

REFERENCE TITLE: tax corrections act of 2023

State of Arizona
Senate
Fifty-sixth Legislature
First Regular Session
2023

SB 1473

Introduced by
Senator Mesnard

AN ACT

AMENDING SECTIONS 9-467, 11-321, 42-1108, 42-1118, 42-2003, 42-3401, 42-5009 AND 42-5122, ARIZONA REVISED STATUTES; REPEALING SECTION 42-11057, ARIZONA REVISED STATUTES; AMENDING SECTIONS 42-13004, 42-15101, 42-16209, 43-1014 AND 43-1088, ARIZONA REVISED STATUTES; RELATING TO TAXATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 9-467, Arizona Revised Statutes, is amended to
3 read:

4 9-467. Building permits; issuance; distribution of copies;
5 state preemption; utilities; subsequent owner;
6 limitation; definitions

7 A. Any municipality requiring the issuance of a building permit
8 shall transmit ~~one~~ A copy of the permit to the county assessor ~~and one~~
9 ~~copy to the director of the department of revenue~~. THE Permit ~~copies~~ COPY
10 shall provide the permit number, issue date and parcel number. On the
11 issuance of the certificate of occupancy or the certificate of completion
12 or on the expiration or cancellation of the permit, the assessor ~~and the~~
13 ~~department of revenue~~ shall be notified in writing or in electronic format
14 of the permit number, parcel number, issue date and completion date.

15 B. The regulation of a utility provider's authority to operate and
16 serve customers is a matter of statewide concern. The regulation of
17 building permits as it relates to a building permit applicant's ability to
18 use a utility provider that is capable and authorized to provide utility
19 service is allowed solely in accordance with subsections C and D of this
20 section. A building permit applicant's ability to use a utility provider
21 that is capable and authorized to provide utility service is not subject
22 to further regulation by a municipality.

23 C. A municipality requiring the issuance of a building permit may
24 not deny a permit application based on the utility provider proposed to
25 provide utility service to the project.

26 D. A municipality issuing a building permit shall ensure that all
27 applicable permits and associated fees assessed on a building permit
28 applicant contain requirements and amounts that do not exceed the
29 requirements and amounts for use of other utility providers and do not
30 have the effect of restricting ~~a~~ THE permit applicant's ability to use
31 the services of a utility provider that is capable and authorized to
32 provide utility service.

33 E. A municipality may not require an applicant for a building
34 permit to hold a transaction privilege tax license or business license as
35 a condition for issuing the building permit. A ~~city or town~~ MUNICIPALITY
36 may require a person that has been issued a building permit and that does
37 not otherwise hold a business license from the municipality to apply for a
38 business license within thirty days after issuing the building permit.

39 F. If a person has constructed a building or an addition to a
40 building without obtaining a building permit, a municipality shall not
41 require a subsequent owner to obtain a permit for the construction or
42 addition done by the prior owner before issuing a permit for a building
43 addition except that this section does not prohibit A MUNICIPALITY FROM
44 enforcing an applicable ordinance or code provision that affects the
45 public health or safety.

1 G. This section does not prohibit a municipality from recovering
2 reasonable costs associated with reviewing and issuing a building permit.

3 H. This section does not affect any authority of a municipality to
4 manage or operate a municipally owned utility.

5 I. For the purposes of this section:

6 1. "Municipality" means a city or town organized in accordance with
7 law, including a home rule or charter city.

8 2. "Utility service" means water, wastewater, natural gas,
9 including propane gas, or electric service provided to an end user.

10 Sec. 2. Section 11-321, Arizona Revised Statutes, is amended to
11 read:

12 11-321. Building permits; issuance; state preemption;
13 utilities; distribution of copies; subsequent
14 owner; limitation; definition

15 A. Except in those cities and towns that have an ordinance relating
16 to ~~the issuance of~~ ISSUING building permits, the board of supervisors
17 shall require a building permit for any construction of a building or an
18 addition to a building exceeding a cost of \$1,000 within its
19 jurisdiction. The building permit shall be filed with the board of
20 supervisors or its designated agent.

21 B. The regulation of a utility provider's authority to operate and
22 serve customers is a matter of statewide concern. The regulation of
23 building permits as it relates to a building permit applicant's ability to
24 use a utility provider that is capable and authorized to provide utility
25 service is allowed solely in accordance with subsections C and D of this
26 section. A building permit applicant's ability to use a utility provider
27 that is capable and authorized to provide utility service is not subject
28 to further regulation by a county.

29 C. A county may not deny a permit application based on the utility
30 provider proposed to provide utility service to the project.

31 D. A county issuing a building permit shall ensure that all
32 applicable permits and associated fees assessed on a building permit
33 applicant contain requirements and amounts that do not exceed the
34 requirements and amounts for use of other utility providers and do not
35 have the effect of restricting ~~a~~ THE permit applicant's ability to use
36 the services of a utility provider that is capable and authorized to
37 provide utility service.

38 E. The board of supervisors may not require an applicant for a
39 building permit to hold a transaction privilege tax license or business
40 license as a condition for issuing the building permit.

41 F. Where deemed of public convenience, the board of supervisors
42 shall allow the application for and the issuance of building permits by
43 mail.

44 G. ~~One~~ A copy of the building permit required by the terms of
45 subsection A of this section shall be transmitted to the county assessor

1 ~~and one copy shall be transmitted to the director of the department of~~
2 ~~revenue.~~ The permit copy provided to the assessor ~~and the department of~~
3 ~~revenue~~ shall have the permit number, the issue date and the parcel number
4 for which the permit is issued. On the issuance of the certificate of
5 occupancy or the certificate of completion or on the expiration or
6 cancellation of the permit, the assessor ~~and the department of revenue~~
7 shall be notified in writing or in electronic format of the permit number,
8 parcel number, issue date and completion date.

9 H. If a person has constructed a building or an addition to a
10 building without obtaining a building permit, a county shall not require a
11 subsequent owner to obtain a permit for the construction or addition done
12 by the prior owner before issuing a permit for a building addition except
13 that this section does not prohibit A COUNTY FROM enforcing an applicable
14 ordinance or code provision that affects the public health or safety.

15 I. This section does not prohibit a county from recovering
16 reasonable costs associated with reviewing and issuing a building permit.

17 J. This section does not affect any authority of a county to manage
18 or operate a county-owned utility.

19 K. For the purposes of this section, "utility service" means water,
20 wastewater, natural gas, including propane gas, or electric service
21 provided to an end user.

