



STATE OF ARIZONA  
OFFICE OF THE GOVERNOR

DOUGLAS A. DUCEY  
GOVERNOR

EXECUTIVE OFFICE

April 13, 2018

The Honorable Michele Reagan  
Secretary of State  
1700 W. Washington, 7<sup>th</sup> Floor  
Phoenix, AZ 85007

Dear Secretary Reagan:

I am transmitting to you the following bills from the Fifty-third Legislature, 2<sup>nd</sup> Regular Session, which I signed on April 12, 2018:

- HB 2081 insurance adjusters; application of laws (Livingston)
- HB 2083 insurance contracts; construction (Livingston)
- HB 2086 schools; diabetes management policies; pharmacists (Carter)
- HB 2188 prisoners; special services fund; uses (Boyer)
- HB 2192 military family relief fund; extension (Carter)
- HB 2211 bankruptcy exemption; personal property (Thorpe)
- HB 2228 AHCCCS; annual waiver; applicability (Cook)
- HB 2246 jail; prohibited items; drugs (Farnsworth, E.)
- HB 2314 misdemeanor sentence; authorized disposition (Farnsworth, E.)
- HB 2315 intensive probation; employment wages; monitoring (Farnsworth, E.)
- HB 2321 auricular acupuncturists; fingerprinting (Carter)
- HB 2328 concealed weapons permit; electronic reports (Farnsworth, E.)
- HB 2601 securities; crowdfunding; virtual coin offerings (Weninger)
- HB 2602 running nodes; blockchain; regulation prohibition (Weninger)
- SB 1034 committee of reference; standing committee (Kavanagh)
- SB 1054 ASRS; nonparticipating employers (Fann)
- SB 1090 Beirut barracks bombing remembrance day (Borrelli)
- SB 1100 workers' compensation; claim settlement (Fann)
- SB 1113 zoning violations; notice; service (Fann)
- SB 1150 application fees; financial institutions department (Farnsworth, D.)

SB 1185 appropriations; named claimants (Kavanagh)  
SB 1260 law enforcement officers; interviews; rights (Borrelli)  
SB 1379 flood protection districts; divisions; electors (Pratt)  
SB 1385 tax appeals; administrative hearings; confidentiality (Farnsworth, D.)  
SB 1394 DHS; reporting; abortions (Barto)  
SB 1431 memorial; veterans; suicide (Barto)  
SB 1442 personal finance (Yee)  
SB 1447 juror questionnaire; investigations (Griffin)  
SB 1451 patient referral inducements; prohibited compensation (Barto)  
SB 1455 civil traffic violations; procedures; penalties (Petersen)  
SB 1493 environmental quality; dredge, fill permits (Griffin)  
SB 1503 delinquent restitution; procedure (Smith)

Sincerely,

A handwritten signature in black ink that reads "Douglas A. Ducey". The signature is written in a cursive, flowing style.

Douglas A. Ducey  
Governor  
State of Arizona

cc: Senate Secretary  
Chief Clerk of the House of Representatives  
Arizona News Service

House Engrossed Senate Bill  
**FILED**

**MICHELE REAGAN**  
**SECRETARY OF STATE**

State of Arizona  
Senate  
Fifty-third Legislature  
Second Regular Session  
2018

**CHAPTER 218**  
**SENATE BILL 1385**

AN ACT

AMENDING SECTIONS 42-1251, 42-1253 AND 42-1254, ARIZONA REVISED STATUTES; AMENDING SECTION 42-2003, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2017, CHAPTER 96, SECTION 1, CHAPTER 258, SECTION 43 AND CHAPTER 340, SECTION 2; AMENDING SECTION 42-2003, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2017, CHAPTER 96, SECTION 1, CHAPTER 139, SECTION 4, CHAPTER 258, SECTION 43 AND CHAPTER 340, SECTION 2; AMENDING SECTION 42-2059, ARIZONA REVISED STATUTES; RELATING TO TAX APPEAL CONFIDENTIALITY.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 42-1251, Arizona Revised Statutes, is amended to  
3 read:

