House Engrossed Senate Bill

FILED
MICHELE REAGAN
SECRETARY OF STATE

State of Arizona
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Fifty-second Legislature
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2016

CHAPTER 208

SENATE BILL 1350

AN ACT

AMENDING TITLE 9, CHAPTER 4, ARTICLE 8, ARIZONA REVISED STATUTES, BY ADDING SECTION 9-500.38; AMENDING TITLE 11, CHAPTER 2, ARTICLE 4, ARIZONA REVISED STATUTES, BY ADDING SECTION 11-269.15; AMENDING TITLE 15, CHAPTER 13, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-1650.01; AMENDING SECTIONS 42-2003, 42-5005, 42-5009, 42-5010, 42-5014 AND 42-5070, ARIZONA REVISED STATUTES; AMENDING TITLE 42, CHAPTER 5, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 42-5076; AMENDING TITLE 42, CHAPTER 6, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 42-6009 AND 42-6013; AMENDING SECTIONS 42-12003 AND 42-12004, ARIZONA REVISED STATUTES; RELATING TO ONLINE LODGING.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Title 9, chapter 4, article 8, Arizona Revised Statutes, is amended by adding section 9-500.38, to read:

9-500.38. Limitations on regulation of vacation rentals and short-term rentals; state preemption; definitions

A. A CITY OR TOWN MAY NOT PROHIBIT VACATION RENTALS OR SHORT-TERM RENTALS.

B. A CITY OR TOWN MAY NOT RESTRICT THE USE OF OR REGULATE VACATION RENTALS OR SHORT-TERM RENTALS BASED ON THEIR CLASSIFICATION, USE OR OCCUPANCY. A CITY OR TOWN MAY REGULATE VACATION RENTALS OR SHORT-TERM RENTALS FOR THE FOLLOWING PURPOSES:

1. PROTECTION OF THE PUBLIC'S HEALTH AND SAFETY, INCLUDING RULES AND REGULATIONS RELATED TO FIRE AND BUILDING CODES, HEALTH AND SANITATION, TRANSPORTATION OR TRAFFIC CONTROL, SOLID OR HAZARDOUS WASTE AND POLLUTION CONTROL, AND DESIGNATION OF AN EMERGENCY POINT OF CONTACT, IF THE CITY OR TOWN DEMONSTRATES THAT THE RULE OR REGULATION IS FOR THE PRIMARY PURPOSE OF PROTECTING THE PUBLIC'S HEALTH AND SAFETY.

2. ADOPTING AND ENFORCING RESIDENTIAL USE AND ZONING ORDINANCES, INCLUDING ORDINANCES RELATED TO NOISE, PROTECTION OF WELFARE, PROPERTY MAINTENANCE AND OTHER NUISANCE ISSUES, IF THE ORDINANCE IS APPLIED IN THE SAME MANNER AS OTHER PROPERTY CLASSIFIED UNDER SECTIONS 42-12003 AND 42-12004.

3. LIMITING OR PROHIBITING THE USE OF A VACATION RENTAL OR SHORT-TERM RENTAL FOR THE PURPOSES OF HOUSING SEX OFFENDERS, OPERATING OR MAINTAINING A STRUCTURED SOBER LIVING HOME, SELLING ILLEGAL DRUGS, LIQUOR CONTROL OR PORNOGRAPHY, OBSCENITY, NUDE OR TOPLESS DANCING AND OTHER ADULT-ORIENTED BUSINESSES.

C. THIS SECTION DOES NOT EXEMPT AN OWNER OF A RESIDENTIAL RENTAL PROPERTY, AS DEFINED IN SECTION 33-1901, FROM MAINTAINING WITH THE ASSESSOR OF THE COUNTY IN WHICH THE PROPERTY IS LOCATED INFORMATION REQUIRED UNDER TITLE 33, CHAPTER 17, ARTICLE 1.

D. FOR THE PURPOSES OF THIS SECTION:

1. "TRANSIENT" HAS THE SAME MEANING PRESCRIBED IN SECTION 42-5070.

2. "VACATION RENTAL" OR "SHORT-TERM RENTAL" MEANS ANY INDIVIDUALLY OR COLLECTIVELY OWNED SINGLE-FAMILY OR ONE-TO-FOUR-FAMILY HOUSE OR DWELLING UNIT OR ANY UNIT OR GROUP OF UNITS IN A CONDOMINIUM, COOPERATIVE OR TIMESHARE, THAT IS ALSO A TRANSIENT PUBLIC LODGING ESTABLISHMENT OR OWNER-OCCUPIED RESIDENTIAL HOME OFFERED FOR TRANSIENT USE IF THE ACCOMMODATIONS ARE NOT CLASSIFIED FOR PROPERTY TAXATION UNDER SECTION 42-12001. VACATION RENTAL AND SHORT-TERM RENTAL DO NOT INCLUDE A UNIT THAT IS USED FOR ANY NONRESIDENTIAL USE, INCLUDING RETAIL, RESTAURANT, BANQUET SPACE, EVENT CENTER OR ANOTHER SIMILAR USE.

Sec. 2. Title 11, chapter 2, article 4, Arizona Revised Statutes, is amended by adding section 11-269.15, to read:

11-269.15. Limitations on regulation of vacation rentals and short-term rentals; state preemption; definitions

A. A COUNTY MAY NOT PROHIBIT VACATION RENTALS OR SHORT-TERM RENTALS.

B. A COUNTY MAY NOT RESTRICT THE USE OF OR REGULATE VACATION RENTALS OR SHORT-TERM RENTALS BASED ON THEIR CLASSIFICATION, USE OR OCCUPANCY. A COUNTY MAY REGULATE VACATION RENTALS OR SHORT-TERM RENTALS FOR THE FOLLOWING PURPOSES:

1. PROTECTION OF THE PUBLIC'S HEALTH AND SAFETY, INCLUDING RULES AND REGULATIONS RELATED TO FIRE AND BUILDING CODES, HEALTH AND SANITATION, TRANSPORTATION OR TRAFFIC CONTROL, SOLID OR HAZARDOUS WASTE AND POLLUTION CONTROL, AND DESIGNATION OF AN EMERGENCY POINT OF CONTACT, IF THE COUNTY DEMONSTRATES THAT THE RULE OR REGULATION IS FOR THE PRIMARY PURPOSE OF PROTECTING THE PUBLIC'S HEALTH AND SAFETY.

2. ADOPTING AND ENFORCING RESIDENTIAL USE AND ZONING ORDINANCES, INCLUDING ORDINANCES RELATED TO NOISE, PROTECTION OF WELFARE, PROPERTY MAINTENANCE AND OTHER NUISANCE ISSUES, IF THE ORDINANCE IS APPLIED IN THE SAME MANNER AS OTHER PROPERTY CLASSIFIED UNDER SECTIONS 42-12003 AND 42-12004.

