieved of the
12 burden of proving entitlement to the exemption. A vendor that accepts a
13 certificate in good faith will be relieved of the burden of proof and the
14 purchaser may be required to establish the accuracy of the claimed
15 exemption. If the purchaser cannot establish the accuracy and
16 completeness of the information provided in the certificate, the purchaser
17 is liable for an amount equal to the transaction privilege tax, penalty
18 and interest that the vendor would have been required to pay if the vendor
19 had not accepted the certificate.

20 P. Notwithstanding any other law, an online lodging operator, as
21 defined in section 42-5076, shall be entitled to an exclusion from any
22 applicable taxes for any online lodging transaction, as defined in section
23 42-5076, facilitated by an online lodging marketplace, as defined in
24 section 42-5076, for which the online lodging operator has obtained from
25 the online lodging marketplace written notice that the online lodging
26 marketplace is registered with the department to collect applicable taxes
27 for all online lodging transactions facilitated by the online lodging
28 marketplace, and transaction history documenting tax collected by the
29 online lodging marketplace, pursuant to section 42-5005, subsection L.

30 Q. The department shall prescribe the form of a certificate to be
31 used by a person purchasing an aircraft to document eligibility for a
32 deduction pursuant to section 42-5061, subsection B, paragraph 7,
33 subdivision (a), item (v) or an exemption pursuant to section 42-5159,
34 subsection B, paragraph 7, subdivision (a), item (v), relating to
35 aircraft. The person must provide this certificate and documentation
36 confirming that the operational control of the aircraft has been
37 transferred or will be transferred immediately after the purchase to one
38 or more persons described in section 42-5061, subsection B, paragraph 7,
39 subdivision (a), item (i), (ii), (iii) or (iv) or section 42-5159,
40 subsection B, paragraph 7, subdivision (a), item (i), (ii), (iii) or (iv).
41 Operational control of the aircraft must be transferred for at least fifty
42 percent of the aircraft's flight hours. If such operational control is
43 not transferred for at least fifty percent of the aircraft's flight hours
44 during the recapture period, the owner of the aircraft is liable for an
45 amount equal to any tax that the seller or purchaser would have been

1 required to pay under this chapter at the time of the sale, plus penalty
2 and interest. The recapture period begins on the date that operational
3 control of the aircraft is first transferred and ends on the later of the
4 date the aircraft is fully depreciated for federal income tax purposes or
5 five years after operational control was first transferred. For the
6 purposes of this subsection, operational control of the aircraft must be
7 within the meaning of federal aviation administration operations
8 specification A008, or its successor, except that:

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

14 2. If the aircraft is sold during the recapture period, the seller
15 is not liable for the amount determined pursuant to this subsection unless
16 the operational control of the aircraft had not been transferred for at
17 least fifty percent of the aircraft's flight hours at the time of the
18 sale.

19 R. NOTWITHSTANDING ANY OTHER LAW, A SHARED VEHICLE OWNER IS
20 ENTITLED TO AN EXCLUSION FROM ANY APPLICABLE TAXES FOR ANY VEHICLE SHARING
21 TRANSACTION THAT IS FACILITATED BY A PEER-TO-PEER CAR SHARING PROGRAM AND
22 FOR WHICH THE SHARING OWNER HAS OBTAINED FROM THE PEER-TO-PEER CAR SHARING
23 PROGRAM BOTH OF THE FOLLOWING:

24 1. WRITTEN NOTICE THAT THE PEER-TO-PEER CAR SHARING PROGRAM IS
25 LICENSED WITH THE DEPARTMENT TO COLLECT APPLICABLE TAXES FOR ALL VEHICLE
26 SHARING TRANSACTIONS THAT ARE FACILITATED BY THE PEER-TO-PEER CAR SHARING
27 PROGRAM.

28 2. TRANSACTION HISTORY DOCUMENTING TAX COLLECTED BY THE
29 PEER-TO-PEER CAR SHARING PROGRAM PURSUANT TO SECTION 42-5005,
30 SUBSECTION N.