22 Sec. 3. Section 42-1108, Arizona Revised Statutes, is amended to
23 read:

24 42-1108. Audit; deficiency assessments; nonaudit adjustments;
25 electronic filing; definition

26 A. If a taxpayer fails to file a return required by this title or
27 title 43, or if the department is not satisfied with the return or payment
28 of the amount of tax required to be paid under either title, the
29 department may ~~examine~~ AUDIT any return, including any books, papers,
30 records or memoranda relating to the return, to determine the correct
31 amount of tax. This ~~examination~~ AUDIT must occur within the time periods
32 prescribed by section 42-1104 and may be accomplished through a detailed
33 review of transactions or records or by a statistically valid sampling
34 method.

35 B. The department shall give the taxpayer notice of its
36 determination of a deficiency by mail or as prescribed by subsection C of
37 this section, and the deficiency, plus penalties and interest, is final
38 forty-five days after the date of receipt of the notice to the taxpayer
39 unless an appeal is taken to the department. For individual income tax,
40 the period is ninety days after the date of mailing. In the case of a
41 joint income tax return, the notice may be a single joint notice mailed to
42 the last known address, but if either spouse notifies the department that
43 separate residences have been established, the department shall mail
44 duplicate originals of the joint notice to each spouse.

1 C. The department may issue notice of its determination of a
2 deficiency under subsection B of this section by using an electronic
3 portal in lieu of mail, if all of the requirements of this subsection are
4 met, after December 31, 2018 or when the department establishes the
5 electronic portal, whichever is later. The use of the electronic portal
6 in lieu of mail is subject to the following requirements and conditions:

7 1. The taxpayer agrees in writing to allow the department to use
8 the electronic portal to issue notice of the department's determination of
9 deficiency for specified tax periods. The agreement shall include an
10 email address that the department may use to notify the taxpayer as
11 required by paragraph 2 of this subsection. A taxpayer that provides an
12 email address is certifying that the taxpayer regularly monitors that
13 email address. If the taxpayer's email address changes, the taxpayer
14 shall notify the department of a new email address.

15 2. The department shall notify the taxpayer, using the taxpayer's
16 ~~e-mail~~ EMAIL address, on the same day the notice of its determination of a
17 deficiency is posted to the electronic portal.

18 3. The date of receipt for a notice provided by electronic portal
19 is the later of the date the notice is posted to the electronic portal or
20 the date the notification is received by the taxpayer. A notification
21 sent by ~~e-mail~~ EMAIL is considered to be received by the taxpayer on the
22 day it is sent by the department.

23 D. If a deficiency is determined and the assessment becomes final,
24 the department shall mail notice and demand to the taxpayer for the
25 payment of the deficiency. Notwithstanding section 42-1125, subsection E,
26 the deficiency assessed is due and payable at the expiration of ten days
27 after the date of the notice and demand.

28 E. A certificate by the department of the mailing or ~~e-mailing~~
29 EMAILING of the notices specified in this section is prima facie evidence
30 of the assessment of the deficiency and the giving of the notices.

31 F. Any amount of tax in excess of that disclosed by the return due
32 to a nonaudit adjustment, as listed in subsection G or H of this section,
33 notice of which has been mailed to the taxpayer, is not a deficiency
34 assessment within the meaning of this section. The taxpayer may not
35 protest or appeal as in the case of a deficiency assessment, based on such
36 a notice, and the assessment or collection of the amount of tax
37 erroneously omitted in the return is not prohibited by this article.

38 G. An adjustment due to any of the following is considered a
39 nonaudit adjustment:

40 1. An addition, subtraction, multiplication, division or other
41 mathematical error shown on any return.

42 2. The failure of the taxpayer to properly compute the tax
43 liability based on the taxable income reported on the return.

44 3. An incorrect usage or selection of information for a filed
45 return from tax tables, schedules or similar documents provided by the

1 department if the incorrect usage is apparent from the existence of other
2 information on the return.

3 4. An entry on a return that is inconsistent with an entry on a
4 schedule, form, statement, list or other document filed with the return.

5 5. An omission of information required on the return to
6 substantiate an entry.

7 6. An entry on a return of a deduction or credit in an amount that
8 exceeds a statutory limit if the limit is a monetary figure, a percentage,
9 a ratio or a fraction and the items entered into the application of this
10 limit appear on the return, including claiming a deduction or credit that
11 is not authorized by statute for the taxable period.

12 7. Missing or incorrect taxpayer identification numbers for the
13 purposes of claiming exemptions or credits.

14 8. An entry of a credit or deduction that requires a preapproval if
15 the credit or deduction has not been preapproved or if the entry is for
16 more than the preapproved amount.

17 9. An entry of a credit or deduction amount carried forward from a
18 prior year that is outside of the statutory period allowed for the
19 carryforward or is for an amount that is inconsistent with the taxpayer's
20 prior year returns.

21 H. If a taxpayer that files its return electronically is allowed to
22 input the information from a document into the electronic filing program
23 instead of providing the actual document with the return, the department
24 may request a copy of the document from the taxpayer at any time. If the
25 taxpayer provides the document, the department may adjust the return to
26 reflect the amounts on the document. If the taxpayer does not provide the
27 requested document within the period provided by the department, the
28 department may deny any deduction, credit or withholding that the document
29 is intended to substantiate. An adjustment made pursuant to this
30 subsection is considered a nonaudit adjustment under subsection G,
31 paragraph 4 of this section, even though the actual document is not
32 included with the electronically filed return if the department requests
33 the document within sixty days after the due date of the return or the
34 date on which the return was filed, whichever is later.

35 I. FOR THE PURPOSES OF THIS SECTION, "AUDIT" MEANS A REVIEW OR
36 EXAMINATION OF A TAXPAYER'S ACCOUNTS, FINANCIAL INFORMATION, BOOKS AND
37 RECORDS AND ANY OTHER DOCUMENT TO ENSURE INFORMATION IS REPORTED CORRECTLY
38 ON A RETURN IN ACCORDANCE WITH THIS CHAPTER AND TO VERIFY THE REPORTED
39 AMOUNT OF TAX IS CORRECT.

40 Sec. 4. Section 42-1118, Arizona Revised Statutes, is amended to
41 read:

42 42-1118. Refunds, credits, offsets and abatelements

43 A. If the department determines that any amount of tax, penalty or
44 interest has been paid in excess of the amount actually due, the
45 department shall credit the excess amount against any tax administered

1 pursuant to this article, including any penalty, interest or other amounts
2 owed by the taxpayer to the department. If it is determined that the
3 amount cannot be credited against a tax or installment of taxes due from
4 the taxpayer, the department may:

5 1. Refund the entire amount of tax, interest and penalty, in a lump
6 sum or in not more than five annual installments, to the taxpayer from
7 whom it was collected.

8 2. Issue to the taxpayer a credit voucher for the entire amount of
9 tax, interest and penalty collected, to be carried forward and applied
10 against future tax liabilities until exhausted.

11 3. Refund part, and issue a credit voucher for the balance, of the
12 tax, interest and penalties as provided in paragraphs 1 and 2 of this
13 subsection.