3. LIMITING OR PROHIBITING THE USE OF A VACATION RENTAL OR SHORT-TERM RENTAL FOR THE PURPOSES OF HOUSING SEX OFFENDERS, OPERATING OR MAINTAINING A STRUCTURED SOBER LIVING HOME, SELLING ILLEGAL DRUGS, LIQUOR CONTROL OR PORNOGRAPHY, OBSCENITY, NUDE OR TOPLESS DANCING AND OTHER ADULT-ORIENTED BUSINESSES.

C. THIS SECTION DOES NOT EXEMPT AN OWNER OF A RESIDENTIAL RENTAL PROPERTY, AS DEFINED IN SECTION 33-1901, FROM MAINTAINING WITH THE ASSESSOR OF THE COUNTY IN WHICH THE PROPERTY IS LOCATED INFORMATION REQUIRED UNDER TITLE 33, CHAPTER 17, ARTICLE 1.

D. FOR THE PURPOSES OF THIS SECTION:

1. "TRANSIENT" HAS THE SAME MEANING PRESCRIBED IN SECTION 42-5070.

2. "VACATION RENTAL" OR "SHORT-TERM RENTAL" MEANS ANY INDIVIDUALLY OR COLLECTIVELY OWNED SINGLE-FAMILY OR ONE-TO-FOUR-FAMILY HOUSE OR DWELLING UNIT OR ANY UNIT OR GROUP OF UNITS IN A CONDOMINIUM, COOPERATIVE OR TIMESHARE, THAT IS ALSO A TRANSIENT PUBLIC LODGING ESTABLISHMENT OR OWNER-OCCUPIED RESIDENTIAL HOME OFFERED FOR TRANSIENT USE IF THE ACCOMMODATIONS ARE NOT CLASSIFIED FOR PROPERTY TAXATION UNDER SECTION 42-12001. VACATION RENTAL AND SHORT-TERM RENTAL DO NOT INCLUDE A UNIT THAT IS USED FOR ANY NONRESIDENTIAL USE, INCLUDING RETAIL, RESTAURANT, BANQUET SPACE, EVENT CENTER OR ANOTHER SIMILAR USE.

Sec. 3. Title 15, chapter 13, article 2, Arizona Revised Statutes, is amended by adding section 15-1650.01, to read:

15-1650.01. Hospitality studies scholarship fund

A. THE HOSPITALITY STUDIES SCHOLARSHIP FUND IS ESTABLISHED CONSISTING OF REVENUES AVAILABLE TO THE FUND FROM ANY LAWFUL SOURCE. THE ARIZONA BOARD

OF REGENTS SHALL ADMINISTER THE FUND AND MAY PARTNER WITH ANY STATEWIDE LODGING AND TOURISM ASSOCIATION THAT PROVIDES MATCHING MONIES IN ADMINISTERING THE FUND. MONIES IN THE FUND ARE SUBJECT TO LEGISLATIVE APPROPRIATION FOR THE PURPOSES OF THIS SECTION AND ARE EXEMPT FROM THE PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF APPROPRIATIONS.

B. THE BOARD SHALL USE THE MONIES IN THE FUND TO PROVIDE SCHOLARSHIPS AND OTHER FINANCIAL ASSISTANCE TO STUDENTS ENTERING INTO OR ENROLLED IN A HOSPITALITY STUDIES PROGRAM AT ANY UNIVERSITY UNDER THE JURISDICTION OF THE BOARD. THE FINANCIAL ASSISTANCE SHALL BE USED TO DEFRAY EDUCATIONAL EXPENSES, INCLUDING ROOM AND BOARD. IF A RECIPIENT WITHDRAWS FROM SCHOOL OR FROM THE HOSPITALITY STUDIES PROGRAM BEFORE RECEIVING A DEGREE, THE RECIPIENT MUST REPAY ALL SCHOLARSHIP MONIES PREVIOUSLY AWARDED TO THE RECIPIENT. IF THE RECIPIENT IS DISMISSED FROM THE UNIVERSITY, THE BOARD SHALL NEGOTIATE AN APPROPRIATE REPAYMENT SCHEDULE PLUS EIGHT PERCENT SIMPLE INTEREST.

C. FOR THE PURPOSES OF THIS SECTION, "HOSPITALITY STUDIES PROGRAM" MEANS ANY UNDERGRADUATE OR GRADUATE ACADEMIC STUDIES PROGRAM RELATING TO OPERATION OR MANAGEMENT OF HOTELS, MOTELS OR OTHER FACILITIES FOR TRANSIENT LODGING AS DESCRIBED IN SECTION 42-5070, SUBSECTION A OR RESTAURANTS AS DESCRIBED IN SECTION 42-5074.

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

42-2003. Authorized disclosure of confidential information

A. Confidential information relating to:

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

2. A corporate taxpayer may be disclosed to any principal officer, any person designated by a principal officer or any person designated in a resolution by the corporate board of directors or other similar governing body.

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

4. An estate may be disclosed to the personal representative of the estate and to any heir, next of kin or beneficiary under the will of the decedent if the department finds that the heir, next of kin or beneficiary has a material interest ~~which~~ THAT will be affected by the confidential information.

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

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

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

B. Confidential information may be disclosed to:

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

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

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

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

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

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

(b) A state tax official of another state.

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

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

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

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

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

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

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

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

8. The office of administrative hearings relating to taxes administered by the department pursuant to section 42-1101, but the department shall not disclose any confidential information:

(a) Regarding income tax or withholding tax.

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

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

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

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

12. The Arizona commerce authority for its use in:

(a) Qualifying renewable energy operations for the tax incentives under sections 42-12006, 43-1083.01 and 43-1164.01.

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

(c) Fulfilling its annual reporting responsibility pursuant to section 41-1511, subsections U and V and section 41-1512, subsections U and V.

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

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

14. The state fire marshal for use in determining compliance with and enforcing title 41, chapter 16, article 3.1.

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

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

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

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

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

(b) The proceeding arose out of, or in connection with, determining the taxpayer's civil or criminal liability, or the collection of the

taxpayer's civil liability, with respect to any tax imposed under this title or title 43.

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

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

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

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

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

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

G. If an organization is exempt from this state's income tax as provided in section 43-1201 for any taxable year, the name and address of the organization and the application filed by the organization on which the department made its determination for exemption together with any papers submitted in support of the application and any letter or document issued by the department concerning the application are open to public inspection.

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

1. May only be used for internal purposes, including audits.

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

of any rights of the county, city or town to receive taxpayer information under this subsection.

I. The department may disclose statistical information gathered from confidential information if it does not disclose confidential information attributable to any one taxpayer. The department may disclose statistical information gathered from confidential information, even if it discloses confidential information attributable to a taxpayer, to:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2. Any law relating to reduced cigarette ignition propensity standards as provided under title 41, chapter 16, article 3.1.