31 S. FOR THE PURPOSES OF SUBSECTION R OF THIS SECTION, "PEER-TO-PEER
32 CAR SHARING PROGRAM" AND "SHARED VEHICLE OWNER" HAVE THE SAME MEANINGS
33 PRESCRIBED IN SECTION 28-9601.

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

36 42-5014. Return and payment of tax; estimated tax;
37 extensions; abatements

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

40 1. Are due and payable monthly in the form required by section
41 42-5018 for the amount of the tax, to the department, on or before the
42 twentieth day of the month next succeeding the month in which the tax
43 accrues.

1 2. Are delinquent as follows:

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

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

7 B. The department, for any taxpayer whose estimated annual
8 liability for taxes imposed or administered by this article or chapter 6
9 of this title is between ~~two thousand dollars~~ \$2,000 and ~~eight thousand~~
10 ~~dollars~~ \$8,000, shall authorize such taxpayer to pay such taxes on a
11 quarterly basis. The department, for any taxpayer whose estimated annual
12 liability for taxes imposed by this article is less than ~~two thousand~~
13 ~~dollars~~ \$2,000, shall authorize such taxpayer to pay such taxes on an
14 annual basis. For the purposes of this subsection, the taxes due under
15 this article:

16 1. For taxpayers that are authorized to pay on a quarterly basis,
17 are due and payable monthly in the form required by section 42-5018 for
18 the amount of the tax, to the department, on or before the twentieth day
19 of the month next succeeding the quarter in which the tax accrues.

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

24 3. Are delinquent as follows:

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

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

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

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

37 C. The department may require a taxpayer whose business is of a
38 transient character to file the return and remit the taxes imposed by this
39 article on a daily, a weekly or a transaction by transaction basis, and
40 those returns and payments are due and payable on the date fixed by the
41 department without a grace period otherwise allowed by this section. For
42 the purposes of this subsection, "business of a transient character" means
43 sales activity by a taxpayer not regularly engaged in selling within the
44 state conducted from vehicles, portable stands, rented spaces, structures

1 or booths, or concessions at fairs, carnivals, circuses, festivals or
2 similar activities for not more than thirty consecutive days.

3 D. If the business entity under which a taxpayer reports and pays
4 income tax under title 43 has an annual total tax liability under this
5 article, article 6 of this chapter and chapter 6, article 3 of this title
6 of ~~one million dollars~~ \$1,000,000 or more, based on the actual tax
7 liability in the preceding calendar year, regardless of the number of
8 offices at which the taxes imposed by this article, article 6 of this
9 chapter or chapter 6, article 3 of this title are collected, or if the
10 taxpayer can reasonably anticipate such liability in the current year, the
11 taxpayer shall report on a form prescribed by the department and pay an
12 estimated tax payment each June. Any other taxpayer may voluntarily elect
13 to pay the estimated tax payment pursuant to this subsection. The payment
14 shall be made on or before June 20 and is delinquent if not received by
15 the department on or before the business day preceding the last business
16 day of June for those taxpayers electing to file by mail, or delinquent if
17 not received by the department on the business day preceding the last
18 business day of June for those taxpayers electing to file in person. The
19 estimated tax paid shall be credited against the taxpayer's tax liability
20 under this article, article 6 of this chapter and chapter 6, article 3 of
21 this title for the month of June for the current calendar year. The
22 estimated tax payment shall equal either:

23 1. One-half of the actual tax liability under this article plus
24 one-half of any tax liability under article 6 of this chapter and chapter
25 6, article 3 of this title for May of the current calendar year.