14 B. If the total amount withheld from income under section 43-401
15 exceeds the amount of the tax on the employee's entire taxable income as
16 computed under title 43, the department shall refund the amount of the
17 excess deducted without requiring a filing of a refund claim as provided
18 in this section. The failure of the department to make the refund does
19 not limit the right of the taxpayer to file a claim for a refund pursuant
20 to this section if the claim is not barred under section 42-1106. The
21 department shall not refund amounts less than one dollar unless
22 specifically requested by the taxpayer at the time the return or claim for
23 refund is filed.

24 C. Any overpayment that may result from withholdings or estimates
25 pursuant to section 43-401, 43-581, ~~or~~ 43-582 OR 43-583 shall not be
26 credited or refunded unless an Arizona income tax return has been filed
27 for the tax year for which the withholdings or estimates were made.

28 D. The department shall give a vendor who has a duty to collect use
29 tax pursuant to chapter 5, article 4 of this title and who has not
30 collected that tax full credit or offset for any use tax, interest and
31 penalty paid to the department by the purchaser when issuing a
32 determination of a deficiency pursuant to section 42-1108. This credit or
33 offset shall be computed from the date of the use tax payment by the
34 purchaser. If the purchaser has been audited by the department for use
35 tax for the period of the purchase, the purchaser is considered to have
36 paid the use tax to the department. For other purchases, the vendor may
37 submit an affirmation by a purchaser on a form prescribed by the
38 department that use tax was paid on the purchase. A fully completed
39 certificate, taken in good faith by the vendor, constitutes proof that the
40 vendor is entitled to this credit or offset. The department may require a
41 purchaser who has submitted the certificate to establish the accuracy and
42 completeness of the information contained in the certificate. If the
43 purchaser cannot establish the accuracy and completeness of the
44 information, the purchaser is liable for a penalty equal to the amount of
45 tax and interest that would have been paid by the seller and for the

1 additional penalties pursuant to section 42-1125. Payment of the penalty
2 relieves the purchaser of any responsibility for paying the use tax. The
3 department may require this proof and may assess the purchaser within the
4 later of the period of limitations set forth in section 42-1104 or one
5 year from the date the notice of proposed deficiency is issued to the
6 vendor if the purchaser does not establish the accuracy of the information
7 contained in the certificate.

8 E. Each claim for refund shall be filed with the department in
9 writing and shall identify the claimant by name, address and tax
10 identification number. Each claim shall provide the amount of refund
11 requested, the specific tax period involved and the specific grounds on
12 which the claim is founded. Refunds are subject to setoff for debts
13 pursuant to section 42-1122. **AN EXAMINATION OF A TAXPAYER'S BOOKS AND
14 RECORDS OR OTHER DOCUMENTS OTHER THAN TO CONFIRM OR DENY THE REFUND
15 CONSTITUTES AN AUDIT AS DEFINED IN SECTION 42-1108 AND IS SUBJECT TO THE
16 PROVISIONS OF SECTION 42-1108.**

17 F. A motor vehicle manufacturer that repurchases a vehicle pursuant
18 to section 44-1263 or for reasons of consumer satisfaction may apply for a
19 refund of the taxes paid under chapter 5 of this title if that
20 manufacturer has refunded the amount of tax to the consumer. A refund is
21 allowed under this subsection only if the manufacturer provides
22 satisfactory proof to the department that tax amounts attributed to the
23 sale of the vehicle were collected from the consumer and that the
24 manufacturer refunded an amount of tax to the consumer. Any refund
25 provided under this subsection is in lieu of any refund on the vehicle
26 that the dealer may otherwise be entitled to receive. A manufacturer must
27 apply for a refund under this subsection within four years after
28 repurchasing the vehicle. For the purposes of this subsection:

29 1. "Consumer" has the same meaning prescribed in section 44-1261.

30 2. "Motor vehicle manufacturer" means a corporation engaged in the
31 business of producing passenger cars, trucks and multipurpose passenger
32 vehicles as described in 49 Code of Federal Regulations section 571.3.

33 3. "Satisfactory proof" includes copies of checks and a purchase or
34 lease agreement that lists the vehicle identification number and that
35 itemizes the amount that was collected as tax from the consumer.

36 G. The department shall not imprint the full social security number
37 or other taxpayer identifier used pursuant to section 42-1105 on any
38 taxpayer refund check, voucher or other credit documentation issued to the
39 taxpayer under this section.

40 H. If any amount has been erroneously determined to be due from any
41 person but not yet collected, the department shall cancel the amount or
42 amounts on its records.

43 I. If, with or after the filing of a protest or an appeal with the
44 department, the state board of tax appeals or the court, a taxpayer pays
45 the tax protested or appealed before the department, board or court acts

1 upon the protest or the appeal, such body shall treat the protest or the
2 appeal as a claim for refund or an appeal from the denial of a claim for
3 refund filed under this section.

4 Sec. 5. Section 42-2003, Arizona Revised Statutes, is amended to
5 read:

6 42-2003. Authorized disclosure of confidential information

7 A. Confidential information relating to:

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

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

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

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

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

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

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

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

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

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

9 B. Confidential information may be disclosed to:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

18 (a) Regarding income tax or withholding tax.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

13 20. The department of health services for its use in determining
14 the following:

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

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

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

23 22. THE OFFICE OF ECONOMIC OPPORTUNITY FOR THE PURPOSE OF
24 PERFORMING THE DUTIES AND OBLIGATIONS TO OR ON BEHALF OF THIS STATE
25 PRESCRIBED BY TITLE 41, CHAPTER 53.

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

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

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

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

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

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

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

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

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

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

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

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

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

34 (i) The transaction privilege tax license number.

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

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

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

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

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

1 (b) Redisdisclosure is limited to nonelected officials in other units
2 within the county, city or town. The information may not be redisdisclosed
3 to an elected official or the elected official's staff.

4 (c) All redisdisclosures of confidential information made pursuant to
5 this paragraph are subject to paragraph 2 of this subsection.

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

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

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

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

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

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

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

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

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

43 N. This section does not prohibit the disclosure by the department
44 of any information or documents submitted to the department by a bingo

1 licensee. Before disclosing the information, the department shall obtain
2 the name and address of the person requesting the information.

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

6 P. Except as provided in section 42-2002, subsection D, the
7 department of revenue shall release confidential information as requested
8 by the department of economic security pursuant to section 42-1122 or
9 46-291. Information disclosed under this subsection is limited to the
10 same type of information that the United States internal revenue service
11 is authorized to disclose under section 6103(1)(6) of the internal revenue
12 code.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25 V. The department may provide the name and address of qualifying
26 hospitals and qualifying health care organizations, as defined in section
27 42-5001, to a business that is classified and reporting transaction
28 privilege tax under the utilities classification.

