

REFERENCE TITLE: **vacation rentals; short-term rentals; repeal.**

State of Arizona
House of Representatives
Fifty-fifth Legislature
Second Regular Session
2022

HB 2069

Introduced by
Representative Blackman

AN ACT

REPEALING SECTIONS 9-500.39, 11-269.17 AND 42-1125.02, ARIZONA REVISED STATUTES; AMENDING SECTIONS 42-2003 AND 42-5042, ARIZONA REVISED STATUTES; RELATING TO VACATION RENTALS AND SHORT-TERM RENTALS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Repeal

3 Sections 9-500.39, 11-269.17 and 42-1125.02, Arizona Revised
4 Statutes, are repealed.

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

7 42-2003. Authorized disclosure of confidential information

8 A. Confidential information relating to:

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

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

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

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

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

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

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

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

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

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

6 B. Confidential information may be disclosed to:

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

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

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

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

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

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

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

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

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

- 1 (e) An agency, official or organization of an Indian tribal
2 government with responsibilities comparable to the responsibilities of the
3 agencies, officials or organizations identified in subdivision (a), (b) or
4 (c) of this paragraph.
- 5 6. The auditor general, in connection with any audit of the
6 department subject to the restrictions in section 42-2002, subsection D.
- 7 7. Any person to the extent necessary for effective tax
8 administration in connection with:
- 9 (a) The processing, storage, transmission, destruction and
10 reproduction of the information.
- 11 (b) The programming, maintenance, repair, testing and procurement
12 of equipment for purposes of tax administration.
- 13 (c) The collection of the taxpayer's civil liability.
- 14 8. The office of administrative hearings relating to taxes
15 administered by the department pursuant to section 42-1101, but the
16 department shall not disclose any confidential information without the
17 taxpayer's written consent:
- 18 (a) Regarding income tax or withholding tax.
- 19 (b) On any tax issue relating to information associated with the
20 reporting of income tax or withholding tax.
- 21 9. The United States treasury inspector general for tax
22 administration for the purpose of reporting a violation of internal
23 revenue code section 7213A (26 United States Code section 7213A),
24 unauthorized inspection of returns or return information.
- 25 10. The financial management service of the United States treasury
26 department for use in the treasury offset program.
- 27 11. The United States treasury department or its authorized agent
28 for use in the state income tax levy program and in the electronic federal
29 tax payment system.
- 30 12. The Arizona commerce authority for its use in:
- 31 (a) Qualifying renewable energy operations for the tax incentives
32 under section 42-12006.
- 33 (b) Qualifying businesses with a qualified facility for income tax
34 credits under sections 43-1083.03 and 43-1164.04.
- 35 (c) Fulfilling its annual reporting responsibility pursuant to
36 section 41-1511, subsections U and V and section 41-1512, subsections U
37 and V.
- 38 (d) Certifying computer data centers for tax relief under section
39 41-1519.
- 40 13. A prosecutor for purposes of section 32-1164, subsection C.
- 41 14. The office of the state fire marshal for use in determining
42 compliance with and enforcing title 37, chapter 9, article 5.
- 43 15. The department of transportation for its use in administering
44 taxes, surcharges and penalties prescribed by title 28.

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

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

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

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

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

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

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

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

42 E. The department, on the request of any person, shall provide the
43 names and addresses of bingo licensees as defined in section 5-401, verify
44 whether or not a person has a privilege license and number, a tobacco
45 product distributor's license and number or a withholding license and

1 number or disclose the information to be posted on the department's
2 website or otherwise publicly accessible pursuant to section 42-1124,
3 subsection F and section 42-3401.

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

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

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

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

27 ~~(i) The transaction privilege tax license number.~~

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

29 ~~(iii) The legal business name and doing business as name, if~~
30 ~~different from the legal name.~~

31 ~~(iv) The business mailing address, tax record physical location~~
32 ~~address, telephone number, email address and fax number.~~

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

35 ~~(vi) The name, address and telephone number for each owner,~~
36 ~~partner, corporate officer, member, managing member or official of the~~
37 ~~employing unit.~~

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

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

43 2. May not be disclosed to the public in any manner that does not
44 comply with confidentiality standards established by the department. The
45 county, city or town shall agree in writing with the department that any

1 release of confidential information that violates the confidentiality
2 standards adopted by the department will result in the immediate
3 suspension of any rights of the county, city or town to receive taxpayer
4 information under this subsection.