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

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

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

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

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

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

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

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

8 G. A PEER-TO-PEER CAR SHARING PROGRAM, AS DEFINED IN SECTION
9 28-9601, THAT IS LICENSED WITH THE DEPARTMENT PURSUANT TO SECTION 42-5005,
10 SUBSECTION N:

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

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

15 3. IS NOT REQUIRED TO LIST OR OTHERWISE IDENTIFY ANY INDIVIDUAL
16 SHARED VEHICLE OWNER, AS DEFINED IN SECTION 28-9601, ON ANY RETURN OR ANY
17 ATTACHMENT TO A RETURN. THE PEER-TO-PEER CAR SHARING PROGRAM SHALL RETAIN
18 SURCHARGE AND TAX INFORMATION FOR EACH PEER-TO-PEER CAR SHARING
19 TRANSACTION AND SHALL PROVIDE THE INFORMATION TO THE DEPARTMENT AT THE
20 DEPARTMENT'S REQUEST.

21 ~~G.~~ H. The taxpayer shall prepare a return showing the amount of
22 the tax for which the taxpayer is liable for the preceding month, and shall
23 mail or deliver the return to the department in the same manner and time
24 as prescribed for the payment of taxes in subsection A of this section.
25 If the taxpayer fails to file the return in the manner and time as
26 prescribed for the payment of taxes in subsection A of this section, the
27 amount of the tax required to be shown on the return is subject to the
28 penalty imposed pursuant to section 42-1125, subsection X, without any
29 reduction for taxes paid on or before the due date of the return. The
30 return shall be verified by the oath of the taxpayer or an authorized
31 agent or as prescribed by the department pursuant to section 42-1105,
32 subsection B.

33 ~~H.~~ I. Any person who is taxable under this article and who makes
34 cash and credit sales shall report such cash and credit sales separately
35 and on making application may obtain from the department an extension of
36 time for payment of taxes due on the credit sales. The extension shall be
37 granted by the department under such rules as the department prescribes.
38 When the extension is granted, the taxpayer shall thereafter include in
39 each monthly report all collections made on such credit sales during the
40 month next preceding and shall pay the taxes due at the time of filing
41 such report.

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

1 ~~J.~~ K. Any person who is engaged in or conducting business in two
2 or more locations or under two or more business names shall file the
3 return required under this article using an electronic filing program
4 established by the department.

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

14 ~~L.~~ M. For taxable periods beginning from and after December 31,
15 2018, any taxpayer with an annual total tax liability under this chapter
16 and chapter 6 of this title of ten thousand dollars or more, based on the
17 actual tax liability in the preceding calendar year, regardless of the
18 number of offices at which the taxes imposed by this chapter or chapter 6
19 of this title are collected, or a taxpayer that can reasonably anticipate
20 that liability in the current year, shall file the return required under
21 this article using an electronic filing program established by the
22 department.

23 ~~M.~~ N. For taxable periods beginning from and after December 31,
24 2019, any taxpayer with an annual total tax liability under this chapter
25 and chapter 6 of this title of five thousand dollars or more, based on the
26 actual tax liability in the preceding calendar year, regardless of the
27 number of offices at which the taxes imposed by this chapter or chapter 6
28 of this title are collected, or a taxpayer that can reasonably anticipate
29 that liability in the current year, shall file the return required under
30 this article using an electronic filing program established by the
31 department.

32 ~~N.~~ O. For taxable periods beginning from and after December 31,
33 2020, any taxpayer with an annual total tax liability under this chapter
34 and chapter 6 of this title of five hundred dollars or more, based on the
35 actual tax liability in the preceding calendar year, regardless of the
36 number of offices at which the taxes imposed by this chapter or chapter 6
37 of this title are collected, or a taxpayer that can reasonably anticipate
38 that liability in the current year, shall file the return required under
39 this article using an electronic filing program established by the
40 department.

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

1 1. The taxpayer has no computer.

2 2. The taxpayer has no internet access.

3 3. Any other circumstance considered to be worthy by the director.

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

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

13 ~~S.~~ S. The department, with the approval of the attorney general,
14 may abate small tax balances if the administration costs exceed the amount
15 of tax due.

16 ~~T.~~ T. For the purposes of subsection D of this section, "taxpayer"
17 means the business entity under which the business reports and pays state
18 income taxes regardless of the number of offices at which the taxes
19 imposed by this article, article 6 of this chapter or chapter 6, article 3
20 of this title are collected.