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

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

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

43 X. Notwithstanding any other provision of this section, the
44 department may not disclose information provided by an online lodging
45 marketplace, as defined in section 42-5076, without the written consent of

1 the online lodging marketplace, and the information may be disclosed only
2 pursuant to subsection A, paragraphs 1 through 6, 8 and 10, subsection B,
3 paragraphs 1, 2, 7 and 8 and subsections C, D and G of this section. Such
4 information:

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

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

9 Sec. 6. Section 42-3401, Arizona Revised Statutes, is amended to
10 read:

11 42-3401. Tobacco distributor licenses; application;
12 conditions; revocations and cancellations

13 A. Every person acquiring or possessing for the purpose of making
14 the initial sale or distribution in this state of any tobacco products on
15 which a tax is imposed by this chapter shall obtain from the department a
16 license to sell tobacco products. The application for the license shall
17 be in the form provided by the department and shall be accompanied by a
18 fee of \$25 for each place of business listed in the application. The form
19 shall state that the identity of the applicant will be posted to the
20 department's website for public inspection. The application for a license
21 shall include the applicant's name and address, the applicant's principal
22 place of business, all other places of business where the applicant's
23 business is conducted for the purpose of making the initial sale or
24 distribution of tobacco products in this state, including any location
25 that maintains an inventory of tobacco products, and any other information
26 required by the department. The applicant's principal place of business
27 and other business locations may not include a residential location or
28 post office box address, except as allowed under subsection D,
29 paragraph 2, subdivision (c) of this section. If the applicant is a firm,
30 partnership, limited liability company, limited liability partnership or
31 association, the applicant shall list the name and address of each of the
32 applicant's members. If the applicant is a corporation, the application
33 shall list the name and address of the applicant's officers and any person
34 who directly or indirectly owns an aggregate amount of ten percent or more
35 of the ownership interest in the corporation. If a licensee is a
36 corporation, firm, partnership, limited liability company, limited
37 liability partnership or association, the licensee under this subsection
38 shall notify the department in writing within thirty days after any change
39 in membership, legal entity status or ownership of more than fifty percent
40 of the total ownership interest in a single transaction. If a licensee
41 changes its business location, the licensee under this subsection shall
42 notify the department within thirty days after a change in location. If
43 the licensee is making a change in its business location by adding or
44 replacing one or more additional places of business that are not currently

1 listed on its application, the licensee must remit a fee of \$25 for each
2 additional place of business.

3 B. For the purposes of subsection A of this section, an applicant
4 with a controlling interest in more than one business engaged in
5 activities as a distributor shall apply for a single license encompassing
6 all such businesses and list each place of business in its application.
7 For the purposes of this subsection, "controlling interest" means direct
8 or indirect ownership of at least eighty percent of the voting shares of a
9 corporation or of the interests in a company, business or person other
10 than a corporation.

11 C. The department shall issue a license authorizing the applicant
12 to acquire or possess tobacco products in this state on the condition that
13 the applicant complies with this chapter and the rules of the department.
14 The license:

15 1. Shall be nontransferable. A licensee may not transfer its
16 license to a new owner when selling its business, and any court-appointed
17 trustee, receiver or other person shall obtain a license in its own name
18 in cases of liquidation, insolvency or bankruptcy or pursuant to a court
19 order if the business remains in operation as a distributor of tobacco
20 products. In cases of liquidation, insolvency or bankruptcy or pursuant
21 to a court order, the department will not consider a business as remaining
22 in operation under this paragraph if the court-appointed trustee, receiver
23 or other person winds up the business within sixty days after the order is
24 issued. A licensee shall apply for a new license if it changes its legal
25 entity status or otherwise changes the legal structure of its business.

26 2. Shall be valid for one year unless earlier canceled or revoked
27 by the department.

28 3. Shall be displayed in a conspicuous place at the licensee's
29 place of business. If the licensee operates from more than one place of
30 business, the licensee must display a copy of its license in a conspicuous
31 place at each location.

32 D. As a condition of licensure under this section, an applicant
33 agrees to the following conditions:

34 1. A person may not hold or store any tobacco products, whether
35 within or outside of this state, for sale or distribution in this state by
36 or on behalf of a distributor at any place other than a location that has
37 been disclosed to the department pursuant to subsection A of this section.
38 This paragraph does not include a person holding or storing tobacco
39 products by or on behalf of the distributor when the tobacco products are
40 in transit to a distributor or retailer as part of a lawful sale.

41 2. All tobacco products held or stored, whether within or outside
42 of this state, for sale or distribution in this state by or on behalf of a
43 distributor:

1 (a) Shall be accessible to the department during normal business
2 hours without a judicial warrant or prior written consent of the
3 distributor.

4 (b) May not be held or stored in a vehicle, except as allowed under
5 section 42-3403, subsection B.

6 (c) May not be held or stored at a residential location, unless the
7 sole luxury for sale or distribution by or on behalf of the distributor is
8 taxed as a cigar under section 42-3052, paragraph 8 or 9 and the product
9 weight of the cigars is not more than five hundred pounds. If the product
10 is held or stored at a residential location, as a condition of licensure,
11 the distributor shall provide written consent and allow access to the
12 department to inspect the stock of luxuries and all books, papers,
13 invoices, records and electronically stored data showing sales, receipts
14 and purchases of luxuries. The distributor shall submit the written
15 consent to the department with the license application or on demand of the
16 department.

17 3. Tobacco products may be sold, transferred or distributed to a
18 retailer located on an Indian reservation in this state only if the
19 retailer is registered with, and has a registration identification number
20 issued by, the department.

21 E. A person who is convicted of an offense described in section
22 42-1127, subsection E is permanently ineligible to hold a license issued
23 under this section.

24 F. The department may not issue or renew a license to an applicant
25 and may revoke a license issued under subsection C of this section if any
26 of the following applies:

27 1. The applicant or licensee owes \$1,000 or more in delinquent
28 taxes imposed on tobacco products under this chapter that are not under
29 protest or subject to a payment agreement.

30 2. The department has revoked any license held by the applicant or
31 licensee within the previous two years.

32 3. The applicant or licensee has been convicted of a crime that
33 relates to stolen or counterfeit cigarettes.

34 4. The applicant or licensee has imported cigarettes into the
35 United States for sale or distribution in violation of 19 United States
36 Code section 1681a.

37 5. The applicant or licensee has imported cigarettes into the
38 United States for sale or distribution without fully complying with the
39 federal cigarette labeling and advertising act (P.L. 89-92; 79 Stat. 282;
40 15 United States Code section 1331).

41 6. The applicant or licensee is in violation of section 13-3711 or
42 section 36-798.06, subsection A.