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

U. For proceedings before the department, the office of administrative hearings, the board of tax appeals or any state or federal court involving penalties that were assessed against a return preparer, an electronic return preparer or a payroll service company pursuant to section 42-1103.02, 42-1125.01 or 43-419, confidential information may be disclosed only before the judge or administrative law judge adjudicating the proceeding, the parties to the proceeding and the parties' representatives in the proceeding prior to its introduction into evidence in the proceeding. The confidential information may be introduced as evidence in the proceeding only if the taxpayer's name, the names of any dependents listed on the return, all social security numbers, the taxpayer's address, the taxpayer's signature and any attachments containing any of the foregoing information are redacted and if either:

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

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

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

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

1. Federal, state or local agencies for the purposes of enforcement of corresponding laws of other states.

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

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

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

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

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

Y. NOTWITHSTANDING ANY OTHER PROVISION OF THIS SECTION, THE DEPARTMENT MAY NOT DISCLOSE INFORMATION PROVIDED BY AN ONLINE LODGING MARKETPLACE, AS DEFINED IN SECTION 42-5076, WITHOUT THE WRITTEN CONSENT OF THE ONLINE LODGING MARKETPLACE, AND THE INFORMATION MAY BE DISCLOSED ONLY PURSUANT TO SUBSECTION A, PARAGRAPHS 1 THROUGH 6, SUBSECTION B, PARAGRAPHS 1, 2, 7 AND 8 AND SUBSECTIONS C AND D OF THIS SECTION. SUCH INFORMATION:

1. IS NOT SUBJECT TO DISCLOSURE PURSUANT TO TITLE 39, RELATING TO PUBLIC RECORDS.

2. MAY NOT BE DISCLOSED TO ANY AGENCY OF THIS STATE OR OF ANY COUNTY, CITY, TOWN OR OTHER POLITICAL SUBDIVISION OF THIS STATE.

Sec. 5. Section 42-5005, Arizona Revised Statutes, is amended to read:

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

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

B. A person desiring to engage or continue in business within a city or town that imposes a municipal privilege tax shall apply to the department of revenue for an annual municipal privilege tax license accompanied by a fee of up to fifty dollars, as established by ordinance of the city or town. The

person shall submit the fee with each new license application. The person may not engage or continue in business until the person has obtained a municipal privilege tax license. The department must collect, hold, pay and manage the fees in trust for the city or town and may not use the monies for any other purposes.

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

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

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

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

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

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

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

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

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

I. A person who is engaged in or conducting a business in two or more locations or under two or more business names shall procure a transaction

privilege tax license for each location or business name regardless of whether all locations or business names are reported on a consolidated return under a single transaction privilege tax license number. This requirement shall not be construed as conflicting with section 42-5020.

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

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

L. FOR THE PURPOSES OF THIS CHAPTER AND CHAPTER 6 OF THIS TITLE, AN ONLINE LODGING MARKETPLACE, AS DEFINED IN SECTION 42-5076, MAY REGISTER WITH THE DEPARTMENT FOR A LICENSE FOR THE PAYMENT OF TAXES LEVIED BY THIS STATE AND ONE OR MORE COUNTIES, CITIES, TOWNS OR SPECIAL TAXING DISTRICTS, AT THE ELECTION OF THE ONLINE LODGING MARKETPLACE, FOR TAXES DUE FROM AN ONLINE LODGING OPERATOR ON ANY ONLINE LODGING TRANSACTION FACILITATED BY THE ONLINE LODGING MARKETPLACE, SUBJECT TO SECTIONS 42-5076 AND 42-6009.

M. FOR THE PURPOSES OF THIS CHAPTER AND CHAPTER 6 OF THIS TITLE, A PERSON WHO IS LICENSED PURSUANT TO TITLE 32, CHAPTER 20 AND WHO FILES AN ELECTRONIC CONSOLIDATED TAX RETURN FOR INDIVIDUAL REAL PROPERTIES UNDER MANAGEMENT ON BEHALF OF THE PROPERTY OWNERS MAY BE LICENSED WITH THE DEPARTMENT FOR THE PAYMENT OF TAXES LEVIED BY THIS STATE AND BY ANY COUNTY, CITY OR TOWN WITH RESPECT TO THOSE PROPERTIES.

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

~~M.~~ O. A person who violates any provision of this section is guilty of a class 3 misdemeanor.

Sec. 6. Section 42-5009, Arizona Revised Statutes, is amended to read:

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

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

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

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

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

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

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

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

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

G. If a seller claims a deduction under section 42-5061, subsection A, paragraph 25 and establishes entitlement to the deduction with an exemption letter that the purchaser received from the department and the exemption letter was based on a contingent event, the department may require the purchaser that received the exemption letter to establish the satisfaction of the contingent event within a reasonable time. If the purchaser cannot establish the satisfaction of the event, the purchaser is liable in an amount equal to any tax, penalty and interest that the seller would have been required to pay under this article if the seller had not been furnished the exemption letter. Payment of the amount under this subsection exempts the purchaser from liability for any tax imposed under article 4 of this chapter. The amount shall be treated as tax revenues collected from the seller in order to designate the distribution base for purposes of section 42-5029. For the purposes of this subsection, "reasonable time" means a time limitation that the department determines and that does not exceed the time limitations pursuant to section 42-1104.

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

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

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

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

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

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

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

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

L. The department shall prescribe a form for a certificate to be used by a person that is not subject to tax under section 42-5075 when the person is engaged by a contractor that is subject to tax under section 42-5075 for a

project that is taxable under section 42-5075. The certificate permits the person purchasing tangible personal property to be incorporated or fabricated by the person into any real property, structure, project, development or improvement to provide documentation to a retailer that the sale of tangible personal property qualifies for the deduction under section 42-5061, subsection A, paragraph 27, subdivision (b). A prime contractor shall obtain the certificate from the department and shall provide a copy to any such person working on the project. The prime contractor shall obtain a new certificate for each project to which this subsection applies. For the purposes of this subsection, the following apply:

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

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

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

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

N. NOTWITHSTANDING ANY OTHER LAW, AN ONLINE LODGING OPERATOR, AS DEFINED IN SECTION 42-5076, SHALL BE ENTITLED TO AN EXCLUSION FROM ANY APPLICABLE TAXES FOR ANY ONLINE LODGING TRANSACTION, AS DEFINED IN SECTION 42-5076, FACILITATED BY AN ONLINE LODGING MARKETPLACE, AS DEFINED IN SECTION 42-5076, FOR WHICH THE ONLINE LODGING OPERATOR HAS OBTAINED FROM THE ONLINE LODGING MARKETPLACE WRITTEN NOTICE THAT THE ONLINE LODGING MARKETPLACE IS REGISTERED WITH THE DEPARTMENT TO COLLECT APPLICABLE TAXES FOR ALL ONLINE LODGING TRANSACTIONS FACILITATED BY THE ONLINE LODGING MARKETPLACE, AND TRANSACTION HISTORY DOCUMENTING TAX COLLECTED BY THE ONLINE LODGING MARKETPLACE, PURSUANT TO SECTION 42-5005, SUBSECTION L.

