

REFERENCE TITLE: TPT; online lodging marketplace; reporting

State of Arizona
House of Representatives
Fifty-sixth Legislature
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2023

HB 2637

Introduced by
Representatives Seaman: Contreras P, Longdon

AN ACT

AMENDING SECTIONS 42-2003, 42-5014 AND 42-6009, ARIZONA REVISED STATUTES;
RELATING TO ONLINE LODGING MARKETPLACES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 42-2003, Arizona Revised Statutes, is amended to
3 read:

4 42-2003. Authorized disclosure of confidential information

5 A. Confidential information relating to:

6 1. A taxpayer may be disclosed to the taxpayer, its successor in
7 interest or a designee of the taxpayer who is authorized in writing by the
8 taxpayer. A principal corporate officer of a parent corporation may
9 execute a written authorization for a controlled subsidiary. If a
10 taxpayer elects to file an Arizona small business income tax return under
11 section 43-302, a written authorization by ~~the~~ THE taxpayer to allow the
12 department to disclose personal income tax information to a designee
13 includes the corresponding Arizona small business income tax return.

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

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

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

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

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

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

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

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

3 10. Any taxpayer may be disclosed during a meeting or telephone
4 call if the taxpayer is present during the meeting or telephone call and
5 authorizes the disclosure of confidential information.

6 B. Confidential information may be disclosed to:

7 1. Any employee of the department whose official duties involve tax
8 administration.

9 2. The office of the attorney general solely for its use in
10 preparation for, or in an investigation that may result in, any proceeding
11 involving tax administration before the department or any other agency or
12 board of this state, or before any grand jury or any state or federal
13 court.

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

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

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

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

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

37 (c) An organization of states, federation of tax administrators or
38 multistate tax commission that operates an information exchange for tax
39 administration purposes.

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

43 (e) An agency, official or organization of an Indian tribal
44 government with responsibilities comparable to the responsibilities of the

1 agencies, officials or organizations identified in subdivision (a), (b) or
2 (c) of this paragraph.

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

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

7 (a) The processing, storage, transmission, destruction and
8 reproduction of the information.

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

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

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

16 (a) Regarding income tax or withholding tax.

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

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

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

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

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

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

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

33 (c) Fulfilling its annual reporting responsibility pursuant to
34 section 41-1512, subsections U and V and section 41-1517, subsection L.

35 (d) Certifying computer data centers for tax relief under section
36 41-1519.

37 (e) Certifying applicants for the tax credit for motion picture
38 production costs under sections 43-1082 and 43-1165.

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

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

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

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

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

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

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

11 20. The department of health services for its use in determining
12 the following:

13 (a) Whether a medical marijuana dispensary is in compliance with
14 the tax requirements of chapter 5 of this title for the purposes of
15 section 36-2806, subsection A.

16 (b) Whether a marijuana establishment, marijuana testing facility
17 or dual licensee licensed under title 36, chapter 28.2 is in compliance
18 with the tax obligations under this title or title 43.

19 21. The Arizona department of agriculture for the purpose of
20 ascertaining compliance with the licensing provisions in title 3.

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

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

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

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

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

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

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

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

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

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

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

23 1. May be used only for internal purposes, including audits. If
24 there is a legitimate business need relating to enforcing laws,
25 regulations and ordinances pursuant to section 9-500.39 or 11-269.17, a
26 county, city or town tax official may redisclose transaction privilege tax
27 information relating to a vacation rental or short-term rental property
28 owner or online lodging operator from the new license report and license
29 update report, subject to the following:

30 (a) The information redisclosed is limited to the following:

31 (i) The transaction privilege tax license number.

32 (ii) The type of organization or ownership of the business.

33 (iii) The legal business name and doing business as name, if
34 different from the legal name.

35 (iv) The business mailing address, tax record physical location
36 address, telephone number, email address and fax number.

37 (v) The date the business started in this state, the business
38 description and the North American industry classification system code.

39 (vi) The name, address and telephone number for each owner,
40 partner, corporate officer, member, managing member or official of the
41 employing unit.

42 (b) Redisclosure is limited to nonelected officials in other units
43 within the county, city or town. The information may not be redisclosed
44 to an elected official or the elected official's staff.

1 (c) All redisclosures of confidential information made pursuant to
2 this paragraph are subject to paragraph 2 of this subsection.

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

10 H. The department may disclose statistical information gathered
11 from confidential information if it does not disclose confidential
12 information attributable to any one taxpayer. The department may disclose
13 statistical information gathered from confidential information, even if it
14 discloses confidential information attributable to a taxpayer, to:

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

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

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

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

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

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

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

40 N. This section does not prohibit the disclosure by the department
41 of any information or documents submitted to the department by a bingo
42 licensee. Before disclosing the information, the department shall obtain
43 the name and address of the person requesting the information.