4 42-1251. Appeal to the department; hearing

5 A. Except in the case of individual income taxes, a person from  
6 whom an amount is determined to be due under article 3 of this chapter may  
7 apply to the department by a petition in writing within forty-five days  
8 after the notice of a proposed assessment made pursuant to section  
9 42-1109, subsection B or the notice required by section 42-1108,  
10 subsection B is received, or within such additional time as the department  
11 may allow, for a hearing, correction or redetermination of the action  
12 taken by the department. In the case of individual income taxes, the  
13 period is ninety days from the date the notice is mailed. The petition  
14 shall set forth the reasons why the hearing, correction or redetermination  
15 should be granted and the amount in which any tax, interest and penalties  
16 should be reduced. If only a portion of the deficiency assessment is  
17 protested, all unprotested amounts of tax, interest and penalties must be  
18 paid at the time the protest is filed. The department shall consider the  
19 petition and grant a hearing, if requested. To represent the taxpayer at  
20 the hearing or to appear on the taxpayer's behalf is deemed not to be the  
21 practice of law.

22 B. EXCEPT IN THE CASE OF INDIVIDUAL INCOME TAXES, AT ANY TIME  
23 DURING WHICH AN APPEAL TO THE DEPARTMENT UNDER SUBSECTION A OF THIS  
24 SECTION IS PENDING, A PERSON THAT HAS CONFERRED WITH A DESIGNATED APPEALS  
25 OFFICER OF THE DEPARTMENT TO CLARIFY ANY FACT OR LEGAL ISSUE IN DISPUTE  
26 AND TO DISCUSS THE AVAILABILITY OF ADDITIONAL DOCUMENTATION THAT MAY  
27 ASSIST IN RESOLVING OUTSTANDING ISSUES MAY BYPASS THE HEARING PROCESS  
28 BEFORE THE OFFICE OF ADMINISTRATIVE HEARINGS AND EITHER:

29 1. APPEAL TO THE STATE BOARD OF TAX APPEALS BY FILING A NOTICE OF  
30 APPEAL IN WRITING PURSUANT TO SECTION 42-1253, SUBSECTION A.

31 2. BRING AN ACTION IN TAX COURT BY FILING A NOTICE OF APPEAL IN  
32 WRITING PURSUANT TO SECTION 42-1254, SUBSECTION C.

33 C. IF THE DEPARTMENT FAILS TO SCHEDULE A MEETING WITHIN FORTY-FIVE  
34 DAYS OF THE TIME A PERSON FILES A WRITTEN REQUEST WITH THE DEPARTMENT TO  
35 CONFER WITH A DESIGNATED APPEALS OFFICER ABOUT BYPASSING THE HEARING  
36 PROCESS BEFORE THE OFFICE OF ADMINISTRATIVE HEARINGS, THE PERSON MAY  
37 BYPASS THE MEETING AND APPEAL DIRECTLY TO THE BOARD OF TAX APPEALS OR  
38 BRING AN ACTION IN TAX COURT.

39 ~~B.~~ D. If the taxpayer does not file a petition for hearing,  
40 correction, ~~or~~ redetermination OR APPEAL within the period provided by  
41 SUBSECTION A, B OR C OF this section, the amount determined to be due  
42 becomes final at the expiration of the period. The taxpayer is deemed to  
43 have waived and abandoned the right to question the amount determined to  
44 be due, unless the taxpayer pays the total deficiency assessment,  
45 including interest and penalties. The taxpayer may then file a claim for

1 refund pursuant to section 42-1118 within six months ~~of~~ AFTER payment of  
2 the deficiency assessment or within the time limits prescribed by section  
3 42-1106, whichever period expires later.

4 ~~C.~~ E. All orders or decisions made on the filing of a petition for  
5 a hearing, correction or redetermination UNDER SUBSECTION A OF THIS  
6 SECTION, become final thirty days after notice has been received by the  
7 petitioner, unless the petitioner appeals the order or decision to the  
8 state board of tax appeals.