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

23 42-5040. Sourcing of certain transactions; definitions

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

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

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

31 B. PEER-TO-PEER CAR SHARING TRANSACTIONS SHALL BE SOURCED AS
32 FOLLOWS:

33 1. TO THE PERMANENT STREET ADDRESS OF THE REGISTERED OWNER OF A
34 MOTOR VEHICLE THAT IS USED IN A PEER-TO-PEER CAR SHARING PROGRAM IF THE
35 MOTOR VEHICLE IS REGISTERED IN THIS STATE.

36 2. TO THE STREET ADDRESS IN THIS STATE WHERE THE SHARED VEHICLE
37 OWNER RESIDES WHILE IN THIS STATE IF THE MOTOR VEHICLE IS REGISTERED IN
38 ANOTHER STATE OR COUNTRY.

39 ~~C.~~ C. For the purposes of SUBSECTION A OF this section, an order
40 is received when all of the information necessary to accept the order has
41 been received by or on behalf of the seller, regardless of where the order
42 is accepted or approved. The place of business or residence of the
43 purchaser does not determine where the order is received.

44 ~~D.~~ D. The gross receipts from leasing or renting tangible personal
45 property shall be sourced as follows:

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

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

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

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

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

12 3. "PEER-TO-PEER CAR SHARING PROGRAM" HAS THE SAME MEANING
13 PRESCRIBED IN SECTION 28-9601.

14 4. "SHARED VEHICLE OWNER" HAS THE SAME MEANING PRESCRIBED IN
15 SECTION 28-9601.

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

18 42-5071. Personal property rental classification; definitions

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

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

25 2. Activities engaged in by the Arizona exposition and state fair
26 board or county fair commissions in connection with events sponsored by
27 such entities.

28 3. Leasing or renting tangible personal property by a parent
29 corporation to a subsidiary corporation or by a subsidiary corporation to
30 another subsidiary of the same parent corporation if taxes were paid under
31 this chapter on the gross proceeds or gross income accruing from the
32 initial sale of the tangible personal property. For the purposes of this
33 paragraph, "subsidiary" means a corporation of which at least eighty
34 percent of the voting shares are owned by the parent corporation.

35 4. Operating coin-operated washing, drying and dry cleaning
36 machines or coin-operated car washing machines at establishments for the
37 use of such machines.

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

44 6. Leasing or renting aircraft, flight simulators or similar
45 training equipment to students or staff by nonprofit, accredited

1 educational institutions that offer associate or baccalaureate degrees in
2 aviation or aerospace related fields.

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

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

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

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

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

16 10. Leasing or renting billboards that are designed, intended or
17 used to advertise or inform and that are visible from any street, road or
18 other highway.

19 B. The tax base for the personal property rental classification is
20 the gross proceeds of sales or gross income derived from the business, but
21 the gross proceeds of sales or gross income derived from the following
22 shall be deducted from the tax base:

23 1. Reimbursements by the lessee to the lessor of a motor vehicle
24 for payments by the lessor of the applicable fees and taxes imposed by
25 sections 28-2003, 28-2352, 28-2402, 28-2481 and 28-5801, title 28, chapter
26 15, article 2 and article IX, section 11, Constitution of Arizona, to the
27 extent such amounts are separately identified as such fees and taxes and
28 are billed to the lessee.

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

32 (a) Section 42-5061, subsection A, paragraph 8, 9, 12, 13, 25, 29,
33 49 or 53.

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

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

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

39 3. Motor vehicle fuel and use fuel that are subject to a tax
40 imposed under title 28, chapter 16, article 1, sales of use fuel to a
41 holder of a valid single trip use fuel tax permit issued under section
42 28-5739 and sales of aviation fuel that are subject to the tax imposed
43 under section 28-8344.

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

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

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

7 D. In computing the tax base, the gross proceeds of sales or gross
8 income from the lease or rental of a motor vehicle does not include any
9 amount attributable to the car rental surcharge under section 5-839,
10 28-5810 or 48-4234.