Sec. 7. Section 42-5010, Arizona Revised Statutes, is amended to read:

42-5010. Rates; distribution base

A. The tax imposed by this article is levied and shall be collected at the following rates:

1. Five percent of the tax base as computed for the business of every person engaging or continuing in this state in the following business classifications described in article 2 of this chapter:

(a) Transporting classification.

(b) Utilities classification.

(c) Telecommunications classification.

(d) Pipeline classification.

(e) Private car line classification.

(f) Publication classification.

(g) Job printing classification.

(h) Prime contracting classification.

(i) Amusement classification.

(j) Restaurant classification.

(k) Personal property rental classification.

(l) Retail classification and amounts equal to retail transaction privilege tax due pursuant to section 42-5008.01.

2. Five and one-half percent of the tax base as computed for the business of every person engaging or continuing in this state in:

(a) The transient lodging classification described in section 42-5070.

(b) THE ONLINE LODGING MARKETPLACE CLASSIFICATION DESCRIBED IN SECTION 42-5076 WHO HAS ENTERED INTO AN AGREEMENT WITH THE DEPARTMENT TO REGISTER FOR, OR HAS OTHERWISE OBTAINED FROM THE DEPARTMENT, A LICENSE TO COLLECT TAX PURSUANT TO SECTION 42-5005, SUBSECTION L.

3. Three and one-eighth percent of the tax base as computed for the business of every person engaging or continuing in this state in the mining classification described in section 42-5072.

4. Zero percent of the tax base as computed for the business of every person engaging or continuing in this state in the commercial lease classification described in section 42-5069.

B. Except as provided by subsection J of this section, twenty percent of the tax revenues collected at the rate prescribed by subsection A, paragraph 1 of this section from persons on account of engaging in business under the business classifications listed in subsection A, paragraph 1, subdivisions (a) through (h) of this section is designated as distribution base for purposes of section 42-5029.

C. Forty percent of the tax revenues collected at the rate prescribed by subsection A, paragraph 1 of this section from persons on account of engaging in business under the business classifications listed in subsection A, paragraph 1, subdivisions (i) through (l) of this section is designated as distribution base for purposes of section 42-5029.

D. Thirty-two percent of the tax revenues collected from persons on account of engaging in business under the business classification listed in subsection A, paragraph 3 of this section is designated as distribution base for purposes of section 42-5029.

E. Fifty-three and one-third percent of the tax revenues collected from persons on account of engaging in business under the business classification listed in subsection A, paragraph 4 of this section is designated as distribution base for purposes of section 42-5029.

F. Fifty percent of the tax revenues collected from persons on account of engaging in business under the business classification listed in subsection A, paragraph 2 of this section is designated as distribution base for purposes of section 42-5029.

G. In addition to the rates prescribed by subsection A of this section, if approved by the qualified electors voting at a statewide general election, an additional rate increment is imposed and shall be collected through June 30, 2021. The taxpayer shall pay taxes pursuant to this subsection at the same time and in the same manner as under subsection A of this section. The department shall separately account for the revenues collected with respect to the rates imposed pursuant to this subsection and the state treasurer shall distribute all of those revenues in the manner prescribed by section 42-5029, subsection E. The rates imposed pursuant to this subsection shall not be considered local revenues for purposes of article IX, section 21, Constitution of Arizona. The additional tax rate increment is levied at the rate of six-tenths of one per cent of the tax base of every person engaging or continuing in this state in a business classification listed in subsection A, paragraph 1 of this section.

H. Any increase in the rate of tax that is imposed by this chapter and that is enacted by the legislature or by a vote of the people does not apply with respect to contracts entered into by prime contractors or pursuant to written bids made by prime contractors on or before the effective date of the legislation or the date of the election enacting the increase. To qualify for the exemption under this subsection, the prime contractor must maintain sufficient documentation, in a manner and form prescribed by the department, to verify the date of the contract or written bid.

I. For taxpayers taxable under this chapter other than prime contractors taxable pursuant to section 42-5075:

1. Any increase in the rate of tax that is levied by this article or article 2 of this chapter enacted by the legislature or by a vote of the people does not apply for a period of one hundred twenty days from the date of the tax rate increase to the gross proceeds of sales or gross income from the business of the taxpayer with respect to written contracts entered into before the effective date of the tax rate increase unless the taxpayer has entered into a contract that contains a provision that entitles the taxpayer to recover from the purchaser the amount of the additional tax levied.

2. The provisions of this subsection apply without regard to the accounting method used by the taxpayer to report the taxes imposed under article 2 of this chapter.

3. The provisions of this subsection shall not be considered in determining the rate of tax imposed under chapter 6, article 3 of this title.

J. Zero percent of the tax revenues that are collected at the rate prescribed by subsection A, paragraph 1 of this section from persons on account of engaging in business under the business classification listed in subsection A, paragraph 1, subdivision (h) of this section, and that are subject to any distribution required by section 42-5032.02, is designated as distribution base for the purposes of section 42-5029 until the total amount subject to distribution pursuant to section 42-5032.02 has reached the maximum amount prescribed by section 42-5032.02, subsection C. Thereafter, twenty percent of the remaining tax revenues is designated as distribution base for the purposes of section 42-5029 as provided by subsection B of this section.

Sec. 8. Section 42-5014, Arizona Revised Statutes, is amended to read:

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

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

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

2. Are delinquent as follows:

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

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

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

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

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

3. Are delinquent as follows:

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

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

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

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

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

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

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

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

E. AN ONLINE LODGING MARKETPLACE, AS DEFINED IN SECTION 42-5076, THAT IS REGISTERED WITH THE DEPARTMENT PURSUANT TO SECTION 42-5005, SUBSECTION L:

1. SHALL REMIT TO THE DEPARTMENT THE APPLICABLE TAXES PAYABLE PURSUANT TO SECTION 42-5076 AND CHAPTER 6 OF THIS TITLE WITH RESPECT TO EACH ONLINE LODGING TRANSACTION, AS DEFINED IN SECTION 42-5076, FACILITATED BY THE ONLINE LODGING MARKETPLACE.

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

3. SHALL NOT BE REQUIRED TO LIST OR OTHERWISE IDENTIFY ANY INDIVIDUAL ONLINE LODGING OPERATOR, AS DEFINED IN SECTION 42-5076, ON ANY RETURN OR ANY ATTACHMENT TO A RETURN.