1 7. Pursuant to section 44-7111, section 6(a), the applicant or
2 licensee is in violation of section 44-7111, section 3(c).

3 8. The civil rights of the applicant or licensee have been
4 suspended under section 13-904. An applicant or licensee whose civil
5 rights have been suspended is ineligible to hold a license for a period of
6 five years following the restoration of the applicant's or licensee's
7 civil rights.

8 G. In addition to any other civil or criminal penalty and except as
9 otherwise provided in this section, the department may deny the issuance
10 or renewal of or revoke a license issued under subsection C of this
11 section if the person ~~violates any requirement under this title~~ **COMMITTS A**
12 **VIOLATION** more than two times within a three-year period or fails to
13 otherwise maintain the conditions of licensure in this section. **FOR THE**
14 **PURPOSES OF THIS SUBSECTION, "VIOLATION" MEANS ANY OF THE FOLLOWING:**

15 1. **FAILURE TO SUBMIT A TIMELY REQUIRED RETURN UNDER SECTION**
16 **42-3501.**

17 2. **FAILURE TO SUBMIT A TIMELY PAYMENT WITH A RETURN REQUIRED UNDER**
18 **SECTION 42-3501.**

19 3. **FAILURE TO AMEND ANY ERROR ON A REQUIRED RETURN WITHIN THIRTY**
20 **DAYS AFTER RECEIVING WRITTEN NOTICE FROM THE DEPARTMENT.**

21 H. The department shall publish on its website the names of each
22 person who is issued a license under subsection C of this section,
23 including any trade names or business names used by the licensee. The
24 department shall update the published names at least once each month.

25 I. A person may not apply for or hold a distributor's license if
26 that person does not engage in the activities described in subsection A of
27 this section. In addition to any other applicable penalty, the department
28 may cancel the license of any licensee that fails to incur any tax
29 liability under this chapter for twelve consecutive months.

30 J. Any revocation, cancellation or denial of a license issued under
31 this section by the department must comply with section 41-1092.11,
32 subsection B.

33 K. Notwithstanding any other law, for the purposes of subsection F,
34 paragraphs 1 and 2 of this section, section 42-1127, subsection C and
35 section 42-3461, subsection B, if a distributor has listed in its
36 application more than one place of business, any revocation, cancellation,
37 denial or nonrenewal of the distributor's license shall apply only with
38 effect to remove the place of business or business location at which the
39 activity occurred from the distributor's license. If such a removal
40 occurs, the distributor shall be subject to restrictions that the
41 department prescribes by rule.

1 Sec. 7. Section 42-5009, Arizona Revised Statutes, is amended to
2 read:

3 42-5009. Certificates establishing deductions; liability for
4 making false certificate; tax exclusion;
5 definitions

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

9 1. Marking the invoice for the transaction to indicate that the
10 gross proceeds of sales or gross income derived from the transaction was
11 deducted from the tax base.

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

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

25 C. The department may prescribe a form for the certificate
26 described in subsection A of this section. Under such rules as it may
27 prescribe, the department may also describe transactions with respect to
28 which a person is not entitled to rely solely on the information contained
29 in the certificate provided for in subsection A of this section but must
30 instead obtain such additional information as required by the rules in
31 order to be entitled to the deduction.

32 D. If a seller is entitled to a deduction by complying with
33 subsection A of this section, the department may require the purchaser
34 that caused the execution of the certificate to establish the accuracy and
35 completeness of the information required to be contained in the
36 certificate that would entitle the seller to the deduction. If the
37 purchaser cannot establish the accuracy and completeness of the
38 information, the purchaser is liable in an amount equal to any tax,
39 penalty and interest that the seller would have been required to pay under
40 this article if the seller had not complied with subsection A of this
41 section. Payment of the amount under this subsection exempts the
42 purchaser from liability for any tax imposed under article 4 of this
43 chapter. The amount shall be treated as tax revenues collected from the
44 seller in order to designate the distribution base for purposes of section
45 42-5029.

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

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

31 G. If a seller claims a deduction under section 42-5061,
32 subsection A, paragraph 25 and establishes entitlement to the deduction
33 with an exemption letter that the purchaser received from the department
34 and the exemption letter was based on a contingent event, the department
35 may require the purchaser that received the exemption letter to establish
36 the satisfaction of the contingent event within a reasonable time. If the
37 purchaser cannot establish the satisfaction of the event, the purchaser is
38 liable in an amount equal to any tax, penalty and interest that the seller
39 would have been required to pay under this article if the seller had not
40 been furnished the exemption letter. Payment of the amount under this
41 subsection exempts the purchaser from liability for any tax imposed under
42 article 4 of this chapter. The amount shall be treated as tax revenues
43 collected from the seller in order to designate the distribution base for
44 purposes of section 42-5029. For the purposes of this subsection,

1 "reasonable time" means a time limitation that the department determines
2 and that does not exceed the time limitations pursuant to section 42-1104.

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

10 1. A valid certificate as prescribed by this subsection completed
11 by the purchaser and obtained before the issuance of the nonresident
12 registration permit authorized by section 28-2154.

13 2. FOR THE PURPOSES OF THE DEDUCTIONS PROVIDED BY SECTION 42-5061,
14 SUBSECTION A, PARAGRAPH 14, SUBDIVISION (b) AND SECTION 42-5061,
15 SUBSECTION U, a copy of the nonresident registration permit authorized by
16 section 28-2154.

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

23 4. For the purposes of the deduction provided by section 42-5061,
24 subsection A, paragraph 14, subdivision (a), a certificate documenting the
25 delivery of the motor vehicle to an out-of-state location.

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

42 J. To establish entitlement to the deduction described in section
43 42-5061, subsection A, paragraph 44, a public consignment auction dealer
44 as defined in section 28-4301 shall ~~submit~~ RETAIN A COPY OF the ~~valid~~

1 certificate prescribed by subsection H of this section ~~to the department~~
2 ~~and retain a copy~~ for its records.

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

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

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

24 2. The department shall issue the certificate to the prime
25 contractor on receiving sufficient documentation to establish that the
26 prime contractor meets the requirements of this subsection.

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

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

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

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

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

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

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

16 P. Notwithstanding any other law, an online lodging operator, as
17 defined in section 42-5076, shall be entitled to an exclusion from any
18 applicable taxes for any online lodging transaction, as defined in section
19 42-5076, facilitated by an online lodging marketplace, as defined in
20 section 42-5076, for which the online lodging operator has obtained from
21 the online lodging marketplace written notice that the online lodging
22 marketplace is registered with the department to collect applicable taxes
23 for all online lodging transactions facilitated by the online lodging
24 marketplace, and transaction history documenting tax collected by the
25 online lodging marketplace, pursuant to section 42-5005, subsection L.