9 Sec. 2. Section 42-1253, Arizona Revised Statutes, is amended to  
10 read:

11 42-1253. Appeal to state board of tax appeals; definition

12 A. Except ~~as provided in~~ FOR THE PROVISIONS OF SECTION 42-1251,  
13 SUBSECTION B AND section 42-1254, subsection C THAT PROVIDE FOR AN OPTION  
14 TO BYPASS ALL OR PART OF THE ADMINISTRATIVE APPEALS PROCESS IN CERTAIN TAX  
15 DISPUTES, a person aggrieved by a final decision or order of the  
16 department under section 42-1251, article 3 of this chapter or section  
17 42-2065, 42-2068, 42-2069, 42-2074, 42-2201 or 42-2202 may appeal to the  
18 state board of tax appeals by filing a notice of appeal in writing within  
19 thirty days after the decision or order from which the appeal is taken has  
20 become final.

21 B. The board shall take testimony and examine documentary evidence  
22 as necessary to determine the appeal, all pursuant to administrative rules  
23 to govern such appeals.

24 C. On determining the appeal the board shall issue a decision  
25 consistent with its determination. The board's decision is final on the  
26 expiration of thirty days from the date when notice of its action is  
27 received by the taxpayer, unless either the department or the taxpayer  
28 brings an action in tax court as provided in section 42-1254.

29 D. If the amount in any single dispute before the board is less  
30 than twenty-five thousand dollars, a taxpayer may be represented in that  
31 dispute before the board by:

- 32 1. A certified public accountant.
- 33 2. A person who is enrolled to practice before the United States  
34 internal revenue service and is recognized as an enrolled agent.
- 35 3. Any other person who is authorized by the taxpayer under a  
36 properly executed power of attorney and who was previously or is currently  
37 retained by the taxpayer for purposes other than representation in a  
38 hearing before the board.

39 E. If a practitioner who represents a taxpayer before the board  
40 pursuant to subsection D of this section fails to comply with an order or  
41 rule of the board, the board may impose sanctions including one or both of  
42 the following:

- 43 1. Order that the stipulation of the facts proposed by the  
44 department of revenue be accepted.

1           2. Suspend the practitioner from further practice before the board  
2 either for a specific period of time or until the board removes the  
3 suspension.

4           F. For the purposes of this section, "practitioner" means a person,  
5 other than a party, who files documents with or appears before the board  
6 in connection with a matter before the board.

7           Sec. 3. Section 42-1254, Arizona Revised Statutes, is amended to  
8 read:

9           42-1254. Appeal to tax court

10          A. The department or a taxpayer aggrieved by a decision of the  
11 state board of tax appeals may bring an action in tax court.

12          B. If the department is aggrieved by a decision of the board and  
13 the amount in dispute is less than five thousand dollars, the department  
14 may not bring an action in tax court unless the department determines that  
15 the decision of the board involves an issue of substantial significance to  
16 the state. A taxpayer aggrieved by a determination of the department that  
17 an issue is of substantial significance to the state may file a motion  
18 with the tax court to dismiss the action brought by the department on the  
19 grounds that the determination constitutes an abuse of discretion.

20          C. Except in the case of individual income tax cases in which the  
21 amount in dispute is less than five thousand dollars, a person who is  
22 aggrieved by a final decision or order of the department under section  
23 42-1251 or article 3 of this chapter ~~may~~, in lieu of appealing to the  
24 state board of tax appeals under section 42-1253, MAY bring an action in  
25 tax court by filing a notice of appeal in writing within thirty days after  
26 the decision or order from which the appeal is taken has become final. IN  
27 ADDITION, AS PROVIDED BY SECTION 42-1251, SUBSECTIONS B AND C, A PERSON  
28 MAY BYPASS ALL OR PART OF THE ADMINISTRATIVE APPEALS PROCESS IN CERTAIN  
29 TAX DISPUTES BY BRINGING AN ACTION IN TAX COURT BY FILING A NOTICE OF  
30 APPEAL IN WRITING WITHIN THE TIME PRESCRIBED BY SECTION 42-1251,  
31 SUBSECTION B.

32          D. Any appeal that is taken to tax court pursuant to this section  
33 is subject to the following provisions:

34           1. ~~No~~ AN injunction, writ of mandamus or other legal or equitable  
35 process may NOT issue in an action in any court in this state against an  
36 officer of this state to prevent or enjoin the collection of any tax,  
37 penalty or interest.