1 O. If the department is required or allowed to disclose
2 confidential information, it may charge the person or agency requesting
3 the information for the reasonable cost of its services.

4 P. Except as provided in section 42-2002, subsection D, the
5 department of revenue shall release confidential information as requested
6 by the department of economic security pursuant to section 42-1122 or
7 46-291. Information disclosed under this subsection is limited to the
8 same type of information that the United States internal revenue service
9 is authorized to disclose under section 6103(l)(6) of the internal revenue
10 code.

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

14 R. To comply with the requirements of section 42-5031, the
15 department may disclose to the state treasurer, to the county stadium
16 district board of directors and to any city or town tax official that is
17 part of the county stadium district confidential information attributable
18 to a taxpayer's business activity conducted in the county stadium
19 district.

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

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

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

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

30 T. For proceedings before the department, the office of
31 administrative hearings, the state board of tax appeals or any state or
32 federal court involving penalties that were assessed against a return
33 preparer, an electronic return preparer or a payroll service company
34 pursuant to section 42-1103.02, 42-1125.01 or 43-419, confidential
35 information may be disclosed only before the judge or administrative law
36 judge adjudicating the proceeding, the parties to the proceeding and the
37 parties' representatives in the proceeding prior to its introduction into
38 evidence in the proceeding. The confidential information may be
39 introduced as evidence in the proceeding only if the taxpayer's name, the
40 names of any dependents listed on the return, all social security numbers,
41 the taxpayer's address, the taxpayer's signature and any attachments
42 containing any of the foregoing information are redacted and if either:

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

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

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

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

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

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

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

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

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

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

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

~~X. Notwithstanding any other provision of this section, the department may not disclose information provided by an online lodging marketplace, as defined in section 42-5076, without the written consent of the online lodging marketplace, and the information may be disclosed only pursuant to subsection A, paragraphs 1 through 6, 8 and 10, subsection B,~~

~~paragraphs 1, 2, 7 and 8 and subsections C, D and G of this section. Such information:~~

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

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

Sec. 2. Section 42-5014, Arizona Revised Statutes, is amended to read:

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

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

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

2. Are delinquent as follows:

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

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

B. The department, for any taxpayer whose estimated annual liability for taxes imposed or administered by this article or chapter 6 of this title is between \$2,000 and \$8,000, shall authorize the taxpayer to pay the taxes on a quarterly basis. The department, for any taxpayer whose estimated annual liability for taxes imposed by this article is less than \$2,000, shall authorize the taxpayer to pay the taxes on an annual basis. For the purposes of this subsection, the taxes due under this article:

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

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

3. Are delinquent as follows:

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

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

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

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

7 C. The department may require a taxpayer whose business is of a
8 transient character to file the return and remit the taxes imposed by this
9 article on a daily, a weekly or a transaction-by-transaction basis, and
10 those returns and payments are due and payable on the date fixed by the
11 department without a grace period otherwise allowed by this section. For
12 the purposes of this subsection, "business of a transient character" means
13 sales activity by a taxpayer not regularly engaged in selling within this
14 state that is conducted from vehicles, portable stands, rented spaces,
15 structures or booths, or concessions at fairs, carnivals, circuses,
16 festivals or similar activities for not more than thirty consecutive days.

17 D. If the business entity under which a taxpayer reports and pays
18 income tax under title 43 has an annual total tax liability under this
19 article, article 6 of this chapter and chapter 6, article 3 of this title
20 of \$1,000,000 or more in 2019, \$1,600,000 or more in 2020, \$2,300,000 or
21 more in 2021, \$3,100,000 or more in 2022 or \$4,100,000 or more in 2023 and
22 each year thereafter, based on the actual tax liability in the preceding
23 calendar year, regardless of the number of offices at which the taxes
24 imposed by this article, article 6 of this chapter or chapter 6, article 3
25 of this title are collected, or if the taxpayer can reasonably anticipate
26 such liability in the current year, the taxpayer shall report on a form
27 prescribed by the department and pay an estimated tax payment each June.
28 Any other taxpayer may voluntarily elect to pay the estimated tax payment
29 pursuant to this subsection. The payment shall be made on or before
30 June 20 in the same manner as the taxpayer is required to make regular
31 payments and is delinquent if not received by the department on or before
32 the last business day of June if the taxpayer is required to make the
33 payment by electronic means, is delinquent on or before the business day
34 preceding the last business day of June for those taxpayers allowed to
35 file by mail or is delinquent if not received by the department on the
36 business day preceding the last business day of June for those taxpayers
37 allowed to file in person. The estimated tax paid shall be credited
38 against the taxpayer's tax liability under this article, article 6 of this
39 chapter and chapter 6, article 3 of this title for the month of June for
40 the current calendar year. The estimated tax payment shall equal either:

41 1. One-half of the actual tax liability under this article plus
42 one-half of any tax liability under article 6 of this chapter and chapter
43 6, article 3 of this title for May of the current calendar year.