26 Q. The department shall prescribe the form of a certificate to be
27 used by a person purchasing an aircraft to document eligibility for a
28 deduction pursuant to section 42-5061, subsection B, paragraph 8,
29 subdivision (a), item (v) or an exemption pursuant to section 42-5159,
30 subsection B, paragraph 8, subdivision (a), item (v), relating to
31 aircraft. The person must provide this certificate and documentation
32 confirming that the operational control of the aircraft has been
33 transferred or will be transferred immediately after the purchase to one
34 or more persons described in section 42-5061, subsection B, paragraph 8,
35 subdivision (a), item (i), (ii), (iii) or (iv) or section 42-5159,
36 subsection B, paragraph 8, subdivision (a), item (i), (ii), (iii) or (iv).
37 Operational control of the aircraft must be transferred for at least fifty
38 percent of the aircraft's flight hours. If such operational control is
39 not transferred for at least fifty percent of the aircraft's flight hours
40 during the recapture period, the owner of the aircraft is liable for an
41 amount equal to any tax that the seller or purchaser would have been
42 required to pay under this chapter at the time of the sale, plus penalty
43 and interest. The recapture period begins on the date that operational
44 control of the aircraft is first transferred and ends on the later of the
45 date the aircraft is fully depreciated for federal income tax purposes or

1 five years after operational control was first transferred. For the
2 purposes of this subsection, operational control of the aircraft must be
3 within the meaning of federal aviation administration operations
4 specification A008, or its successor, except that:

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

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

15 R. Notwithstanding any other law, a shared vehicle owner is
16 entitled to an exclusion from any applicable taxes for a shared vehicle
17 transaction that is facilitated by a peer-to-peer car sharing program and
18 for which the peer-to-peer car sharing program has collected and remitted
19 applicable taxes.

20 S. For the purposes of this section, "peer-to-peer car sharing
21 program", "shared vehicle owner" and "shared vehicle transaction" have the
22 same meanings prescribed in section 28-9601.

23 Sec. 8. Section 42-5122, Arizona Revised Statutes, is amended to
24 read:

25 42-5122. Tax exemption; sales to Indian tribes, tribally
26 owned businesses, tribal entities and affiliated
27 Indians

28 The taxes imposed by this chapter do not apply to the gross proceeds
29 of sales or gross income derived from any of the following:

30 1. Business activities performed by ~~an~~ THE Indian tribe,
31 ~~a~~ tribally owned business, ~~a~~ tribal entity or ~~an~~ affiliated Indian if
32 the business activity takes place on ~~an~~ THE Indian reservation.

33 2. Business activities performed by a nonaffiliated Indian or
34 non-Indian vendor on an Indian reservation for ~~an~~ THE Indian tribe,
35 ~~a~~ tribal entity or ~~an~~ affiliated Indian.

36 3. Contracting activities performed on an Indian reservation by ~~an~~
37 THE Indian tribe, ~~a~~ tribally owned business, ~~a~~ tribal entity or ~~an~~
38 affiliated Indian.

39 4. Contracting activities performed for ~~an~~ THE Indian tribe,
40 ~~a~~ tribally owned business, ~~a~~ tribal entity or ~~an~~ affiliated Indian on ~~an~~
41 THE Indian reservation by a nonaffiliated Indian or non-Indian contractor.

42 5. Retail sales of tangible personal property to ~~an~~ THE Indian
43 tribe, ~~a~~ tribally owned business, ~~a~~ tribal entity or ~~an~~ affiliated
44 Indian if the sale of tangible personal property takes place on ~~an~~ THE
45 Indian reservation. A sale is deemed to take place on ~~an~~ THE Indian

1 reservation if the tangible personal property is ordered from and
2 delivered on an Indian reservation.

3 6. The sale of a motor vehicle to an enrolled member of an Indian
4 tribe who resides on the Indian reservation established for that Indian
5 tribe.

6 Sec. 9. Repeal

7 Section 42-11057, Arizona Revised Statutes, is repealed.

8 Sec. 10. Section 42-13004, Arizona Revised Statutes, is amended to
9 read:

10 42-13004. Data processing equipment and systems

11 A. County assessors shall use data processing systems that are
12 prescribed by the department, but a county assessor who has a data
13 processing system that is compatible with the system prescribed by the
14 department may continue to use that system if it is coordinated with the
15 system prescribed by the department.

16 B. A county may contract with a private supplier or with another
17 political subdivision for equipment or services that are necessary to meet
18 the requirements of the department if the data processing system is
19 compatible and coordinated with the system prescribed by the department.

20 C. If a county does not own, lease or contract for data processing
21 equipment or services that are necessary to meet the department's
22 requirements, the department may contract with the county to furnish the
23 equipment or services to the county.

24 D. On application by the board of supervisors, the department shall
25 authorize a county to prepare its own tax rolls and assessment abstracts
26 if the data processing system used by the county in preparing the rolls
27 and abstracts is compatible and coordinated with the system prescribed by
28 the department.

29 E. The office of THE county assessor is responsible for paying the
30 cost of its data processing system and permanent records that are
31 prescribed by the department.

32 F. Monies collected by the department pursuant to subsections C and
33 E of this section shall be ~~distributed as follows:~~

34 ~~1. The first sixty cents per parcel collected pursuant to an~~
35 ~~intergovernmental agreement between the department and the county assessor~~
36 ~~for data processing services shall be~~ deposited in the state general fund.

37 ~~2. Any additional monies collected in excess of sixty cents per~~
38 ~~parcel shall be deposited in the client county equipment capitalization~~
39 ~~fund established in section 42-11057.~~

40 ~~6. The unencumbered fiscal year-end fund balance shall not exceed~~
41 ~~three hundred thousand dollars. Any unencumbered fiscal year-end balance~~
42 ~~in excess of three hundred thousand dollars shall be transferred to the~~
43 ~~state general fund.~~

1 Sec. 11. Section 42-15101, Arizona Revised Statutes, is amended to
2 read:

3 42-15101. Annual notice of full cash value; amended notice of
4 valuation

5 A. Except as provided by section 42-13254, on any date before March
6 1 of each year the county assessor shall notify each owner of record, or
7 purchaser under a deed of trust or an agreement of sale, of property that
8 is valued by the assessor as to the property's full cash value and the
9 limited property value, if applicable, to be used for assessment purposes.

10 B. The notice under this section shall be in writing and shall be
11 mailed, delivered by common carrier, or on request of the taxpayer
12 transmitted electronically to the person's last known mailing, delivery or
13 electronic address. With respect to any property transferred by a
14 beneficiary deed pursuant to section 33-405, until the county assessor is
15 notified by the beneficiary in writing, accompanied by a certified copy of
16 the last surviving owner's death certificate and the change of address,
17 mailing of the notice to the last known address of the deceased owner is
18 deemed a mailing to the beneficiary's last known mailing, delivery or
19 electronic address as required by this section.

