



ARIZONA STATE SENATE
Fifty-Fourth Legislature, Second Regular Session

AMENDED
FACT SHEET FOR S.B. 1021

department of revenue; electronic signatures

Purpose

Requires the Arizona Department of Revenue (ADOR) to accept electronic signatures and outlines requirements that an electronic signature must meet.

Background

ADOR may prescribe rules that establish alternative methods for signing, subscribing or verifying a return, statement or other document required to be filed with ADOR. Prescribed alternative methods for signing have the same validity and consequence as the actual signature or written declaration of the taxpayer or other person ([A.R.S. § 42-1105](#)).

The Arizona Administrative Code currently allows a taxpayer who signs an individual federal income tax return to electronically sign a state income tax return. A taxpayer who does not electronically sign a federal income tax return may not submit an electronically-signed state income tax return ([A.A.C. R15-10-503](#)).

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

1. Requires ADOR to accept or require an electronic signature to serve as a functional equivalent of a written signature on a document that is submitted to ADOR.
2. Requires an electronic signature to be:
 - a) executed or adopted by a person with the intent to sign the document so as to indicate the person's approval of the information contained in the document;
 - b) attached to or logically associated with the information contained in the document;
 - c) capable of reliable identification and authentication of the person as the signer;
 - d) linked to the document in a manner that would invalidate the electronic signature if the document is changed;
 - e) linked to the document so as to preserve its integrity as an accurate and complete record for the full retention period of the document; and
 - f) compatible with standards and technology for electronic signatures that are generally used in commerce and industry and by state governments.
3. Authorizes ADOR to prescribe the following for documents that are signed electronically:
 - a) the type of electronic signature required; and
 - b) the manner and format in which the electronic signature must be affixed to the electronic record.

4. Subjects ADOR's use and acceptance of electronic signatures to the standards and requirements in statutes governing governmental electronic records.
5. Allows identification and authentication of an electronic signature to be accomplished through additional security procedures or processes if reliably correlated to the electronic signature.
6. Specifies that an electronic signature has the same force and effect as a written signature.
7. Specifies that ADOR's permissive authority to prescribe administrative rules on alternative methods for signing a document does not apply if the alternative method is an electronic signature.
8. Defines *electronic signature* as an electronic sound, symbol or process that is attached to or logically associated with a record and that is executed or adopted by an individual with the intent to sign the record.
9. Exempts ADOR from rulemaking requirements relating to electronic signatures for one year.
10. Becomes effective on the general effective date.

Amendments Adopted by Committee of the Whole

1. Requires ADOR to accept or require an electronic signature to serve as a functional equivalent of a written signature on a submitted document.
2. Outlines requirements that an electronic signature must meet.
3. Authorizes ADOR to prescribe the type of electronic signature required and the manner and format in which the electronic signature must be affixed to a record.
4. Subjects ADOR's use and acceptance of electronic signatures to the standards and requirements in statutes governing governmental electronic records.

Senate Action

FIN 1/15/20 DP 9-0-1

Prepared by Senate Research

January 30, 2020

MG/gs