F. A PERSON WHO IS LICENSED PURSUANT TO TITLE 32, CHAPTER 20 AND WHO IS LICENSED WITH THE DEPARTMENT PURSUANT TO SECTION 42-5005, SUBSECTION M SHALL:

1. FILE A CONSOLIDATED RETURN MONTHLY WITH RESPECT TO ALL MANAGED PROPERTIES FOR WHICH THE LICENSEE FILES AN ELECTRONIC CONSOLIDATED TAX RETURN PURSUANT TO SECTION 42-6013.

2. REMIT TO THE DEPARTMENT THE AGGREGATE TOTAL AMOUNT OF THE APPLICABLE TAXES PAYABLE PURSUANT TO THIS CHAPTER AND CHAPTER 6 OF THIS TITLE FOR ALL OF THE RESPECTIVE TAXING JURISDICTIONS WITH RESPECT TO THE MANAGED PROPERTIES.

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

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

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

~~H.~~ J. Any person who is engaged in or conducting business in two or more locations or under two or more business names shall file the return required under this article by electronic means.

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

~~J.~~ L. The department, with the approval of the attorney general, may abate small tax balances if the administration costs exceed the amount of tax due.

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

Sec. 9. Section 42-5070, Arizona Revised Statutes, is amended to read:

42-5070. Transient lodging classification; definition

A. The transient lodging classification is comprised of the business of operating, for occupancy by transients, a hotel or motel, including an inn, tourist home or house, dude ranch, resort, campground, studio or bachelor hotel, lodging house, rooming house, apartment house, dormitory, public or private club, mobile home or house trailer at a fixed location or other similar structure, and also including a space, lot or slab that is occupied or intended or designed for occupancy by transients in a mobile home or house trailer furnished by them for such occupancy.

B. The transient lodging classification does not include:

1. Operating a convalescent home or facility, home for the aged, hospital, jail, military installation or fraternity or sorority house or operating any structure exclusively by an association, institution, governmental agency or corporation for religious, charitable or educational purposes, if no part of the net earnings of the association, corporation or other entity inures to the benefit of any private shareholder or individual.

2. A lease or rental of a mobile home or house trailer at a fixed location or any other similar structure, and also including a space, lot or slab that is occupied or intended or designed for occupancy by transients in a mobile home or house trailer furnished by them for such occupancy for thirty or more consecutive days.

3. Leasing or renting four or fewer rooms of an owner-occupied residential home, together with furnishing no more than a breakfast meal, to transient lodgers at no more than a fifty ~~per cent~~ PERCENT average annual occupancy rate.

4. THE ACTIVITIES OF ANY ONLINE LODGING MARKETPLACE, AS DEFINED IN SECTION 42-5076.

C. The tax base for the transient lodging classification is the gross proceeds of sales or gross income derived from the business, except that the tax base does not include:

1. THE gross proceeds of sales or gross income derived from business activity that is properly included in another business classification under this article and that is taxable to the person engaged in that business classification, but the gross proceeds of sales or gross income to be deducted shall not exceed the consideration paid to the person conducting the activity.

2. THE GROSS PROCEEDS OR GROSS INCOME RECEIVED BY AN ONLINE LODGING OPERATOR, AS DEFINED IN SECTION 42-5076, FROM ANY ONLINE LODGING TRANSACTIONS, AS DEFINED IN SECTION 42-5076, FOR WHICH THE ONLINE LODGING OPERATOR HAS RECEIVED DOCUMENTATION FROM A REGISTERED ONLINE LODGING MARKETPLACE, AS DEFINED IN SECTION 42-5076, PURSUANT TO SECTION 42-5009, SUBSECTION N THAT THE ONLINE LODGING MARKETPLACE HAS REMITTED OR WILL REMIT THE APPLICABLE TAX TO THE DEPARTMENT PURSUANT TO SECTION 42-5014, SUBSECTION E.

D. For the purposes of this section, the tax base for the transient lodging classification does not include gross proceeds of sales or gross income derived from:

1. Transactions or activities that are not limited to transients and that would not be taxable if engaged in by a person not subject to tax under this article.

2. Transactions or activities that are not limited to transients and that would not be taxable if engaged in by a person subject to taxation under section 42-5062 or 42-5073 due to an exclusion, exemption or deduction.

3. Commissions paid to a person that is engaged in transient lodging business subject to taxation under this section by a person providing services or property to the customers of the person engaging in the transient lodging business.

E. The department shall separately account for revenues collected under the transient lodging classification for the purposes of section 42-5029, subsection D, paragraph 4, subdivision (b).

F. For the purposes of this section, "transient" means any person who either at the person's own expense or at the expense of another obtains lodging space or the use of lodging space on a daily or weekly basis, or on any other basis for less than thirty consecutive days.

Sec. 10. Title 42, chapter 5, article 2, Arizona Revised Statutes, is amended by adding section 42-5076, to read:

42-5076. Online lodging marketplace classification; definitions

A. THE ONLINE LODGING MARKETPLACE CLASSIFICATION IS COMPRISED OF THE BUSINESS OF OPERATING AN ONLINE LODGING MARKETPLACE.

B. THE TAX BASE FOR THE ONLINE LODGING MARKETPLACE CLASSIFICATION IS THE GROSS PROCEEDS OF SALES OR GROSS INCOME DERIVED FROM THE BUSINESS

MEASURED BY THE TOTAL AMOUNT CHARGED FOR AN ONLINE TRANSIENT LODGING TRANSACTION BY THE ONLINE LODGING OPERATOR.

C. THE ONLINE LODGING MARKETPLACE CLASSIFICATION DOES NOT INCLUDE ANY ONLINE LODGING MARKETPLACE THAT HAS NOT ENTERED INTO AN AGREEMENT WITH THE DEPARTMENT TO REGISTER FOR, OR HAS NOT OTHERWISE OBTAINED FROM THE DEPARTMENT, A LICENSE TO COLLECT TAX PURSUANT TO SECTION 42-5005, SUBSECTION L.

D. FOR THE PURPOSES OF THIS SECTION:

1. "ONLINE LODGING MARKETPLACE" MEANS A PERSON THAT PROVIDES A DIGITAL PLATFORM FOR COMPENSATION THROUGH WHICH AN UNAFFILIATED THIRD PARTY OFFERS TO RENT LODGING ACCOMMODATIONS TO AN OCCUPANT, INCLUDING A TRANSIENT, AS DEFINED IN SECTION 42-5070, AND THE ACCOMMODATIONS ARE NOT CLASSIFIED FOR PROPERTY TAX PURPOSES UNDER SECTION 42-12001. FOR THE PURPOSES OF THIS PARAGRAPH:

(a) "LODGING ACCOMMODATIONS" MEANS ANY SPACE OFFERED TO THE PUBLIC FOR LODGING, INCLUDING ANY HOTEL, MOTEL, INN, TOURIST HOME OR HOUSE, DUDE RANCH, RESORT, CAMPGROUND, STUDIO OR BACHELOR HOTEL, LODGING HOUSE, ROOMING HOUSE, RESIDENTIAL HOME, APARTMENT HOUSE, DORMITORY, PUBLIC OR PRIVATE CLUB, MOBILE HOME OR HOUSE TRAILER AT A FIXED LOCATION OR OTHER SIMILAR STRUCTURE OR SPACE.