38           2. The action shall not begin more than thirty days after the order  
39 or decision of the board or department becomes final. Failure to bring  
40 the action within thirty days after the order or decision of the board or  
41 department becomes final constitutes a waiver of the protest and a waiver  
42 of all claims against this state arising from or based on the illegality  
43 in the tax, penalties and interest at issue, except that within the time  
44 limits set forth in section 42-1106, a taxpayer who fails to bring an  
45 action within thirty days may pay the tax under protest stating the

1 grounds of objection to the legality of the tax and then file a claim for  
2 refund of the taxes paid. The refund claim shall then be governed by  
3 section 42-1119 and this section.

4 3. The tax court shall hear and determine the appeal as a trial de  
5 novo.

6 4. Either party to such AN action may appeal to the court of  
7 appeals or supreme court as provided by law.

8 5. If a final judgment is rendered in favor of the taxpayer in the  
9 action, the amount or such portion of the judgment as may be necessary  
10 shall first be credited to any taxes, penalties and interest due from the  
11 plaintiff taxpayer, and the amount of the balance remaining due the  
12 taxpayer shall be certified by the department of revenue to the department  
13 of administration, with a certified copy of the final judgment and a claim  
14 for refund authenticated by the department of revenue. On receipt, the  
15 department of administration shall draw a warrant payable to the taxpayer  
16 in an amount equal to the amount of the tax found by the judgment to be  
17 illegal, ~~less~~ MINUS the amount of any taxes, penalties and interest due  
18 from the taxpayer. The department of administration shall draw a separate  
19 warrant payable to the taxpayer in an amount equal to the interest and  
20 other costs recovered against the department of revenue by the judgment,  
21 which shall be paid from the appropriate tax account.

22 Sec. 4. Section 42-2003, Arizona Revised Statutes, as amended by  
23 Laws 2017, chapter 96, section 1, chapter 258, section 43 and chapter 340,  
24 section 2, is amended to read:

25 42-2003. Authorized disclosure of confidential information

26 A. Confidential information relating to:

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

31 2. A corporate taxpayer may be disclosed to any principal officer,  
32 any person designated by a principal officer or any person designated in a  
33 resolution by the corporate board of directors or other similar governing  
34 body. IF A CORPORATE OFFICER SIGNS A STATEMENT UNDER PENALTY OF PERJURY  
35 REPRESENTING THAT THE OFFICER IS A PRINCIPAL OFFICER, THE DEPARTMENT MAY  
36 RELY ON THE STATEMENT UNTIL THE STATEMENT IS SHOWN TO BE FALSE. FOR THE  
37 PURPOSES OF THIS PARAGRAPH, "PRINCIPAL OFFICER" INCLUDES A CHIEF EXECUTIVE  
38 OFFICER, PRESIDENT, SECRETARY, TREASURER, VICE PRESIDENT OF TAX, CHIEF  
39 FINANCIAL OFFICER, CHIEF OPERATING OFFICER OR CHIEF TAX OFFICER OR ANY  
40 OTHER CORPORATE OFFICER WHO HAS THE AUTHORITY TO BIND THE TAXPAYER ON  
41 MATTERS RELATED TO STATE TAXES.

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

1           4. A LIMITED LIABILITY COMPANY MAY BE DISCLOSED TO ANY MEMBER OF  
2 THE COMPANY OR, IF THE COMPANY IS MANAGER-MANAGED, TO ANY MANAGER.

3           ~~4.~~ 5. An estate may be disclosed to the personal representative of  
4 the estate and to any heir, next of kin or beneficiary under the will of  
5 the decedent if the department finds that the heir, next of kin or  
6 beneficiary has a material interest that will be affected by the  
7 confidential information.

8           ~~5.~~ 6. A trust may be disclosed to the trustee or trustees, jointly  
9 or separately, and to the grantor or any beneficiary of the trust if the  
10 department finds that the grantor or beneficiary has a material interest  
11 that will be affected by the confidential information.

12           7. A GOVERNMENT ENTITY MAY BE DISCLOSED TO THE HEAD OF THE ENTITY  
13 OR A MEMBER OF THE GOVERNING BOARD OF THE ENTITY, OR ANY EMPLOYEE OF THE  
14 ENTITY WHO HAS BEEN DELEGATED THE AUTHORIZATION IN WRITING BY THE HEAD OF  
15 THE ENTITY OR THE GOVERNING BOARD OF THE ENTITY.