20 C. On the same date each year the assessor shall certify to the
21 board of supervisors and the department the date on which all notices
22 under this section were mailed.

23 D. The director may extend the final date for mailing notices
24 beyond March 1 for a period of not more than thirty days for delays caused
25 by an act of God, flood or fire **OR ANY OTHER EXTENUATING CIRCUMSTANCE AS**
26 **DEEMED APPLICABLE BY THE DIRECTOR.** If the director extends the mailing
27 date, the extension applies to all property valued by the assessor.

28 E. Within sixty days after the mailing of the notice of valuation
29 pursuant to this section, if the assessor discovers that property
30 characteristic data applicable to a grouping of properties delineated by
31 neighborhood or classification resulted in an incorrect opinion of value,
32 the assessor may amend the notice of valuation and, if amended, shall
33 notify the property owner of the amended value pursuant to subsection B of
34 this section. The assessor shall transmit any proposed amendments made
35 under this subsection to the department as provided by section 42-11056,
36 subsections B and C, in a format prescribed by the department. The
37 assessor shall not mail the amended notices of valuation until the
38 proposed amendments are transmitted to the department and the department
39 approves the amended values. The assessor shall certify the amended
40 notices of valuation pursuant to subsection C of this section.

41 F. After the mailing date of the notice, any person who owns,
42 claims, possesses or controls property that is valued by the assessor may
43 inquire of and be advised by the assessor as to the valuation of the
44 property determined by the assessor, but the assessor shall not change the

1 roll except as provided by chapter 16, article 2 of this title or as
2 otherwise provided by law.

3 Sec. 12. Section 42-16209, Arizona Revised Statutes, is amended to
4 read:

5 42-16209. Service on defendants

6 A. A copy of the notice of appeal shall be served on the defendant
7 or defendants ~~and on the department~~ within ten days after filing in the
8 manner provided for service of process in the rules of civil procedure or
9 by certified mail.

10 B. In an appeal taken by the county or the department, service
11 shall be on the person in whose name the property is listed at the address
12 shown on the current tax roll within ten days after filing.

13 C. An affidavit showing service shall be filed with the clerk of
14 the court.

15 Sec. 13. Section 43-1014, Arizona Revised Statutes, is amended to
16 read:

17 43-1014. Entity-level tax election; partnerships; S
18 corporations; rules

19 A. For taxable years beginning from and after December 31, 2021,
20 the partners or shareholders of a business that is treated as a
21 partnership or S corporation for federal income tax purposes may consent
22 to be taxed at the entity level at a tax rate that is the same as the
23 **HIGHEST** tax rate prescribed by section 43-1011 applicable to the entire
24 portion of its taxable income that is attributable to its resident
25 partners or shareholders and the portion of its taxable income derived
26 from sources within this state that is attributable to its nonresident
27 partners or shareholders for that taxable year. The election under this
28 subsection must be made on or before the due date or extended due date of
29 the business's return under this title.

30 B. If the election is made under subsection A of this section, all
31 of the following apply:

32 1. The taxable income of the partnership or S corporation is as
33 follows:

34 (a) For a partnership, the Arizona taxable income determined under
35 chapter 14 of this title.

36 (b) For an S corporation, the total of all distributive income
37 passed through to the shareholders under section 43-1126, subsection B.

38 2. If the partnership or S corporation does not pay the amount owed
39 to the department as a result of the election under this section, the
40 department may collect the amount from the partners or shareholders based
41 on the proportionate share of income that is attributable to each partner
42 or shareholder for Arizona tax purposes.

43 3. The partnership or S corporation shall pay estimated tax
44 pursuant to section 43-581 as necessary.

1 C. The election under subsection A of this section does not apply
2 to the following:

3 1. Partners or shareholders that are not individuals, estates or
4 trusts. The portion of the taxable income attributable to a partner or
5 shareholder that is not an individual, estate or trust is not included in
6 the entity-level tax under subsection A of this section.

7 2. Partners or shareholders who are individuals, estates or trusts
8 and who opt out of the election pursuant to subsection D of this
9 section. The portion of the taxable income attributable to a partner or
10 shareholder who is an individual, estate or trust and who opts out of the
11 election pursuant to subsection D of this section is not included in the
12 entity-level tax under subsection A of this section.

13 D. A partnership or S corporation that intends to make the election
14 under subsection A of this section shall notify all partners or
15 shareholders who are individuals, estates or trusts of the intent to make
16 the election and that each partner or shareholder who is an individual,
17 estate or trust has the right to opt out of the election. The notice
18 shall allow each partner or shareholder who is an individual, estate or
19 trust at least sixty days after receiving the notice to notify the
20 partnership or S corporation that the partner or shareholder who is an
21 individual, estate or trust is exercising the partner's or shareholder's
22 right to opt out of the election. If the partner or shareholder who is an
23 individual, estate or trust does not respond within the sixty-day period
24 or waives the right to opt out, the partner or shareholder will be
25 included in the election.

26 E. The department shall adopt rules and prescribe forms and
27 procedures as necessary to administer this section.

28 Sec. 14. Section 43-1088, Arizona Revised Statutes, is amended to
29 read:

30 43-1088. Credit for contribution to qualifying charitable
31 organizations; definitions

32 A. Except as provided in subsections B and C of this section, a
33 credit is allowed against the taxes imposed by this title for voluntary
34 cash contributions by the taxpayer or on the taxpayer's behalf pursuant to
35 section 43-401, subsection G during the taxable year to a qualifying
36 charitable organization, other than a qualifying foster care charitable
37 organization, not to exceed:

38 1. \$400 in any taxable year for a single individual or a head of
39 household.

40 2. \$800 in any taxable year for a married couple filing a joint
41 return.

42 B. A separate credit is allowed for voluntary cash contributions
43 during the taxable year to a qualifying foster care charitable
44 organization. A contribution to a qualifying foster care charitable
45 organization does not qualify for, and shall not be included in, any

1 credit amount under subsection A of this section. If the voluntary cash
2 contribution by the taxpayer or on the taxpayer's behalf pursuant to
3 section 43-401, subsection G is to a qualifying foster care charitable
4 organization, the credit shall not exceed:

5 1. \$500 in any taxable year for a single individual or a head of
6 household.

7 2. \$1,000 in any taxable year for a married couple filing a joint
8 return.

9 C. Subsections A and B of this section provide separate credits
10 against taxes imposed by this title depending on the recipients of the
11 contributions. A taxpayer, including a married couple filing a joint
12 return, in the same taxable year, may either or both:

13 1. Contribute to a qualifying charitable organization, other than a
14 qualifying foster care charitable organization, and claim a credit under
15 subsection A of this section.

16 2. Contribute to a qualifying foster care charitable organization
17 and claim a credit under subsection B of this section.

