

State of Arizona
House of Representatives
Fifty-first Legislature
Second Regular Session
2014

CHAPTER 263

HOUSE BILL 2389

AN ACT

AMENDING SECTIONS 35-142, 41-132 AND 42-1125, ARIZONA REVISED STATUTES; AMENDING SECTION 42-2003, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2013, FIRST SPECIAL SESSION, CHAPTER 9, SECTION 3 AND LAWS 2013, FIRST REGULAR SESSION, CHAPTER 40, SECTION 2, CHAPTER 114, SECTION 6 AND CHAPTER 222, SECTION 3; AMENDING SECTION 42-2003, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2013, CHAPTER 255, SECTION 2; AMENDING SECTION 42-2075, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2013, CHAPTER 255, SECTION 4; AMENDING SECTION 42-5005, ARIZONA REVISED STATUTES; AMENDING SECTION 42-5009, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2013, CHAPTER 40, SECTION 3; REPEALING SECTION 42-5009, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2013, CHAPTER 255, SECTION 5; AMENDING SECTION 42-5014, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2013, CHAPTER 255, SECTION 7; AMENDING SECTIONS 42-5015 AND 42-5074, ARIZONA REVISED STATUTES; AMENDING SECTION 42-5075, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2013, FIRST REGULAR SESSION, CHAPTER 153, SECTION 1 AND LAWS 2013, FIRST SPECIAL SESSION, CHAPTER 9, SECTION 6; REPEALING SECTION 42-5075, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2013, CHAPTER 255, SECTION 15; AMENDING SECTION 42-5102, ARIZONA REVISED STATUTES; AMENDING SECTION 42-6001, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2013, CHAPTER 255, SECTION 18; AMENDING SECTION 42-6002, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2013, CHAPTER 255, SECTION 19; AMENDING SECTION 42-6004, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2013, FIRST REGULAR SESSION, CHAPTER 27, SECTION 2, CHAPTER 120, SECTION 2, CHAPTER 153, SECTION 2 AND CHAPTER 236, SECTION 6 AND LAWS 2013, FIRST SPECIAL SESSION, CHAPTER 9, SECTION 8; REPEALING SECTION 42-6004, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2013, CHAPTER 255, SECTION 20; REPEALING SECTION 42-6009, ARIZONA REVISED STATUTES; AMENDING SECTION 42-6056, ARIZONA REVISED STATUTES; RELATING TO TRANSACTION PRIVILEGE TAX; PROVIDING FOR CONDITIONAL REPEAL.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 35-142, Arizona Revised Statutes, is amended to
3 read:
4 35-142. Monies kept in funds separate from state general fund;
5 receipt and withdrawal
6 A. All monies received for and belonging to the state shall be
7 deposited in the state treasury and credited to the state general fund except
8 the following, which shall be placed and retained in separate funds:
9 1. The unexpendable principal of monies received from federal land
10 grants shall be placed in separate funds and the account of each such
11 separate fund shall bear a title indicating the source and the institution or
12 purpose to which such fund belongs.
13 2. The interest, rentals and other expendable money received as income
14 from federal land grants shall be placed in separate accounts, each account
15 bearing a title indicating the source and the institution or purpose to which
16 the fund belongs. Such expendable monies shall be expended only as
17 authorized, regulated and controlled by the general appropriation act or
18 other act of the legislature.
19 3. All private or quasi-private monies authorized by law to be paid to
20 or held by the state treasurer shall be placed in separate accounts, each
21 account bearing a title indicating the source and purpose of such fund.
22 4. All monies legally pledged to retirement of building indebtedness
23 or bonds issued by those institutions authorized to incur such indebtedness
24 or to issue such bonds shall be placed in separate accounts.
25 5. Monies of a multi-county water conservation district authorized by
26 law to be paid to or held by the state treasurer shall be placed in separate
27 accounts, each account bearing a title indicating the source and purpose of
28 such fund.
29 6. All monies collected by the Arizona game and fish department shall
30 be deposited in a special fund known as the state game and fish protection
31 fund for the use of the Arizona game and fish commission in carrying out the
32 provisions of title 17.
33 7. All federal monies that are received by the department of economic
34 security for family assistance benefits and medical eligibility as a result
35 of efficiencies developed by the department of economic security and that
36 would otherwise revert to the state general fund pursuant to section 35-190
37 shall be retained for use by the department of economic security in
38 accordance with the terms and conditions imposed by the federal funding
39 source in an account or accounts established or authorized by the state
40 treasurer.
41 8. Monies designated by law as special state funds shall not be
42 considered a part of the general fund. Unless otherwise prescribed by law,
43 the state treasurer shall be the custodian of all such funds.

1 9. All monies received and any accounts established and maintained by
2 the director of the Arizona state retirement system or the administrator of
3 the public safety personnel retirement system, the corrections officer
4 retirement plan and the elected officials' retirement plan.

5 10. Monies received by a state agency or institution as a gift, devise
6 or donation shall not be considered a part of the state general fund or
7 transferred to the state general fund unless the gift, devise or donation
8 specifically authorizes a general state use for the monies. A state agency
9 or institution that receives a monetary gift, devise or donation shall
10 account for those monies separately.