16           ~~6.~~ 8. Any taxpayer may be disclosed if the taxpayer has waived any  
17 rights to confidentiality either in writing or on the record in any  
18 administrative or judicial proceeding.

19           ~~7.~~ 9. The name and taxpayer identification numbers of persons  
20 issued direct payment permits may be publicly disclosed.

21           10. ANY TAXPAYER MAY BE DISCLOSED DURING A MEETING OR TELEPHONE  
22 CALL IF THE TAXPAYER IS PRESENT DURING THE MEETING OR TELEPHONE CALL AND  
23 AUTHORIZES THE DISCLOSURE OF CONFIDENTIAL INFORMATION.

24           B. Confidential information may be disclosed to:

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

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

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

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

44           5. The following agencies, officials and organizations, if they  
45 grant substantially similar privileges to the department for the type of

1 information being sought, pursuant to statute and a written agreement  
2 between the department and the foreign country, agency, state, Indian  
3 tribe or organization:

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

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

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

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

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

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

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

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

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

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

29 8. The office of administrative hearings relating to taxes  
30 administered by the department pursuant to section 42-1101, but the  
31 department shall not disclose any confidential information WITHOUT THE  
32 TAXPAYER'S WRITTEN CONSENT:

33 (a) Regarding income tax or withholding tax.

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

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

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

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

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

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

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

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

8 (d) Certifying computer data centers for tax relief under section  
9 41-1519.

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

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

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

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

17 17. THE DEPARTMENT OF ADMINISTRATION RISK MANAGEMENT DIVISION AND  
18 THE OFFICE OF THE ATTORNEY GENERAL IF THE INFORMATION RELATES TO A CLAIM  
19 AGAINST THIS STATE PURSUANT TO SECTION 12-821.01 INVOLVING THE DEPARTMENT  
20 OF REVENUE.

21 18. ANOTHER STATE AGENCY IF THE TAXPAYER AUTHORIZES THE DISCLOSURE  
22 OF CONFIDENTIAL INFORMATION IN WRITING, INCLUDING AN AUTHORIZATION THAT IS  
23 PART OF AN APPLICATION FORM OR OTHER DOCUMENT SUBMITTED TO THE AGENCY.

24 19. THE DEPARTMENT OF ECONOMIC SECURITY FOR ITS USE IN DETERMINING  
25 WHETHER AN EMPLOYER HAS PAID ALL AMOUNTS DUE UNDER THE UNEMPLOYMENT  
26 INSURANCE PROGRAM PURSUANT TO TITLE 23, CHAPTER 4.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

33           Q. Except as provided in section 42-2002, subsection D, the  
34 department of revenue shall release confidential information as requested  
35 by the department of economic security pursuant to section 42-1122 or  
36 46-291. Information disclosed under this subsection is limited to the same  
37 type of information that the United States internal revenue service is  
38 authorized to disclose under section 6103(l)(6) of the internal revenue  
39 code.

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

43           S. To comply with the requirements of section 42-5031, the  
44 department may disclose to the state treasurer, to the county stadium  
45 district board of directors and to any city or town tax official that is

1 part of the county stadium district confidential information attributable  
2 to a taxpayer's business activity conducted in the county stadium  
3 district.

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

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

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

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

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

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

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

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

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

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

42 2. Indian tribes located in this state for the purposes of  
43 enforcement of the statutes or agreements specified in subsection T of  
44 this section.

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

7           W. The department may provide the name and address of qualifying  
8 hospitals and qualifying health care organizations, as defined in section  
9 42-5001, to a business classified and reporting transaction privilege tax  
10 under the utilities classification.