(b) "UNAFFILIATED THIRD PARTY" MEANS A PERSON THAT IS NOT OWNED OR CONTROLLED, DIRECTLY OR INDIRECTLY, BY THE SAME INTERESTS.

2. "ONLINE LODGING OPERATOR" MEANS A PERSON THAT IS ENGAGED IN THE BUSINESS OF RENTING TO AN OCCUPANT, INCLUDING A TRANSIENT AS DEFINED IN SECTION 42-5070, ANY LODGING ACCOMMODATION OFFERED THROUGH AN ONLINE LODGING MARKETPLACE.

3. "ONLINE LODGING TRANSACTION" MEANS A CHARGE TO AN OCCUPANT, INCLUDING A TRANSIENT AS DEFINED IN SECTION 42-5070, BY AN ONLINE LODGING OPERATOR FOR THE OCCUPANCY OF ANY LODGING ACCOMMODATION AND INCLUDES AN ONLINE TRANSIENT LODGING TRANSACTION.

4. "ONLINE TRANSIENT LODGING TRANSACTION" MEANS A CHARGE TO AN OCCUPANT WHO IS A TRANSIENT AS DEFINED IN SECTION 42-5070 BY AN ONLINE LODGING OPERATOR FOR THE OCCUPANCY OF ANY LODGING ACCOMMODATION.

Sec. 11. Title 42, chapter 6, article 1, Arizona Revised Statutes, is amended by adding sections 42-6009 and 42-6013, to read:

42-6009. Online lodging; definitions

A. EXCEPT AS PROVIDED BY THIS SECTION, A CITY, TOWN OR OTHER TAXING JURISDICTION MAY NOT LEVY A TRANSACTION PRIVILEGE, SALES, USE, FRANCHISE OR OTHER SIMILAR TAX OR FEE, HOWEVER DENOMINATED, ON THE BUSINESS OF OPERATING AN ONLINE LODGING MARKETPLACE OR, IN THE CASE OF AN ONLINE LODGING MARKETPLACE THAT IS LICENSED PURSUANT TO SECTION 42-5005, SUBSECTION L, ON ANY ONLINE LODGING TRANSACTION FACILITATED BY THE ONLINE LODGING MARKETPLACE OR ON ANY ONLINE LODGING OPERATOR WITH RESPECT TO ANY ONLINE LODGING TRANSACTION FOR WHICH IT HAS RECEIVED DOCUMENTATION THAT THE ONLINE LODGING MARKETPLACE HAS OR WILL REMIT THE APPLICABLE TAX TO THE DEPARTMENT PURSUANT TO SECTION 42-5014, SUBSECTION E.

B. IN THE CASE OF AN ONLINE LODGING MARKETPLACE THAT IS LICENSED PURSUANT TO SECTION 42-5005, SUBSECTION L, A CITY, TOWN OR OTHER TAXING JURISDICTION MAY LEVY A TRANSACTION PRIVILEGE, SALES, USE, FRANCHISE OR OTHER SIMILAR TAX OR FEE AS PROVIDED BY THE MODEL CITY TAX CODE ON THE ONLINE LODGING MARKETPLACE SUBJECT TO THE FOLLOWING CONDITIONS:

1. THE ADOPTED TAX MUST BE ADMINISTERED IN A MANNER THAT IS UNIFORM WITH THE TREATMENT OF ONLINE LODGING MARKETPLACES, ONLINE LODGING OPERATORS AND ONLINE LODGING TRANSACTIONS PROVIDED BY CHAPTER 5 OF THIS TITLE, EXCEPT THAT:

(a) THE ADOPTED TAX RATE MAY BE DIFFERENT FROM THE STATE TAX RATE PRESCRIBED BY SECTION 42-5010.

(b) THE ADOPTED TAX MAY APPLY TO ONLINE LODGING TRANSACTIONS INVOLVING RENTALS OF LODGING ACCOMMODATIONS FOR MORE THAN TWENTY-NINE CONSECUTIVE DAYS. WITH RESPECT TO ANY TAX ON RENTALS OF LODGING ACCOMMODATIONS FOR MORE THAN TWENTY-NINE CONSECUTIVE DAYS, IN THE CASE OF AN ONLINE LODGING MARKETPLACE THAT HAS REGISTERED PURSUANT TO SECTION 42-5005, SUBSECTION L, THE ADOPTED TAX MUST UNIFORMLY APPLY TO ALL LODGING ACCOMMODATIONS FOR THIRTY CONSECUTIVE DAYS OR MORE, AND THE TAX BASE FOR THE TAX MUST BE LIMITED EXCLUSIVELY TO ONLINE LODGING TRANSACTIONS FACILITATED BY AN ONLINE LODGING MARKETPLACE FOR RENTALS OF LODGING ACCOMMODATIONS FOR THIRTY CONSECUTIVE DAYS OR MORE AND LOCATED IN THE APPLICABLE CITY, TOWN OR OTHER TAXING JURISDICTION.

2. THE ADOPTED TAX SHALL BE ADMINISTERED, COLLECTED AND ENFORCED BY THE DEPARTMENT AND REMITTED TO THE CITY, TOWN OR OTHER TAXING JURISDICTION IN A UNIFORM MANNER.

3. THE ADOPTED TAX MUST BE UNIFORM ON ONLINE LODGING MARKETPLACES, ONLINE LODGING OPERATORS AND OTHER TAXPAYERS OF THE SAME CLASS WITHIN THE JURISDICTIONAL BOUNDARIES OF THE CITY, TOWN OR OTHER TAXING JURISDICTION.

4. ANY ADOPTED TAX IS SUBJECT TO:

(a) SECTION 42-6002, RELATING TO AUDITS.

(b) SECTION 42-2003, SUBSECTION Y, RELATING TO CONFIDENTIAL INFORMATION.

(c) SECTION 42-5003, SUBSECTION B, RELATING TO JUDICIAL ENFORCEMENT.

(d) SECTION 42-5005, SUBSECTION L, RELATING TO REGISTRATION OF ONLINE LODGING MARKETPLACES.

(e) SECTION 42-5014, SUBSECTION E, RELATING TO TAX RETURNS.