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

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

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

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

3. Shall ~~not be required to~~ list ON THE RETURN OR ON AN ATTACHMENT TO THE RETURN THE FOLLOWING INFORMATION FOR EACH ONLINE LODGING TRANSACTION, AS DEFINED IN SECTION 42-5076:

(a) THE TRANSACTION PRIVILEGE TAX LICENSE NUMBER.

(b) THE PROPERTY ADDRESS.

(c) THE AMOUNT OF TAX COLLECTED ON BEHALF OF ~~or otherwise identify any~~ THE individual online lodging operator, as defined in section 42-5076; ~~on any return or any attachment to a return.~~

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

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

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

G. A peer-to-peer car sharing program that is licensed by the department pursuant to section 42-5005, subsection N:

1. Shall electronically remit to the department the applicable taxes pursuant to section 42-5071 and chapter 6 of this title and any additional taxes, fees or charges on the gross proceeds or gross income of a shared vehicle transaction, subject to the limitations in section 28-9616, and, if the peer-to-peer car sharing program allows owners of vehicles that are not individual-owned shared vehicles to use the peer-to-peer car sharing program, applicable surcharges pursuant to sections 5-839 and 48-4234.

2. Shall electronically report the taxes monthly and remit the aggregate total amounts for each respective taxing jurisdiction.

3. Is not required to list or otherwise identify an individual-owned shared vehicle on any return or any attachment to a return. The peer-to-peer car sharing program shall retain surcharge and

1 tax information for each peer-to-peer car sharing program transaction and
2 shall provide the information to the department at the department's
3 request.

4 H. The remittance of transaction privilege tax and any other tax
5 applicable to a shared vehicle transaction by a peer-to-peer car sharing
6 program fully satisfies any obligation of a shared vehicle owner to remit
7 any taxes applicable to the shared vehicle transaction.

8 I. The taxpayer shall prepare a return showing the amount of the
9 tax for which the taxpayer is liable for the preceding month, and shall
10 mail or deliver the return to the department in the same manner and time
11 as prescribed for the payment of taxes in subsection A of this section.
12 If the taxpayer fails to file the return in the manner and time as
13 prescribed for the payment of taxes in subsection A of this section, the
14 amount of the tax required to be shown on the return is subject to the
15 penalty imposed pursuant to section 42-1125, subsection X, without any
16 reduction for taxes paid on or before the due date of the return. The
17 return shall be verified by the oath of the taxpayer or an authorized
18 agent or as prescribed by the department pursuant to section 42-1105,
19 subsection B.

20 J. Any person who is taxable under this article and who makes cash
21 and credit sales shall report the cash and credit sales separately and may
22 apply for and obtain from the department an extension of time to pay taxes
23 due on the credit sales. The department shall grant the extension under
24 such rules as the department prescribes. When the extension is granted,
25 the taxpayer shall thereafter include in each monthly report all
26 collections made on such credit sales during the month next preceding and
27 shall pay the taxes due at the time of filing such a report.

28 K. The returns required under this article shall be made on forms
29 prescribed by the department and shall capture data with sufficient
30 specificity to meet the needs of all taxing jurisdictions.

31 L. Any person who is engaged in or conducting business in two or
32 more locations or under two or more business names shall file the return
33 required under this article using an electronic filing program established
34 by the department.

35 M. For taxable periods beginning from and after December 31, 2017,
36 any taxpayer with an annual total tax liability under this chapter and
37 chapter 6 of this title of \$20,000 or more, based on the actual tax
38 liability in the preceding calendar year, regardless of the number of
39 offices at which the taxes imposed by this chapter or chapter 6 of this
40 title are collected, or a taxpayer that can reasonably anticipate that
41 liability in the current year, shall file the return required under this
42 article using an electronic filing program established by the department.

43 N. For taxable periods beginning from and after December 31, 2018,
44 any taxpayer with an annual total tax liability under this chapter and
45 chapter 6 of this title of \$10,000 or more, based on the actual tax

1 liability in the preceding calendar year, regardless of the number of
2 offices at which the taxes imposed by this chapter or chapter 6 of this
3 title are collected, or a taxpayer that can reasonably anticipate that
4 liability in the current year, shall file the return required under this
5 article using an electronic filing program established by the department.

6 O. For taxable periods beginning from and after December 31, 2019,
7 any taxpayer with an annual total tax liability under this chapter and
8 chapter 6 of this title of \$5,000 or more, based on the actual tax
9 liability in the preceding calendar year, regardless of the number of
10 offices at which the taxes imposed by this chapter or chapter 6 of this
11 title are collected, or a taxpayer that can reasonably anticipate that
12 liability in the current year, shall file the return required under this
13 article using an electronic filing program established by the department.