11 B. No money shall be received or held by the state treasurer except as
12 authorized by law, and in every instance the treasurer shall issue a receipt
13 for money received and shall record the transaction in the statewide
14 accounting system. No money shall be withdrawn from the treasury except on
15 the warrant or electronic funds transfer voucher of the department of
16 administration.

17 C. Monies received for and belonging to the state and resulting from
18 compromises or settlements by or against this state, excluding restitution
19 and reimbursement to state agencies for costs or attorney fees, shall be
20 credited to the state general fund unless specifically credited to another
21 fund by law. A fund consisting of monies other than monies received for
22 restitution, costs or attorney fees shall not be established on the basis of
23 a court order without prior legislative authorization. For the purposes of
24 this subsection, "restitution" means monies intended to compensate a
25 specific, identifiable person, including this state, for economic loss.

26 D. All federal monies granted and paid to the state by the federal
27 government shall be accounted for in the accounts or funds of the state in
28 the necessary detail to meet federal and state accounting, budgetary and
29 auditing requirements, and all appropriations for matching such federal
30 monies shall be transferred from the general fund to such separate funds as
31 needed, except as otherwise required by the federal government.

32 E. Nothing in this section requires the establishment of separate
33 accounts or funds for such federal monies unless otherwise required by
34 federal or state law. The department of administration has the authority to
35 use the most efficient system of accounts and records, consistent with legal
36 requirements and standard and necessary fiscal safeguards.

37 F. Nothing in this section precludes the creation by the department of
38 administration of a clearing account or other acceptable accounting method to
39 effect prompt payment of claims from an approved budget or appropriation.
40 The department of administration shall report each account or fund
41 established or cancelled to the directors of the joint legislative budget
42 committee and the governor's office of strategic planning and budgeting.

43 G. Nothing in this section or any other section precludes the use of
44 monies kept in funds separate from the general fund, the interest from which
45 accrues to the general fund, for payment of claims against the general fund,

1 provided sufficient monies remain available for payment of claims against
2 such funds.

3 H. The department of administration may issue warrants for qualified
4 expenditures of federal program monies before they are deposited in the state
5 treasury. The receipt of federal monies shall be timed to coincide, as
6 closely as administratively feasible, with the redemption of warrants by the
7 state treasurer. The department of administration shall limit expenditures
8 to the amount that has been made available for the use under the grant award
9 by the federal government. The state agency initiating the expenditures is
10 responsible for ensuring that expenditures qualify for coverage under the
11 guidelines of the federal grant award.

12 I. The department of administration shall establish the policies and
13 procedures for all state agencies for drawing federal monies. When the
14 established method results in federal monies being held by this state, the
15 department of administration may use the interest earned on the monies to pay
16 the federal government for any related interest liability. If an interest
17 liability is incurred due to a state agency varying from the established
18 policies and procedures, the department of administration shall charge the
19 appropriate agency account or fund. Any federal interest liability owed to
20 this state as a result of the delayed federal disbursements shall be used to
21 offset this state's interest liability to the federal government. Any
22 remaining interest earnings shall be deposited in the state general fund.

23 J. Any state agency or authorized agent of a state agency may accept
24 credit cards pursuant to an agreement entered into by the state treasurer
25 pursuant to section 35-315 for the payment of any amount due to that agency
26 or agent or this state.

27 K. Except for the department of revenue ~~for tax payments~~, agencies or
28 authorized agents on behalf of state agencies that accept credit cards shall
29 deduct any applicable discount fee and processing fee associated with the
30 transaction amount before depositing the net amount in the appropriate state
31 fund. No other reduction is permitted against the transaction amount. The
32 net amount deposited in the appropriate state fund shall be considered as the
33 full deposit required by law of monies received by the agency or the
34 authorized agent. Payment of any applicable discount fee and processing fee
35 shall be accounted for in the annual report submitted to the governor's
36 office of strategic planning and budgeting in accordance with section
37 41-1273. The transaction amount of any credit card transaction shall not be
38 reduced by any discount fee or processing fee in an amount in excess of the
39 merchant card settlement fees reflected in the state banking contract with
40 the state treasurer's office.

41 L. Any state agency that contracts with an authorized agent for the
42 electronic processing of transactions pursuant to title 41, chapter 23 may
43 include a provision in the contract to allow the authorized agent to impose a
44 convenience fee. If allowed, the convenience fee shall be charged to the
45 cardholder in addition to the transaction amount, except for the following:

1 1. Except as provided in subsection S of this section, any permits,
2 licenses or other authorizations needed to pursue a trade or occupation in
3 this state.

4 2. Except as provided in subsection S of this section, any permits,
5 licenses or other authorizations needed to establish, expand or operate a
6 business in this state.

7 3. Except as provided in subsection S of this section, any permits,
8 licenses or other authorizations needed to register a vehicle or license a
9 driver in this state.

10 M. Each state agency or its authorized agent shall:

11 1. Deduct the amount of the convenience fee before depositing the
12 transaction amount or the transaction amount reduced by the discount fee or
13 the processing fee, or both, into the appropriate state fund.

14 2. Not deduct any part of the convenience fee from the transaction
15 amount before depositing the net amount into the appropriate state fund.

16 3. Deduct the amount of the discount fee or the processing fee, or
17 both, from the transaction amount before depositing the net amount into the
18 appropriate state fund.