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

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

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

25           Y. Notwithstanding any other provision of this section, the  
26 department may not disclose information provided by an online lodging  
27 marketplace, as defined in section 42-5076, without the written consent of  
28 the online lodging marketplace, and the information may be disclosed only  
29 pursuant to subsection A, paragraphs 1 through 6, 8 AND 10, subsection B,  
30 paragraphs 1, 2, 7 and 8 and subsections C and D of this section. Such  
31 information:

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

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

36           Sec. 5. Section 42-2003, Arizona Revised Statutes, as amended by  
37 Laws 2017, chapter 96, section 1, chapter 139, section 4, chapter 258,  
38 section 43 and chapter 340, section 2, is amended to read:

39           42-2003. Authorized disclosure of confidential information

40           A. Confidential information relating to:

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

1           2. A corporate taxpayer may be disclosed to any principal officer,  
2 any person designated by a principal officer or any person designated in a  
3 resolution by the corporate board of directors or other similar governing  
4 body. IF A CORPORATE OFFICER SIGNS A STATEMENT UNDER PENALTY OF PERJURY  
5 REPRESENTING THAT THE OFFICER IS A PRINCIPAL OFFICER, THE DEPARTMENT MAY  
6 RELY ON THE STATEMENT UNTIL THE STATEMENT IS SHOWN TO BE FALSE. FOR THE  
7 PURPOSES OF THIS PARAGRAPH, "PRINCIPAL OFFICER" INCLUDES A CHIEF EXECUTIVE  
8 OFFICER, PRESIDENT, SECRETARY, TREASURER, VICE PRESIDENT OF TAX, CHIEF  
9 FINANCIAL OFFICER, CHIEF OPERATING OFFICER OR CHIEF TAX OFFICER OR ANY  
10 OTHER CORPORATE OFFICER WHO HAS THE AUTHORITY TO BIND THE TAXPAYER ON  
11 MATTERS RELATED TO STATE TAXES.

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

15           4. A LIMITED LIABILITY COMPANY MAY BE DISCLOSED TO ANY MEMBER OF  
16 THE COMPANY OR, IF THE COMPANY IS MANAGER-MANAGED, TO ANY MANAGER.

17           ~~4.~~ 5. An estate may be disclosed to the personal representative of  
18 the estate and to any heir, next of kin or beneficiary under the will of  
19 the decedent if the department finds that the heir, next of kin or  
20 beneficiary has a material interest that will be affected by the  
21 confidential information.

22           ~~5.~~ 6. A trust may be disclosed to the trustee or trustees, jointly  
23 or separately, and to the grantor or any beneficiary of the trust if the  
24 department finds that the grantor or beneficiary has a material interest  
25 that will be affected by the confidential information.

26           7. A GOVERNMENT ENTITY MAY BE DISCLOSED TO THE HEAD OF THE ENTITY  
27 OR A MEMBER OF THE GOVERNING BOARD OF THE ENTITY, OR ANY EMPLOYEE OF THE  
28 ENTITY WHO HAS BEEN DELEGATED THE AUTHORIZATION IN WRITING BY THE HEAD OF  
29 THE ENTITY OR THE GOVERNING BOARD OF THE ENTITY.

30           ~~6.~~ 8. Any taxpayer may be disclosed if the taxpayer has waived any  
31 rights to confidentiality either in writing or on the record in any  
32 administrative or judicial proceeding.

33           ~~7.~~ 9. The name and taxpayer identification numbers of persons  
34 issued direct payment permits may be publicly disclosed.

35           10. ANY TAXPAYER MAY BE DISCLOSED DURING A MEETING OR TELEPHONE  
36 CALL IF THE TAXPAYER IS PRESENT DURING THE MEETING OR TELEPHONE CALL AND  
37 AUTHORIZES THE DISCLOSURE OF CONFIDENTIAL INFORMATION.

38           B. Confidential information may be disclosed to:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

43           8. The office of administrative hearings relating to taxes  
44 administered by the department pursuant to section 42-1101, but the

1 department shall not disclose any confidential information WITHOUT THE  
2 TAXPAYER'S WRITTEN CONSENT:

3 (a) Regarding income tax or withholding tax.

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

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

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

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

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

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

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

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

23 (d) Certifying computer data centers for tax relief under section  
24 41-1519.

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

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

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

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

32 17. The department of education for the purpose of verifying income  
33 eligibility to be classified as a low-income student pursuant to section  
34 15-2402, subsection M.