14 P. For taxable periods beginning from and after December 31, 2020,
15 any taxpayer with an annual total tax liability under this chapter and
16 chapter 6 of this title of \$500 or more, based on the actual tax liability
17 in the preceding calendar year, regardless of the number of offices at
18 which the taxes imposed by this chapter or chapter 6 of this title are
19 collected, or a taxpayer that can reasonably anticipate that liability in
20 the current year, shall file the return required under this article using
21 an electronic filing program established by the department.

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

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

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

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

40 T. The department, with the approval of the attorney general, may
41 abate small tax balances if the administration costs exceed the amount of
42 tax due.

43 U. For the purposes of subsection D of this section, "taxpayer"
44 means the business entity under which the business reports and pays state
45 income taxes regardless of the number of offices at which the taxes

imposed by this article, article 6 of this chapter or chapter 6, article 3 of this title are collected.

V. For the purposes of this section, "individual-owned shared vehicle", "peer-to-peer car sharing program", "shared vehicle owner" and "shared vehicle transaction" have the same meanings prescribed in section 28-9601.

Sec. 3. Section 42-6009, Arizona Revised Statutes, is amended to read:

42-6009. Online lodging; definitions

A. Except as provided by this section, a city, town or other taxing jurisdiction may not levy a transaction privilege, sales, use, franchise or other similar tax or fee, however denominated, on the business of operating an online lodging marketplace or, in the case of an online lodging marketplace that is licensed pursuant to section 42-5005, subsection L, on any online lodging transaction facilitated by the online lodging marketplace or on any online lodging operator with respect to any online lodging transaction for which it has received documentation that the online lodging marketplace has remitted or will remit the applicable tax to the department pursuant to section 42-5014, subsection E.

B. In the case of an online lodging marketplace that is licensed pursuant to section 42-5005, subsection L, a city, town or other taxing jurisdiction may levy a transaction privilege, sales, use, franchise or other similar tax or fee on an online lodging marketplace from any activity subject to tax under the model city tax code, with the tax base for an online **LODGING** marketplace being limited pursuant to section 42-5076, subject to the following conditions:

1. The city, town or other taxing jurisdiction tax must be administered in a manner that is uniform with the treatment of online lodging marketplaces, online lodging operators and online lodging transactions provided by chapter 5 of this title, except that:

(a) The city, town or other taxing jurisdiction tax rate may be different from the state tax rate prescribed by section 42-5010.

(b) The city, town or other taxing jurisdiction tax may apply to online lodging transactions involving rentals of lodging accommodations in the city, town or other taxing jurisdiction for more than twenty-nine consecutive days. With respect to any tax on rentals of lodging accommodations for more than twenty-nine consecutive days, in the case of an online lodging marketplace that has registered pursuant to section 42-5005, subsection L, the city, town or other taxing jurisdiction tax must uniformly apply to all lodging accommodations in the city, town or other taxing jurisdiction for thirty consecutive days or more, and the tax base for the tax must be limited exclusively to online lodging transactions facilitated by an online lodging marketplace for rentals of lodging accommodations for thirty consecutive days or more and located in the applicable city, town or other taxing jurisdiction.

1 2. The city, town or other taxing jurisdiction tax shall be
2 administered, collected and enforced by the department and distributed to
3 the city, town or other taxing jurisdiction in a uniform manner.

4 3. The city, town or other taxing jurisdiction tax imposed on
5 online lodging marketplaces and online lodging operators must be uniform
6 with all other taxpayers engaging in the same activity within the
7 jurisdictional boundaries of the city, town or other taxing jurisdiction.

8 4. Any city, town or other taxing jurisdiction tax is subject to:

9 (a) Section 42-6002, relating to audits.

10 ~~(b) Section 42-2003, subsection X, relating to confidential~~
11 ~~information.~~

12 ~~(c)~~ (b) Section 42-5003, subsection B, relating to judicial
13 enforcement.

14 ~~(d)~~ (c) Section 42-5005, subsection L, relating to registration of
15 online lodging marketplaces.

16 ~~(e)~~ (d) Section 42-5014, subsection E, relating to tax returns.

17 5. The city, town or other taxing jurisdiction tax may not be
18 collected from an online lodging operator with respect to any online
19 lodging transaction or transactions for which the online lodging operator
20 has received written notice or documentation from a registered online
21 lodging marketplace that it has remitted or will remit the applicable
22 city, town or other taxing jurisdiction tax with respect to those
23 transactions to the department pursuant to section 42-5014, subsection E.

24 C. For the purposes of this section, "lodging accommodations",
25 "online lodging marketplace", "online lodging operator" and "online
26 lodging transaction" have the same meanings prescribed in section 42-5076.