19 N. The net amount deposited in the appropriate state fund pursuant to
20 subsection L or M of this section shall be considered as the full deposit of
21 monies that is required by law and that is received by the agency.

22 O. Notwithstanding section 35-142.01, convenience fees received by a
23 state agency or its authorized agent are limited to, and may be used to
24 offset, the costs imposed by the authorized agent in processing the
25 transactions.

26 P. When the percentage of electronic transactions first exceeds at
27 least thirty per cent of a state agency's total transactions, the state
28 agency shall perform a cost benefit report, including costs of convenience
29 fees, the amount of revenue generated and any realized cost savings.

30 Q. State agencies shall report the number of transactions, the number
31 of electronic transactions, the total dollar amount of transactions
32 processed, the total dollar amount of any discount fee, the total dollar
33 amount of any processing fee and the total dollar amount of any convenience
34 fee charged, deducted or paid pursuant to subsections K and L of this section
35 annually by October 1 to the governor, the department of administration and
36 the joint legislative budget committee.

37 R. Nothing in this section or any other provision of law authorizes
38 any state agency, authorized agent of any state agency or budget unit to
39 establish a bank account for any government monies. All monies received by
40 or on behalf of this state shall be deposited with and in the custody of the
41 state treasurer or in an account that is authorized by the state treasurer
42 pursuant to this section. This subsection does not apply to monies received
43 and any accounts established and maintained by the director of the Arizona
44 state retirement system or the administrator of the public safety personnel
45 retirement system, the corrections officer retirement plan and the elected
46 officials' retirement plan.

1 S. If a state agency provides an alternative method of payment, the
2 convenience fee may be charged to the cardholder in addition to the
3 transaction amount.

4 Sec. 2. Section 41-132, Arizona Revised Statutes, is amended to read:
5 41-132. Electronic and digital signatures: exemptions:
6 definitions

7 A. Unless otherwise provided by law, an electronic signature that
8 complies with this section may be used to sign a writing on a document that
9 is filed with or by a state agency, board or commission, and the electronic
10 signature has the same force and effect as a written signature.

11 B. An electronic signature shall be unique to the person using it,
12 shall be capable of reliable verification and shall be linked to a record in
13 a manner so that if the record is changed the electronic signature is
14 invalidated.

15 C. EXCEPT FOR RETURNS, STATEMENTS OR OTHER DOCUMENTS FILED PURSUANT TO
16 TITLES 42 AND 43, a document that contains an electronic signature that is a
17 digital signature shall comply with all of the following:

18 1. Contain a computer-based certificate that identifies the issuing
19 entity and the subscriber, contain the subscriber's public key and be
20 digitally signed by the issuing entity. A valid subscriber to a digitally
21 signed document shall be listed in the certificate, shall accept the
22 certificate and lawfully holds the private key that corresponds to the public
23 key that is listed in that certificate. A person who acquires a private key
24 through theft, fraud, deceit, eavesdropping or other unlawful means does not
25 lawfully hold the private key.

26 2. Contain a key pair used for verifying a digital signature that has
27 a unique property so that the public key can verify the digital signature
28 that the private key creates.

29 3. Be capable of verification by the person having the initial message
30 and the signer's public key as follows:

31 (a) The person can accurately determine whether the transformation of
32 the message was created by using the private key that corresponds to the
33 signer's key.

34 (b) The person can accurately determine whether the initial message
35 has been altered since the transformation was made.

36 D. The following records are not public records and are exempt from
37 public inspection and reproduction pursuant to title 39, chapter 1,
38 article 2:

39 1. Records containing information that would disclose or may
40 reasonably lead to the disclosure of any component in the process used to
41 execute or adopt an electronic or digital signature if the disclosure would
42 or may reasonably cause the loss of sole control over the electronic or
43 digital signature from the person using it.

44 2. Records that if disclosed would JEOPARDIZE or may reasonably lead
45 to jeopardizing the security of a certificate issued in conjunction with a
46 digital signature.

1 E. ~~It~~ FOR THE PURPOSES OF this section, unless the context otherwise
2 requires:

3 1. "Asymmetric cryptosystem" means an algorithm or series of
4 algorithms that provide a secure key pair for a digital signature.

5 2. "Certificate" means a computer-based record that is contained in a
6 document with a digital signature and that identifies the subscriber,
7 contains the subscriber's public key and is digitally signed by the entity
8 issuing the certificate.

9 3. "Digital signature" means a type of electronic signature that
10 transforms a message through the use of an asymmetric cryptosystem.

11 4. "Electronic signature" means an electronic or digital method of
12 identification that is executed or adopted by a person with the intent to be
13 bound by or to authenticate a record.

14 5. "Entity issuing a certificate" means a person who creates and
15 issues a certificate and notifies the subscriber listed in the certificate of
16 the contents of the certificate.

17 6. "Key pair" means a private key and its corresponding public key in
18 an asymmetric cryptosystem.

19 7. "Person" means a human being or an organization capable of signing
20 a document, either legally or as a matter of fact.

21 8. "Private key" means the key of a key pair that is used to create a
22 digital signature.

23 9. "Public key" means the key of a key pair that is used to verify a
24 digital signature.