18 D. A husband and wife who file separate returns for a taxable year
19 in which they could have filed a joint return may each claim only one-half
20 of the tax credit that would have been allowed for a joint return.

21 E. For the purposes of this section, a contribution for which a
22 credit is claimed and that is made on or before the fifteenth day of the
23 fourth month following the close of the taxable year may be applied to
24 either the current or preceding taxable year and is considered to have
25 been made on the last day of that taxable year.

26 F. If the allowable tax credit exceeds the taxes otherwise due
27 under this title on the claimant's income, or if there are no taxes due
28 under this title, the taxpayer may carry forward the amount of the claim
29 not used to offset the taxes under this title for not more than five
30 consecutive taxable years' income tax liability.

31 G. The credit allowed by this section is in lieu of a deduction
32 pursuant to section 170 of the internal revenue code and taken for state
33 tax purposes.

34 H. For taxable years beginning from and after December 31, 2022,
35 the department shall adjust the dollar amounts prescribed in subsection A,
36 paragraphs 1 and 2 of this section and subsection B, paragraphs 1 and 2 of
37 this section according to the average annual change in the metropolitan
38 Phoenix consumer price index published by the United States department of
39 labor, bureau of labor statistics. The revised dollar amounts shall be
40 raised to the nearest whole dollar. The dollar amounts may not be revised
41 below the amounts prescribed in the prior taxable year.

42 I. Taxpayers taking a credit authorized by this section shall
43 provide the name of the qualifying charitable organization and the amount
44 of the contribution to the department of revenue on forms provided by the
45 department.

1 J. A qualifying charitable organization shall provide the
2 department of revenue with a written certification that it meets all
3 criteria to be considered a qualifying charitable organization. The
4 organization shall also notify the department of any changes that may
5 affect the qualifications under this section.

6 K. The charitable organization's written certification must be
7 signed by an officer of the organization under penalty of perjury. The
8 written certification must include the following:

9 1. Verification of the organization's status under section
10 501(c)(3) of the internal revenue code or verification that the
11 organization is a designated community action agency that receives
12 community services block grant program monies pursuant to 42 United States
13 Code section 9901.

14 2. Financial data indicating the organization's budget for the
15 organization's prior operating year and the amount of that budget spent on
16 services to residents of this state who either:

17 (a) Receive temporary assistance for needy families benefits.

18 (b) Are low-income residents.

19 (c) Are individuals who have a chronic illness or physical
20 disability.

21 3. A statement that the organization plans to continue spending at
22 least fifty percent of its budget on services to residents of this state
23 who receive temporary assistance for needy families benefits, who are
24 low-income residents or who are individuals who have a chronic illness or
25 physical disability.

26 4. A statement that the organization does not provide, pay for or
27 provide coverage of abortions and does not financially support any other
28 entity that provides, pays for or provides coverage of abortions.

29 L. The department shall review each written certification and
30 determine whether the organization meets all the criteria to be considered
31 a qualifying charitable organization and notify the organization of its
32 determination. The department may also periodically request
33 recertification from the organization. The department shall compile and
34 make available to the public a list of the qualifying charitable
35 organizations.

36 M. For the purposes of this section:

37 1. "Individuals who have a chronic illness or physical disability"
38 means individuals whose primary diagnosis is a severe physical condition
39 that may require ongoing medical or surgical intervention.

40 2. "Low-income residents" means persons whose household income is
41 less than one hundred fifty percent of the federal poverty level.

42 3. "Qualified individual" means any of the following:

43 (a) A foster child as defined in section 8-501.

44 (b) A person who is participating in an independent living program
45 as prescribed in section 8-521.

1 (c) A person who is participating in a transitional independent
2 living program as prescribed by section 8-521.01.

3 (d) A person who is participating in an extended foster care
4 program as prescribed in section 8-521.02.

5 (e) A person who is under twenty-seven years of age and whose
6 reason for leaving foster care is any of the following:

7 (i) Reaching eighteen years of age.

8 (ii) Adoption or legal guardianship after reaching fifteen years
9 of age.

10 (iii) Reunification after reaching fourteen years of age.

11 4. "Qualifying charitable organization" means a charitable
12 organization that is exempt from federal income taxation under section
13 501(c)(3) of the internal revenue code or is a designated community action
14 agency that receives community services block grant program monies
15 pursuant to 42 United States Code section 9901. The organization must
16 spend at least fifty percent of its budget on services to residents of
17 this state who receive temporary assistance for needy families benefits,
18 to low-income residents of this state and their households or to
19 individuals who have a chronic illness or physical disability and who are
20 residents of this state. Taxpayers choosing to make donations through an
21 umbrella charitable organization that collects donations on behalf of
22 member charities shall designate that the donation be directed to a member
23 charitable organization that would qualify under this section on a
24 stand-alone basis. Qualifying charitable organization does not include
25 any entity that provides, pays for or provides coverage of abortions or
26 that financially supports any other entity that provides, pays for or
27 provides coverage of abortions.

28 5. "Qualifying foster care charitable organization" means a
29 qualifying charitable organization that is exempt from federal income
30 taxation under section 501(c)(3) of the internal revenue code or is a
31 designated community action agency that receives community services block
32 grant program monies pursuant to 42 United States Code section 9901 and
33 that each operating year provides services to at least two hundred
34 qualified individuals in this state and spends at least fifty percent of
35 its budget on services to qualified individuals in this state.

36 6. "Services" means:

37 (a) For a qualifying charitable organization, cash assistance,
38 medical care, child care, food, clothing, shelter, job placement and job
39 training services or any other assistance that is reasonably necessary to
40 meet immediate basic needs and that is provided and used in this state.

41 (b) For a qualifying foster care charitable organization, cash
42 assistance, medical care, behavioral health services, child care, food,
43 including snacks at the qualifying foster care charitable organization's
44 foster youth event EVENTS, clothing, SHELTER, job placement services, job
45 training services, character education programs, workforce development

1 programs, secondary education student retention programs, housing or
2 financial literacy services or any other assistance that is reasonably
3 necessary to meet basic needs or provide normalcy and that is provided and
4 used in this state. For the purposes of this subdivision:

5 (i) "Behavioral health services" has the same meaning prescribed in
6 section 36-401.

7 (ii) "Character education program" means any program described in
8 section 15-719, subsection B that is offered by a qualifying foster care
9 charitable organization.

10 (iii) "Job training services" has the same meaning as vocational
11 and technical preparation as defined in section 15-781.

12 (iv) "Normalcy" means the condition of experiencing a typical
13 childhood by participating in activities that are age or
14 developmentally-appropriate, as defined in 42 United States Code
15 section 675.

16 (v) "Workforce development program" means any program recognized by
17 the workforce Arizona council pursuant to section 41-5401.