11 E. Until December 31, 1988, leasing or renting animals for
12 recreational purposes is exempt from the tax imposed by this section.
13 Beginning January 1, 1989, the gross proceeds or gross income from leasing
14 or renting animals for recreational purposes is subject to taxation under
15 this section. Tax liabilities, penalties and interest paid for taxable
16 periods before January 1, 1989 shall not be refunded unless the taxpayer
17 requesting the refund provides proof satisfactory to the department that
18 the monies paid as taxes will be returned to the customer.

19 F. THE TAX BASE OF THE PERSONAL PROPERTY RENTAL CLASSIFICATION DOES
20 NOT INCLUDE THE GROSS PROCEEDS OR GROSS INCOME RECEIVED BY A SHARED
21 VEHICLE OWNER FROM ANY VEHICLE SHARING TRANSACTION FOR WHICH THE SHARED
22 VEHICLE OWNER HAS RECEIVED DOCUMENTATION FROM A LICENSED PEER-TO-PEER CAR
23 SHARING PROGRAM PURSUANT TO SECTION 42-5005, SUBSECTION N THAT THE
24 PEER-TO-PEER CAR SHARING PROGRAM HAS REMITTED OR WILL REMIT THE APPLICABLE
25 TAX TO THE DEPARTMENT PURSUANT TO SECTION 42-5014, SUBSECTION G.

26 ~~F.~~ G. For the purposes of this section:

27 1. "Cable operator" has the same meaning prescribed by section
28 9-505.

29 2. "PEER-TO-PEER CAR SHARING PROGRAM" HAS THE SAME MEANING
30 PRESCRIBED IN SECTION 28-9601.

31 3. "SHARED VEHICLE OWNER" HAS THE SAME MEANING PRESCRIBED IN
32 SECTION 28-9601.

33 ~~2.~~ 4. "Utility pole" means any wooden, metal or other pole used
34 for utility purposes and the pole's appurtenances that are attached or
35 authorized for attachment by the person controlling the pole.

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

38 42-6017. Rentals of tangible personal property; definitions

39 A. A BROKER AS DEFINED IN THE MODEL CITY TAX CODE WHO IS ENGAGING
40 IN OR CONTINUING BUSINESS ACTIVITY ON BEHALF OF ANY OTHER PERSON ENGAGED
41 IN BUSINESS ACTIVITY TAXABLE UNDER THE MODEL CITY TAX CODE AND WHO IS A
42 PEER-TO-PEER CAR SHARING PROGRAM, IN CONDUCTING THAT BUSINESS, SHALL BE
43 LICENSED PURSUANT TO SECTION 42-5005, SUBSECTION N AND IS SUBJECT TO:

44 1. SECTION 42-5014, SUBSECTION G, RELATING TO TAX RETURNS.

1 2. TAX AT THE CURRENT RATES IMPOSED BY A CITY, TOWN OR OTHER TAXING
2 JURISDICTION UNDER THE MODEL CITY TAX CODE.

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

6 C. A TAX MAY NOT BE COLLECTED BY A CITY, TOWN OR OTHER TAXING
7 JURISDICTION FROM A LESSOR OF TANGIBLE PERSONAL PROPERTY FOR WHICH THE
8 LESSOR HAS RECEIVED WRITTEN NOTICE OR DOCUMENTATION FROM A PEER-TO-PEER
9 CAR SHARING PROGRAM THAT IT HAS REMITTED OR WILL REMIT THE APPLICABLE TAX
10 WITH RESPECT TO THOSE TRANSACTIONS TO THE DEPARTMENT PURSUANT TO SECTION
11 42-5014, SUBSECTION G.

12 D. FOR THE PURPOSES OF THIS SECTION, "PEER-TO-PEER CAR SHARING
13 PROGRAM" AND "SHARED VEHICLE OWNER" HAVE THE SAME MEANINGS PRESCRIBED IN
14 SECTION 28-9601.

15 Sec. 10. Effective date

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