25 10. "Record" means information that is inscribed in a tangible medium
26 or that is stored in an electronic or other medium and that is retrievable in
27 a physically perceivable form. Record includes electronic records and
28 printed, typewritten and tangible records.

29 11. "Subscriber" means a person who is the subject listed in a
30 certificate, accepts that certificate and holds a private key that
31 corresponds to a public key listed in that certificate.

32 12. "Transform" or "transform a message" means to subject data in a
33 message to a mathematical change by electronic means.

34 Sec. 3. Section 42-1125, Arizona Revised Statutes, is amended to read:

35 42-1125. Civil penalties; definition

36 A. If a taxpayer fails to make and file a return for a tax
37 administered pursuant to this article on or before the due date of the return
38 or the due date as extended by the department, unless it is shown that the
39 failure is due to reasonable cause and not due to wilful neglect, four and
40 one-half per cent of the tax required to be shown on such return shall be
41 added to the tax for each month or fraction of a month elapsing between the
42 due date of the return and the date on which it is filed. The total penalty
43 shall not exceed twenty-five per cent of the tax found to be remaining due.
44 The penalty so added to the tax is due and payable on notice and demand from
45 the department. For the purpose of computing the penalty imposed under this
46 subsection, the amount required to be shown as tax on a return shall be

1 reduced by the amount of any part of the tax which is paid on or before the
2 beginning of such month and by the amount of any credit against the tax which
3 may be claimed on the return. If the amount required to be shown as tax on a
4 return is less than the amount shown as tax on such return, the penalty
5 described in this subsection shall be applied by substituting such lower
6 amount.

7 B. If a taxpayer fails or refuses to file a return on notice and
8 demand by the department, the taxpayer shall pay a penalty of twenty-five per
9 cent of the tax, which is due and payable on notice and demand by the
10 department, in addition to any penalty prescribed by subsection A of this
11 section, unless it is shown that the failure is due to reasonable cause and
12 not due to wilful neglect. This penalty is payable on notice and demand from
13 the department.

14 C. If a taxpayer fails or refuses to furnish any information requested
15 in writing by the department, the department may add a penalty of twenty-five
16 per cent of the amount of any deficiency tax assessed by the department
17 concerning the assessment of which the information was required, unless it is
18 shown that the failure is due to reasonable cause and not due to wilful
19 neglect.

20 D. If a person fails to pay the amount shown as tax on any return
21 within the time prescribed, a penalty of one-half of one per cent, not to
22 exceed a total of ten per cent, shall be added to the amount shown as tax for
23 each month or fraction of a month during which the failure continues, unless
24 it is shown that the failure is due to reasonable cause and not due to wilful
25 neglect. If the department determines that the person's failure to pay was
26 due to reasonable cause and not due to wilful neglect and that a payment
27 agreement pursuant to section 42-2057 is appropriate, the department shall
28 not impose the penalty unless the taxpayer fails to comply with the payment
29 agreement. If the taxpayer is also subject to a penalty under subsection A
30 of this section for the same tax period, the total penalties under subsection
31 A of this section and this subsection shall not exceed twenty-five per cent.
32 For the purpose of computing the penalty imposed under this subsection:

33 1. The amount shown as tax on a return shall be reduced by the amount
34 of any part of the tax that is paid on or before the beginning of that month
35 and by the amount of any credit against the tax that may be claimed on the
36 return.

37 2. If the amount shown as tax on a return is greater than the amount
38 required to be shown as tax on that return, the penalty shall be applied by
39 substituting the lower amount.

1 E. If a person fails to pay any amount required to be shown on any
2 return that is not so shown within twenty-one calendar days after the date of
3 notice and demand, a penalty of one-half of one per cent, not to exceed a
4 total of ten per cent, shall be added to the amount of tax for each month or
5 fraction of a month during which the failure continues, unless it is shown
6 that the failure is due to reasonable cause and not due to wilful neglect.
7 If the taxpayer is also subject to penalty under subsection A of this section
8 for the same tax period, the total penalties under subsection A of this
9 section and this subsection shall not exceed twenty-five per cent. For the
10 purpose of computing the penalty imposed under this subsection, any amount
11 required to be shown on any return shall be reduced by the amount of any part
12 of the tax that is paid on or before the beginning of that month and by the
13 amount of any credit against the tax that may be claimed on the return.

14 F. In the case of a deficiency, for which a determination is made of
15 an additional amount due, which is due to negligence but without intent to
16 defraud, the person shall pay a penalty of ten per cent of the amount of the
17 deficiency.

18 G. If part of a deficiency is due to fraud with intent to evade tax,
19 fifty per cent of the total amount of the tax, in addition to the deficiency,
20 interest and other penalties provided in this section, shall be assessed,
21 collected and paid as if it were a deficiency.

22 H. If the amount, whether determined by the department or the
23 taxpayer, required to be withheld by the employer pursuant to title 43,
24 chapter 4 is not paid to the department on or before the date prescribed for
25 its remittance, the department may add a penalty of twenty-five per cent of
26 the amount required to be withheld and paid, unless it is shown that the
27 failure is due to reasonable cause and not due to wilful neglect.