35 18. THE DEPARTMENT OF ADMINISTRATION RISK MANAGEMENT DIVISION AND  
36 THE OFFICE OF THE ATTORNEY GENERAL IF THE INFORMATION RELATES TO A CLAIM  
37 AGAINST THIS STATE PURSUANT TO SECTION 12-821.01 INVOLVING THE DEPARTMENT  
38 OF REVENUE.

39 19. ANOTHER STATE AGENCY IF THE TAXPAYER AUTHORIZES THE DISCLOSURE  
40 OF CONFIDENTIAL INFORMATION IN WRITING, INCLUDING AN AUTHORIZATION THAT IS  
41 PART OF AN APPLICATION FORM OR OTHER DOCUMENT SUBMITTED TO THE AGENCY.

42 20. THE DEPARTMENT OF ECONOMIC SECURITY FOR ITS USE IN DETERMINING  
43 WHETHER AN EMPLOYER HAS PAID ALL AMOUNTS DUE UNDER THE UNEMPLOYMENT  
44 INSURANCE PROGRAM PURSUANT TO TITLE 23, CHAPTER 4.

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

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

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

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

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

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

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

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

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

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

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

43 H. Confidential information relating to transaction privilege tax,  
44 use tax, severance tax, jet fuel excise and use tax and any other tax  
45 collected by the department on behalf of any jurisdiction may be disclosed

1 to any county, city or town tax official if the information relates to a  
2 taxpayer who is or may be taxable by a county, city or town or who may be  
3 subject to audit by the department pursuant to section 42-6002. Any  
4 taxpayer information released by the department to the county, city or  
5 town:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

9 Sec. 6. Section 42-2059, Arizona Revised Statutes, is amended to  
10 read:

11 42-2059. Additional audits or proposed assessments  
12 prohibited; exceptions

13 A. When the department completes an audit or the findings of a  
14 managed audit are accepted by the director or approved on appeal and a  
15 deficiency has been completely determined under section 42-1108 or chapter  
16 1, article 6 of this title, the taxpayer's liability for the particular  
17 tax for the period subjected to the audit is fixed and determined, and ~~no~~  
18 AN additional audit may NOT be conducted except under the following  
19 circumstances:

20 1. ~~if~~ A taxpayer files a claim for refund under section 42-1251,  
21 subsection ~~B~~ C or any other provision authorizing a claim for refund.  
22 Any departmental audit of the claim is limited to the issues presented on  
23 the claim for refund.

24 2. Changes or corrections ARE required to be reported to the  
25 department by section 43-327. The department may audit any such reports  
26 or any periods for which a report was required notwithstanding this  
27 section and may determine a tax deficiency or a refund.

28 3. If the taxpayer failed to disclose material information during  
29 the audit, or ~~has~~ falsified books or records or otherwise engaged in an  
30 action that prevented the department from conducting an accurate audit,  
31 the applicability of this subsection may be part of a subsequent protest  
32 and may be contested by the taxpayer pursuant to chapter 1, article 6 of  
33 this title.

34 4. If a managed audit is completed under the terms of a limited  
35 managed audit agreement, the department may audit the issues not covered  
36 by the limited managed audit agreement within the statute of limitations  
37 prescribed by section 42-1104.

38 B. If the department issues a notice of proposed assessment of  
39 taxes imposed by chapter 5, article 1 or 4 of this title or title 43,  
40 chapter 10, the department may not increase the amount of the proposed  
41 assessment except in one or more of the following circumstances:

42 1. The taxpayer ~~has~~ made a material misrepresentation of facts.

43 2. The taxpayer ~~has~~ failed to disclose a material fact to the  
44 auditor.

1           3. The department ~~has~~ requested information and the taxpayer fails  
2 to provide that information to the department.

3           4. After issuing the notice of proposed assessment but before the  
4 assessment becomes final the tax court, court of appeals or supreme court  
5 issues a decision, the application of which causes the tax initially  
6 proposed to increase.

7           C. Subsection B of this section does not apply to changes or  
8 corrections that are required to be reported to the department by section  
9 43-327.