5. THE TAX MAY NOT BE COLLECTED FROM AN ONLINE LODGING OPERATOR WITH RESPECT TO ANY ONLINE LODGING TRANSACTION OR TRANSACTIONS FOR WHICH THE ONLINE LODGING OPERATOR HAS RECEIVED WRITTEN NOTICE OR DOCUMENTATION FROM A REGISTERED ONLINE LODGING MARKETPLACE THAT IT HAS OR WILL REMIT THE APPLICABLE TAX WITH RESPECT TO THOSE TRANSACTIONS TO THE DEPARTMENT PURSUANT TO SECTION 42-5014, SUBSECTION E.

C. FOR THE PURPOSES OF THIS SECTION, "LODGING ACCOMMODATIONS", "ONLINE LODGING MARKETPLACE", "ONLINE LODGING OPERATOR" AND "ONLINE LODGING TRANSACTION" HAVE THE SAME MEANINGS PRESCRIBED IN SECTION 42-5076.

42-6013. Electronic consolidated real property management tax returns; definition

A. FOR TAXABLE PERIODS BEGINNING FROM AND AFTER DECEMBER 31, 2017, A CITY OR TOWN THAT LEVIES A TRANSACTION PRIVILEGE TAX UNDER THIS SECTION SHALL ALLOW PERSONS WHO ARE LICENSED PURSUANT TO TITLE 32, CHAPTER 20 AND WHO ARE LICENSED WITH THE DEPARTMENT PURSUANT TO SECTION 42-5005, SUBSECTION M TO FILE ELECTRONIC CONSOLIDATED TAX RETURNS WITH THE DEPARTMENT WITH RESPECT TO GROSS PROCEEDS OR GROSS INCOME DERIVED FROM THE INDIVIDUAL PROPERTIES UNDER MANAGEMENT ON BEHALF OF THE PROPERTY OWNERS, SUBJECT TO THE FOLLOWING CONDITIONS AND REQUIREMENTS:

1. THE DEPARTMENT SHALL ADMINISTER, COLLECT AND ENFORCE THE TAX THAT IS REPORTED AND PAID PURSUANT TO AN ELECTRONIC CONSOLIDATED RETURN AND REMIT THE COLLECTED REVENUES TO THE APPROPRIATE CITY OR TOWN.

2. THE TAX MAY NOT BE COLLECTED FROM ANY PROPERTY OWNER WHOSE LICENSEE HAS PROVIDED WRITTEN DOCUMENTATION TO THE PROPERTY OWNER AND TO THE CITY OR TOWN THAT THE LICENSEE HAS REPORTED AND REMITTED OR WILL REPORT AND REMIT THE APPLICABLE TAX WITH RESPECT TO THE PROPERTY UNDER MANAGEMENT.

3. THE DEPARTMENT SHALL DEVELOP AN ELECTRONIC CONSOLIDATED RETURN FORM THAT SEPARATELY IDENTIFIES EACH OWNER'S PROPERTY LOCATIONS AND THE GROSS INCOME AND DEDUCTIONS FOR EACH PROPERTY LOCATION. THE LICENSEE SHALL FILE THE RETURN ELECTRONICALLY USING THE CONSOLIDATED RETURN FORM DEVELOPED BY THE DEPARTMENT.

4. ALL PARTICIPATING PROPERTY OWNERS INCLUDED IN THE SAME ELECTRONIC CONSOLIDATED RETURN MUST BE ON THE SAME TAX PAYMENT SCHEDULE AND USE THE SAME CASH RECEIPTS OR ACCRUAL BASIS OF REPORTING.

5. A LICENSEE FILING AN ELECTRONIC CONSOLIDATED RETURN:

(a) ACTS IN A FIDUCIARY CAPACITY AS THE PROPERTY OWNERS' AGENT.

(b) IS RESPONSIBLE AND ACCOUNTABLE TO THE PROPERTY OWNERS AND TO THE CITY OR TOWN FOR FULLY AND ACCURATELY REPORTING AND PAYING TO THE DEPARTMENT THE TAX AND ANY OTHER AMOUNTS DUE.

(c) IS SUBJECT TO AUDIT, AS PROVIDED BY LAW, OF THE ELECTRONIC CONSOLIDATED RETURNS, INCLUDING DATA IN THE LICENSEE'S POSSESSION THAT IS USED IN COMPILING AND FILING THE ELECTRONIC CONSOLIDATED RETURNS.

6. A PROPERTY OWNER:

(a) REMAINS ULTIMATELY RESPONSIBLE, ACCOUNTABLE AND LIABLE FOR BOTH:

(i) THE ACCURACY OF INFORMATION THE PROPERTY OWNER FURNISHES TO THE LICENSEE.

(ii) THE RETURN AND PAYMENT OF THE FULL TAX LIABILITY.

(b) IS SUBJECT TO AUDIT, AS PROVIDED BY LAW, OF THE RECORDS IN THE PROPERTY OWNER'S POSSESSION THAT ARE SUBMITTED TO THE LICENSEE FOR THE PURPOSES OF THE ELECTRONIC CONSOLIDATED RETURN.

(c) MAY WITHDRAW ANY OF THE PROPERTY OWNER'S PROPERTIES FROM THE ELECTRONIC CONSOLIDATED RETURN ON THIRTY DAYS' WRITTEN NOTICE TO THE LICENSEE, THE DEPARTMENT AND THE TAX COLLECTOR OF THE CITY OR TOWN.

B. FOR THE PURPOSES OF THIS SECTION, "LICENSEE" MEANS A PERSON WHO IS LICENSED PURSUANT TO TITLE 32, CHAPTER 20 AND WHO IS LICENSED WITH THE DEPARTMENT PURSUANT TO SECTION 42-5005, SUBSECTION M.

Sec. 12. Section 42-12003, Arizona Revised Statutes, is amended to read:

42-12003. Class three property; definition

A. For purposes of taxation, class three is established consisting of:

1. Real and personal property and improvements to the property that are used as the owner's primary residence, that are not otherwise included in class one, two, four, six, seven or eight and that are valued at full cash value.

2. Real and personal property that is occupied by a relative of the owner, as provided by section 42-12053, and used as the relative's primary residence, that is not otherwise included in class one, two, four, six, seven or eight and that is valued at full cash value.

3. REAL AND PERSONAL PROPERTY THAT IS OWNED AND OCCUPIED AS THE PRIMARY RESIDENCE OF THE OWNER WHO ALSO USES THE PROPERTY FOR LEASE OR RENT TO LODGERS.

B. For the purposes of this section, a homesite that is included in class three may include:

1. Up to ten acres on a single parcel of real property on which the residential improvement is located.

2. More than ten, but not more than forty, acres on a single parcel of real property on which the residential improvement is located if it is zoned exclusively for residential purposes or contains legal restrictions or physical conditions that prevent the division of the parcel.

C. For the purposes of this section, "physical conditions" means topography, mountains, washes, rivers, roads or any other configuration that limits the residential usable land area.