28 I. A person who, with or without intent to evade any requirement of
29 this article or any lawful administrative rule of the department of revenue
30 under this article, fails to file a return or to supply information required
31 under this article or who, with or without such intent, makes, prepares,
32 renders, signs or verifies a false or fraudulent return or statement or
33 supplies false or fraudulent information shall pay a penalty of not more than
34 one thousand dollars. This penalty shall be recovered by the department of
35 law in the name of this state by an action in any court of competent
36 jurisdiction.

37 J. If the taxpayer files what purports to be a return of any tax
38 administered pursuant to this article but that is frivolous or that is made
39 with the intent to delay or impede the administration of the tax laws, that
40 person shall pay a penalty of five hundred dollars.

41 K. If a taxpayer who is required to file or provide an information
42 return under this title or title 43 fails to file the return at the
43 prescribed time or files a return that fails to show the information
44 required, that taxpayer shall pay a penalty of one hundred dollars for each
45 month or fraction of a month during which the failure continues unless it is
46 shown that the failure is due to reasonable cause and not due to wilful

1 neglect. The total penalties under this subsection shall not exceed five
2 hundred dollars.

3 L. If it appears to the superior court that proceedings before it have
4 been instituted or maintained by a taxpayer primarily for delay or that the
5 taxpayer's position is frivolous or groundless, the court may award damages
6 in an amount not to exceed one thousand dollars to this state. Damages so
7 awarded shall be collected as a part of the tax.

8 M. A person who is required under section 43-413 to furnish a
9 statement to an employee and who wilfully furnishes a false or fraudulent
10 statement, or who wilfully fails to furnish a statement required by section
11 43-413, is for each such failure subject to a penalty of fifty dollars.

12 N. A person who is required to collect or truthfully account for and
13 pay a tax administered pursuant to this article, including any luxury
14 privilege tax, and who wilfully fails to collect the tax or truthfully
15 account for and pay the tax, or wilfully attempts in any manner to evade or
16 defeat the tax or its payment, is, in addition to other penalties provided by
17 law, liable for a penalty equal to the total amount of the tax evaded, not
18 collected or not accounted for and paid. Except as provided in subsections
19 ~~T~~, U, V and ~~V~~ W of this section, no other penalty under this section
20 relating to failure to pay tax may be imposed for any offense to which this
21 subsection applies.

22 O. For reporting periods beginning from and after February 28, 2011,
23 if a taxpayer who is required under section 42-1129 to make payment by
24 electronic funds transfer fails to do so, that taxpayer shall pay a penalty
25 of five per cent of the amount of the payment not made by electronic funds
26 transfer unless it is shown that the failure is due to reasonable cause and
27 not due to wilful neglect.

28 P. Unless due to reasonable cause and not to wilful neglect:

29 1. A person who fails to provide that person's taxpayer identification
30 number in any return, statement or other document as required by section
31 42-1105, subsection A shall pay a penalty of five dollars for each such
32 failure.

33 2. A person, when filing any return, statement or other document for
34 compensation on behalf of a taxpayer, who fails to include that person's own
35 taxpayer identification number and the taxpayer's identification number shall
36 pay a penalty of fifty dollars for each such failure.

37 3. A person, when filing any return, statement or other document
38 without compensation on behalf of a taxpayer, who fails to include that
39 person's own taxpayer identification number and the taxpayer's identification
40 number is not subject to a penalty.

41 No other penalty under this section may be imposed if the only violation is
42 failure to provide taxpayer identification numbers.

43 Q. If a taxpayer fails to pay the full amount of estimated tax
44 required by title 43, chapter 5, article 6, a penalty is assessed equal to
45 the amount of interest that would otherwise accrue under section 42-1123 on
46 the amount not paid for the period of nonpayment, not exceeding ten per cent

1 of the amount not paid. The penalty prescribed by this subsection is in lieu
2 of any other penalty otherwise prescribed by this section and in lieu of
3 interest prescribed by section 42-1123.

4 ~~R.~~ **R.** BEGINNING JANUARY 1, 2015, IF A TAXPAYER CONTINUES IN BUSINESS
5 WITHOUT TIMELY RENEWING A MUNICIPAL PRIVILEGE TAX LICENSE AS PRESCRIBED IN
6 SECTION 42-5005, SUBSECTION D, A CIVIL PENALTY OF UP TO TWENTY-FIVE DOLLARS
7 SHALL BE ADDED TO THE RENEWAL FEE FOR EACH JURISDICTION.

8 ~~R.~~ **S.** The department of law, with the consent of the department of
9 revenue, may compromise any penalty for which it may bring an action under
10 this section.

11 ~~S.~~ **T.** Penalties shall not be assessed under subsection D of this
12 section on additional amounts of tax paid by a taxpayer at the time the
13 taxpayer voluntarily files an amended return. This subsection does not apply
14 if:

15 1. The taxpayer is under audit by the department.

16 2. The amended return was filed on demand or request by the
17 department.

18 3. The total additional tax paid and due for the tax period represents
19 a substantial understatement of tax liability. For the purposes of this
20 paragraph, there is a substantial understatement of tax for any tax period if
21 the amount of the understatement for the tax period exceeds the greater of
22 ten per cent of the actual tax liability for the tax period or two thousand
23 dollars.

24 ~~T.~~ **U.** In addition to other penalties provided by law, a person who
25 knowingly and intentionally does not comply with any requirement under
26 chapter 3, article 5 of this title relating to cigarettes shall pay a penalty
27 of one thousand dollars. A person who knowingly and intentionally does not
28 pay any luxury tax that relates to cigarettes imposed by chapter 3 of this
29 title shall pay a penalty that is equal to ten per cent of the amount of the
30 unpaid tax.