5 H. The department may disclose statistical information gathered
6 from confidential information if it does not disclose confidential
7 information attributable to any one taxpayer. The department may disclose
8 statistical information gathered from confidential information, even if it
9 discloses confidential information attributable to a taxpayer, to:

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

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

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

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

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

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

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

35 N. This section does not prohibit the disclosure by the department
36 of any information or documents submitted to the department by a bingo
37 licensee. Before disclosing the information, the department shall obtain
38 the name and address of the person requesting the information.

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

42 P. Except as provided in section 42-2002, subsection D, the
43 department of revenue shall release confidential information as requested
44 by the department of economic security pursuant to section 42-1122 or
45 46-291. Information disclosed under this subsection is limited to the

1 same type of information that the United States internal revenue service
2 is authorized to disclose under section 6103(l)(6) of the internal revenue
3 code.

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

7 R. To comply with the requirements of section 42-5031, the
8 department may disclose to the state treasurer, to the county stadium
9 district board of directors and to any city or town tax official that is
10 part of the county stadium district confidential information attributable
11 to a taxpayer's business activity conducted in the county stadium
12 district.

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

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

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

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

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

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

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

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

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

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

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

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

16 V. The department may provide the name and address of qualifying
17 hospitals and qualifying health care organizations, as defined in section
18 42-5001, to a business that is classified and reporting transaction
19 privilege tax under the utilities classification.

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

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

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

34 X. Notwithstanding any other provision of this section, the
35 department may not disclose information provided by an online lodging
36 marketplace, as defined in section 42-5076, without the written consent of
37 the online lodging marketplace, and the information may be disclosed only
38 pursuant to subsection A, paragraphs 1 through 6, 8 and 10, subsection B,
39 paragraphs 1, 2, 7 and 8 and subsections C, D and G of this section. Such
40 information:

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

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

1 Sec. 3. Section 42-5042, Arizona Revised Statutes, is amended to
2 read:

3 42-5042. Online lodging operators; requirements; civil
4 penalties; definitions

5 A. An online lodging operator may not offer for rent or rent a
6 lodging accommodation without a current transaction privilege tax license.
7 The online lodging operator shall list the transaction privilege tax
8 license number on each advertisement for each lodging accommodation the
9 online lodging operator maintains, including online lodging marketplace
10 postings. AN ONLINE LODGING OPERATOR THAT FAILS TO COMPLY WITH THIS
11 SUBSECTION SHALL PAY A CIVIL PENALTY OF \$250 FOR A FIRST OFFENSE AND
12 \$1,000 FOR A SECOND AND ANY SUBSEQUENT OFFENSE.

13 B. For the purposes of this section:

14 1. "Lodging accommodation" has the same meaning prescribed in
15 section 42-5076.

16 2. "Online lodging marketplace" has the same meaning prescribed in
17 section 42-5076.

18 3. "Online lodging operator" has the same meaning prescribed in
19 section 42-5076 and includes an owner of a vacation rental or short-term
20 rental, ~~as defined in section 9-500.39 or 11-269.17,~~ that is not offered
21 through an online lodging marketplace.

22 4. "VACATION RENTAL" OR "SHORT-TERM RENTAL":

23 (a) MEANS ANY INDIVIDUALLY OR COLLECTIVELY OWNED SINGLE-FAMILY OR
24 ONE-TO-FOUR-FAMILY HOUSE OR DWELLING UNIT OR ANY UNIT OR GROUP OF UNITS IN
25 A CONDOMINIUM, COOPERATIVE OR TIMESHARE, THAT IS ALSO A TRANSIENT PUBLIC
26 LODGING ESTABLISHMENT OR OWNER-OCCUPIED RESIDENTIAL HOME OFFERED FOR
27 TRANSIENT USE THAT IS NOT OFFERED THROUGH AN ONLINE LODGING MARKETPLACE IF
28 THE ACCOMMODATIONS ARE NOT CLASSIFIED FOR PROPERTY TAXATION PURSUANT TO
29 SECTION 42-12001.

30 (b) DOES NOT INCLUDE A UNIT THAT IS USED FOR ANY NONRESIDENTIAL
31 USE, INCLUDING RETAIL, RESTAURANT, BANQUET SPACE, EVENT CENTER OR ANOTHER
32 SIMILAR USE.