Sec. 13. Section 42-12004, Arizona Revised Statutes, is amended to read:

42-12004. Class four property

A. For purposes of taxation, class four is established consisting of:

1. Real and personal property and improvements to the property that are used for residential purposes, including residential property that is owned in foreclosure by a financial institution, that is not otherwise included in another classification and that is valued at full cash value. The homesite that is included in class four may include:

(a) Up to ten acres on a single parcel of real property on which the residential improvement is located.

(b) More than ten, but not more than forty, acres on a single parcel of real property on which the residential improvement is located if it is zoned exclusively for residential purposes or contains legal restrictions or physical conditions that prevent the division of the parcel. For the purposes of this subdivision, "physical conditions" means topography,

mountains, washes, rivers, roads or any other configuration that limits the residential usable land area.

2. Real and personal property and improvements to the property that are used solely as leased or rented property for residential purposes, that are not included in class one, two, three, six, seven or eight and that are valued at full cash value.

3. Child care facilities that are licensed under title 36, chapter 7.1 and that are valued at full cash value.

4. Real and personal property and improvements to property that are used to operate nonprofit residential housing facilities that are structured to house or care for persons with disabilities or who are sixty-two years of age or older and that are valued at full cash value.

5. Real and personal property and improvements that are used to operate licensed residential care institutions or licensed nursing care institutions that provide medical services, nursing services or health related services and that are structured to house or care for persons with disabilities or who are sixty-two years of age or older and that are valued at full cash value.

6. Real and personal property consisting of no more than eight rooms of residential property that are leased or rented to transient lodgers, together with furnishing no more than a breakfast meal, by the owner who resides on the property and that is valued at full cash value.

7. Real and personal property consisting of residential dwellings that are maintained for occupancy by agricultural employees as a condition of employment or as a convenience to the employer, that is not included in class three and that is valued at full cash value. The land associated with these dwellings shall be valued as agricultural land pursuant to chapter 13, article 3 of this title.

8. Real property and improvements to property constituting common areas that are valued pursuant to chapter 13, article 9 of this title.

9. Real and personal property that is defined as timeshare property by section 32-2197 and valued pursuant to chapter 13, article 10 of this title, except for any property used for commercial, industrial or transient occupancy purposes and included in class one to the extent of that use.

10. REAL AND PERSONAL PROPERTY AND IMPROVEMENTS THAT ARE USED FOR RESIDENTIAL PURPOSES, THAT ARE LEASED OR RENTED TO LODGERS, EXCEPT FOR:

(a) PROPERTY OCCUPIED BY THE OWNER OF THE PROPERTY AS THE OWNER'S PRIMARY RESIDENCE AND INCLUDED IN CLASS THREE.

(b) PROPERTY USED FOR COMMERCIAL PURPOSES AND INCLUDED IN CLASS ONE.

B. Subsection A, paragraphs 4 and 5 of this section shall not be construed to limit eligibility for exemption from taxation under chapter 11, article 3 of this title.

Sec. 14. Joint legislative study committee on transient lodging; report; repeal

A. The joint legislative study committee on transient lodging is established consisting of the following members:

1. Three members of the senate who are appointed by the president of the senate, not more than two of whom are members of the same political party and one of whom shall serve as co-chair.

2. Three members of the house of representatives who are appointed by the speaker of the house of representatives, not more than two of whom are members of the same political party and one of whom shall serve as co-chair.

3. One member who uses a residential home as a short term rental through an online lodging marketplace, as defined in section 42-5076, Arizona Revised Statutes, as added by this act, and who is appointed by the president of the senate.

4. One member who manages or operates a hotel, motel or bed and breakfast business and who is appointed by the speaker of the house of representatives.

5. One representative of an association of cities and towns in this state who is appointed by the president of the senate.

6. One representative of an association of counties in this state that represents county boards of supervisors and who is appointed by the speaker of the house of representatives.

7. One representative of an online lodging marketplace, as defined in section 42-5076, Arizona Revised Statutes, as added by this act, and who is appointed by the president of the senate.

8. One representative of a statewide lodging and tourism association who is appointed by the speaker of the house of representatives.

9. One representative of a taxpayer organization in this state who is appointed by the president of the senate.

10. One representative of a statewide association representing licensed real estate professionals who is appointed by the speaker of the house of representatives.

11. One representative of a statewide multihousing association who is appointed by the president of the senate.

12. One representative of a convention and visitor's bureau in this state who is appointed by the speaker of the house of representatives.

B. The committee shall consider current state and local government laws and regulations on the various types of accommodations used for the purposes of transient lodging. The committee shall consider the economic, business and consumer impact of the laws and regulations, including whether a regulation is the least burdensome to ensure compliance and whether there are viable alternatives for regulatory relief.

C. The committee may request industry data from relevant state agencies during an annual committee meeting to be held on or before September 15, 2017 and annually thereafter.

D. The committee shall submit a report of the committee's findings and any recommendations on or before December 15, 2017, and each year thereafter, to the president of the senate, the speaker of the house of representatives and the governor and provide a copy of this report to the secretary of state.

E. This section is repealed and the committee terminates for all purposes from and after December 31, 2020.

Sec. 15. Applicability; savings

A. This act does not affect the rights and obligations under any existing agreement to pay taxes to a taxing jurisdiction in effect before the effective date of this act.

B. This act does not entitle an online lodging marketplace, as defined in section 42-5076, Arizona Revised Statutes, as added by this act, to a refund of any taxes or fees collected and paid to a taxing jurisdiction before the effective date of this act.

Sec. 16. Effective date

This act is effective from and after December 31, 2016.

APPROVED BY THE GOVERNOR MAY 12, 2016.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 12, 2016.

Passed the House May 5, 20___,

by the following vote: 52 Ayes,

6 Nays, 2 Not Voting

Speaker of the House

Chief Clerk of the House

Passed the Senate March 8, 2016,

by the following vote: 27 Ayes,

1 Nays, 2 Not Voting

President of the Senate

Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

_____ day of _____, 20___,

at _____ o'clock _____ M.

Secretary to the Governor

Approved this _____ day of

_____, 20_____,

at _____ o'clock _____ M.

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this _____ day of _____, 20___,

at _____ o'clock _____ M.

Secretary of State

S.B. 1350

SENATE CONCURS IN HOUSE AMENDMENTS AND FINAL PASSAGE

Passed the Senate May 6, 2016

by the following vote: 25 Ayes,

3 Nays, 2 Not Voting

President of the Senate

Susan Acosta

Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

6th day of May, 2016

at 4:23 o'clock P. M.

Secretary to the Governor

Approved this 12th day of

May

at 9:07 o'clock A. M.

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this 13 day of May, 2016

at 9:04 o'clock A M.

Secretary of State