31 ~~U.~~ **V.** A cigarette manufacturer, cigarette importer or cigarette
32 distributor, as defined in section 42-3001, who knowingly and intentionally
33 sells or possesses cigarettes with false manufacturing labels or cigarettes
34 with counterfeit tax stamps, or who obtains cigarettes through the use of a
35 counterfeit license, shall pay the following penalties:

36 1. For a first violation involving two thousand or more cigarettes,
37 one thousand dollars.

38 2. For a subsequent violation involving two thousand or more
39 cigarettes, five thousand dollars.

40 ~~V.~~ **W.** The civil penalties in this section are in addition to any
41 civil penalty under chapter 3, article 5 of this title.

1 ~~W-~~ X. For the purposes of this section, and only as applied to the
2 taxes imposed by chapter 5, articles 1 through 6 and chapter 6, articles 1, 2
3 and 3 of this title, "reasonable cause" means a reasonable basis for the
4 taxpayer to believe that the tax did not apply to the business activity or
5 the storage, use or consumption of the taxpayer's tangible personal property
6 in this state.

7 Sec. 4. Section 42-2003, Arizona Revised Statutes, as amended by Laws
8 2013, first special session, chapter 9, section 3 and Laws 2013, first
9 regular session, chapter 40, section 2, chapter 114, section 6 and chapter
10 222, section 3, is amended to read:

11 42-2003. Authorized disclosure of confidential information

12 A. Confidential information relating to:

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

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

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

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

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

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

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

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 court.

45 3. The department of liquor licenses and control for its use in
46 determining whether a spirituous liquor licensee has paid all transaction

1 privilege taxes and affiliated excise taxes incurred as a result of the sale
2 of spirituous liquor, as defined in section 4-101, at the licensed
3 establishment and imposed on the licensed establishments by this state and
4 its political subdivisions.

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

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

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

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

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

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

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

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

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

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

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

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

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

44 (a) Regarding income tax or withholding tax.

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

1 9. The United States treasury inspector general for tax administration
2 for the purpose of reporting a violation of internal revenue code section
3 7213A (26 United States Code section 7213A), unauthorized inspection of
4 returns or return information.

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

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

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

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

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

15 (c) Fulfilling its annual reporting responsibility pursuant to section
16 41-1511, subsections U and V and section 41-1512, subsections U and V.

17 (d) Certifying computer data centers for tax relief under section
18 41-1519.

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

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

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

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

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

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

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

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

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

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

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

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

45 E. The department, on the request of any person, shall provide the
46 names and addresses of bingo licensees as defined in section 5-401, verify

1 whether or not a person has a privilege license and number, a distributor's
2 license and number or a withholding license and number or disclose the
3 information to be posted on the department's website or otherwise publicly
4 accessible pursuant to section 42-1124, subsection F and section 42-3201,
5 subsection A.

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

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

19 H. Confidential information relating to transaction privilege tax, use
20 tax, severance tax, jet fuel excise and use tax and any other tax collected
21 by the department on behalf of the county may be disclosed to any county,
22 city or town tax official if the information relates to a taxpayer who is or
23 may be taxable by ~~the~~ A county, city or town. Any taxpayer information
24 released by the department to the county, city or town:

25 1. May only be used for internal purposes.

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

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

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

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

43 J. The department may disclose the aggregate amounts of any tax
44 credit, tax deduction or tax exemption enacted after January 1, 1994.
45 Information subject to disclosure under this subsection shall not be

1 disclosed if a taxpayer demonstrates to the department that such information
2 would give an unfair advantage to competitors.

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

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

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

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

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

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

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

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

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

39 T. The department shall release confidential information as requested
40 by the attorney general for purposes of determining compliance with and
41 enforcing section 44-7101, the master settlement agreement referred to
42 therein and subsequent agreements to which the state is a party that amend or
43 implement the master settlement agreement. Information disclosed under this
44 subsection is limited to luxury tax information relating to tobacco
45 manufacturers, distributors, wholesalers and retailers and information
46 collected by the department pursuant to section 44-7101(2)(j).

1 U. For proceedings before the department, the office of administrative
2 hearings, the board of tax appeals or any state or federal court involving
3 penalties that were assessed against a return preparer, an electronic return
4 preparer or a payroll service company pursuant to section 42-1103.02,
5 42-1125.01 or 43-419, confidential information may be disclosed only before
6 the judge or administrative law judge adjudicating the proceeding, the
7 parties to the proceeding and the parties' representatives in the proceeding
8 prior to its introduction into evidence in the proceeding. The confidential
9 information may be introduced as evidence in the proceeding only if the
10 taxpayer's name, the names of any dependents listed on the return, all social
11 security numbers, the taxpayer's address, the taxpayer's signature and any
12 attachments containing any of the foregoing information are redacted and if
13 either:

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

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

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

23 V. The department may disclose to the attorney general confidential
24 information received under section 44-7111 and requested by the attorney
25 general for purposes of determining compliance with and enforcing section
26 44-7111. The department and attorney general shall share with each other the
27 information received under section 44-7111, and may share the information
28 with other federal, state or local agencies only for the purposes of
29 enforcement of section 13-3711, 36-798.06, 44-7101 or 44-7111 or
30 corresponding laws of other states.