10           Sec. 7. Retroactivity

11           A. Sections 42-1251, 42-1253, 42-1254 and 42-2059, Arizona Revised  
12 Statutes, as amended by this act, apply retroactively to all tax disputes  
13 filed pursuant to section 42-1251, Arizona Revised Statutes, pending on or  
14 arising from and after December 31, 2016.

15           B. Section 42-2003, Arizona Revised Statutes, as amended by Laws  
16 2017, chapter 96, section 1, chapter 258, section 43, chapter 340, section  
17 2 and this act, applies retroactively to from and after May 22, 2015.

18           Sec. 8. Conditional enactment; retroactivity

19           Section 42-2003, Arizona Revised Statutes, as amended by Laws 2017,  
20 chapter 96, section 1, chapter 139, section 4, chapter 258, section 43,  
21 chapter 340, section 2 and this act, is effective, and applies  
22 retroactively to from and after May 22, 2015, only if Laws 2017, chapter  
23 139, the subject of referendum petition R-02-2018, is approved by a vote  
24 of the people at the next general election or fails to be referred to the  
25 voters at the next general election.

**APPROVED BY THE GOVERNOR APRIL 12, 2018**

**FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 13, 2018**

Passed the House April 4, 20 18,

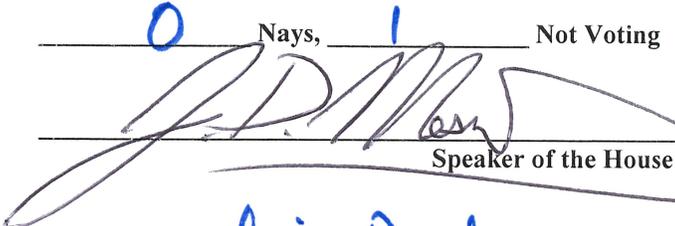
Passed the Senate February 13, 20 18,

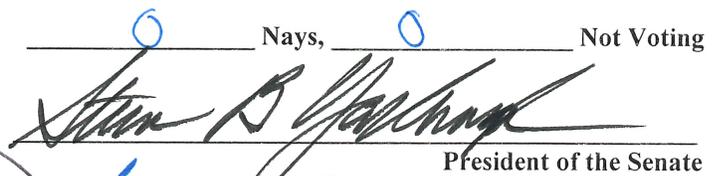
by the following vote: 59 Ayes,

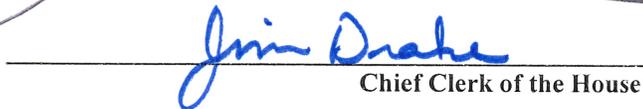
by the following vote: 30 Ayes,

0 Nays, 1 Not Voting

0 Nays, 0 Not Voting

  
Speaker of the House

  
President of the Senate

  
Chief Clerk of the House

  
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. 1385**

SENATE CONCURS IN HOUSE  
AMENDMENTS AND FINAL PASSAGE

Passed the Senate April 9, 20 18

by the following vote: 28 Ayes,

0 Nays, 2 Not Voting

  
\_\_\_\_\_  
President of the Senate

  
\_\_\_\_\_  
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill received by the Governor this  
9<sup>th</sup> day of April, 20 18

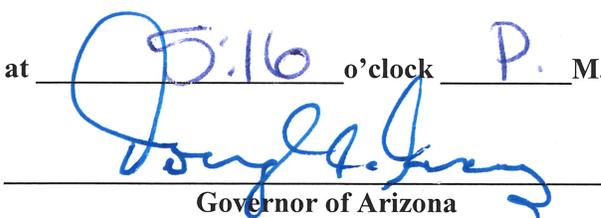
at 5:00 o'clock P. M.

  
\_\_\_\_\_  
Secretary to the Governor

Approved this 12<sup>th</sup> day of

April 2018

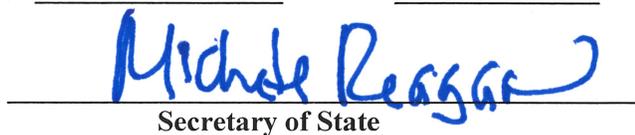
at 5:16 o'clock P. M.

  
\_\_\_\_\_  
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State  
this 13 day of April, 20 18

at 4:50 o'clock P. M.

  
\_\_\_\_\_  
Secretary of State

S.B. 1385