31 W. The department may provide the name and address of qualifying
32 hospitals and qualifying health care organizations, as defined in section
33 42-5001, to a business classified and reporting transaction privilege tax
34 under the utilities classification.

35 X. The department may disclose to the attorney general confidential
36 information requested by the attorney general for the purposes of determining
37 compliance with and enforcing section 13-3711 or 36-798.06.

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

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

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

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

4 Sec. 5. Section 42-2003, Arizona Revised Statutes, as amended by
5 Laws 2013, chapter 255, section 2, is amended to read:

6 42-2003. Authorized disclosure of confidential information

7 A. Confidential information relating to:

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

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

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

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

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

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

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

33 B. Confidential information may be disclosed to:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

40 (a) Regarding income tax or withholding tax.

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

43 9. The United States treasury inspector general for tax administration
44 for the purpose of reporting a violation of internal revenue code section
45 7213A (26 United States Code section 7213A), unauthorized inspection of
46 returns or return information.

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

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

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

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

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

11 (c) Fulfilling its annual reporting responsibility pursuant to section
12 41-1511, subsections U and V and section 41-1512, subsections U and V.

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

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

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

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

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

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

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

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

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

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

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

37 E. The department, on the request of any person, shall provide the
38 names and addresses of bingo licensees as defined in section 5-401, verify
39 whether or not a person has a privilege license and number, a distributor's
40 license and number or a withholding license and number or disclose the
41 information to be posted on the department's website or otherwise publicly
42 accessible pursuant to section 42-1124, subsection F and section 42-3201,
43 subsection A.

44 F. A department employee, in connection with the official duties
45 relating to any audit, collection activity or civil or criminal
46 investigation, may disclose return information to the extent that disclosure

1 is necessary to obtain information that is not otherwise reasonably
2 available. These official duties include the correct determination of and
3 liability for tax, the amount to be collected or the enforcement of other
4 state tax revenue laws.

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

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

- 18 1. May only be used for internal purposes, including audits.
- 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 county, city or town shall agree in writing with the department that any
22 release of confidential information that violates the confidentiality
23 standards adopted by the department will result in the immediate suspension
24 of any rights of the county, city or town to receive taxpayer information
25 under this subsection.

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

- 31 1. The state treasurer in order to comply with the requirements of
32 section 42-5029, subsection A, paragraph 3.
- 33 2. The joint legislative income tax credit review committee and the
34 joint legislative budget committee staff in order to comply with the
35 requirements of section 43-221.

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

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

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

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

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

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

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

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

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

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

33 T. The department shall release confidential information as requested
34 by the attorney general for purposes of determining compliance with and
35 enforcing section 44-7101, the master settlement agreement referred to
36 therein and subsequent agreements to which the state is a party that amend or
37 implement the master settlement agreement. Information disclosed under this
38 subsection is limited to luxury tax information relating to tobacco
39 manufacturers, distributors, wholesalers and retailers and information
40 collected by the department pursuant to section 44-7101(2)(j).

41 U. For proceedings before the department, the office of administrative
42 hearings, the board of tax appeals or any state or federal court involving
43 penalties that were assessed against a return preparer, an electronic return
44 preparer or a payroll service company pursuant to section 42-1103.02,
45 42-1125.01 or 43-419, confidential information may be disclosed only before
46 the judge or administrative law judge adjudicating the proceeding, the

1 parties to the proceeding and the parties' representatives in the proceeding
2 prior to its introduction into evidence in the proceeding. The confidential
3 information may be introduced as evidence in the proceeding only if the
4 taxpayer's name, the names of any dependents listed on the return, all social
5 security numbers, the taxpayer's address, the taxpayer's signature and any
6 attachments containing any of the foregoing information are redacted and if
7 either:

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

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

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

17 V. The department may disclose to the attorney general confidential
18 information received under section 44-7111 and requested by the attorney
19 general for purposes of determining compliance with and enforcing section
20 44-7111. The department and attorney general shall share with each other the
21 information received under section 44-7111, and may share the information
22 with other federal, state or local agencies only for the purposes of
23 enforcement of section 36-798.06, 44-7101 or 44-7111 or corresponding laws of
24 other states.

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 the attorney general confidential
30 information requested by the attorney general for the purposes of determining
31 compliance with and enforcing section 36-798.06.

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

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

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

44 Sec. 6. Section 42-2075, Arizona Revised Statutes, as amended by
45 Laws 2013, chapter 255, section 4, is amended to read:

46 42-2075. Audit duration; definition

1 A. An audit of a taxpayer's return or claim for refund shall not
2 exceed two years from the date of initial audit contact to the issuance of a
3 notice of proposed deficiency assessment or proposed overpayment, except:

4 1. An audit of a fraudulent tax return.

5 2. An audit delayed as the result of the taxpayer's bankruptcy
6 proceeding.

7 3. An audit in which the department has issued a letter to the
8 taxpayer or the taxpayer's representative citing the potential imposition of
9 the penalty described in section 42-1125, subsection C for the taxpayer's
10 failure or refusal to provide information pursuant to the department's
11 written request.

12 4. An audit involving proceedings concerning the enforcement or
13 validity of a subpoena or subpoena duces tecum issued pursuant to section
14 42-1006, subsection C.

15 5. An audit involving a proceeding under section 42-2056.

16 6. An audit where a taxpayer has filed a petition pursuant to section
17 43-1148, but only in relation to the effect of the petition request.

18 7. An audit in which the taxpayer provides a written request to extend
19 the audit beyond the two-year period. A request for extension under this
20 paragraph is not a substitute for a waiver of the statute of limitations
21 pursuant to section 42-1104, subsection B, paragraph 9. However, a waiver of
22 the statute of limitations is considered to be a written request to extend
23 the audit beyond the two-year period under this paragraph.

24 B. This section applies to audits conducted by the department and to
25 audits conducted by the department and cities and towns pursuant to section
26 42-6002.

27 C. For the purposes of this section, "initial audit contact" means:

28 1. For a field audit, the date of the first meeting between the
29 taxpayer or the taxpayer's representative and a member of the department's
30 audit staff.

31 2. For a desk or office audit ~~OR A REVIEW CONDUCTED PURSUANT TO~~
32 ~~SECTION 42-1109~~, the date of the first letter to the taxpayer regarding the
33 audit ~~OR REVIEW~~.

34 Sec. 7. Section 42-5005, Arizona Revised Statutes, is amended to read:

35 ~~42-5005. Transaction privilege tax licenses; fees; renewal;~~
36 ~~revocation; violation; classification~~

37 A. Every person who receives gross proceeds of sales or gross income
38 ~~upon~~ ~~ON~~ which a ~~TRANSACTION~~ privilege tax is imposed by this
39 article, ~~desiring~~ ~~AND WHO DESIRES~~ to engage or continue in business, ~~shall~~
40 ~~make application~~ ~~APPLY~~ to the department for ~~a~~ ~~AN ANNUAL TRANSACTION~~
41 ~~privilege TAX~~ license accompanied by a fee of twelve dollars. ~~Such licenses~~
42 ~~shall be effective indefinitely.~~ ~~Such~~ A person shall not engage or continue
43 in business until the person has obtained a ~~TRANSACTION~~ privilege ~~TAX~~
44 license.

45 B. ~~A PERSON DESIRING TO ENGAGE OR CONTINUE IN BUSINESS WITHIN A CITY~~
46 ~~OR TOWN THAT IMPOSES A MUNICIPAL PRIVILEGE TAX SHALL APPLY TO THE DEPARTMENT~~

1 OF REVENUE FOR AN ANNUAL MUNICIPAL PRIVILEGE TAX LICENSE ACCOMPANIED BY A FEE
2 OF UP TO FIFTY DOLLARS, AS ESTABLISHED BY ORDINANCE OF THE CITY OR TOWN. THE
3 PERSON SHALL SUBMIT THE FEE WITH EACH NEW LICENSE APPLICATION. THE PERSON
4 MAY NOT ENGAGE OR CONTINUE IN BUSINESS UNTIL THE PERSON HAS OBTAINED A
5 MUNICIPAL PRIVILEGE TAX LICENSE. THE DEPARTMENT MUST COLLECT, HOLD, PAY AND
6 MANAGE THE FEES IN TRUST FOR THE CITY OR TOWN AND MAY NOT USE THE MONIES FOR
7 ANY OTHER PURPOSES.

8 C. A TRANSACTION PRIVILEGE TAX LICENSE IS VALID ONLY FOR THE CALENDAR
9 YEAR IN WHICH IT IS ISSUED, BUT IT MAY BE RENEWED FOR THE FOLLOWING CALENDAR
10 YEAR. THERE IS NO FEE FOR THE RENEWAL OF THE TRANSACTION PRIVILEGE TAX
11 LICENSE. THE TRANSACTION PRIVILEGE TAX LICENSE MUST BE RENEWED AT THE SAME
12 TIME AND IN THE MANNER AS THE MUNICIPAL PRIVILEGE TAX LICENSE RENEWAL.

13 D. A MUNICIPAL PRIVILEGE TAX LICENSE IS VALID ONLY FOR THE CALENDAR
14 YEAR IN WHICH IT IS ISSUED, BUT IT MAY BE RENEWED FOR THE FOLLOWING CALENDAR
15 YEAR BY THE PAYMENT OF A LICENSE RENEWAL FEE OF UP TO FIFTY DOLLARS. THE
16 RENEWAL FEE IS DUE AND PAYABLE ON JANUARY 1 AND IS CONSIDERED DELINQUENT IF
17 NOT RECEIVED ON OR BEFORE THE LAST BUSINESS DAY OF JANUARY. THE DEPARTMENT
18 MUST COLLECT, HOLD, PAY AND MANAGE THE FEES IN TRUST FOR THE CITY OR TOWN AND
19 MAY NOT USE THE MONIES FOR ANY OTHER PURPOSES.

20 E. A LICENSEE THAT REMAINS IN BUSINESS AFTER THE MUNICIPAL PRIVILEGE
21 TAX LICENSE HAS EXPIRED IS SUBJECT TO THE PAYMENT OF THE LICENSE RENEWAL FEE
22 AND THE CIVIL PENALTY PRESCRIBED IN SECTION 42-1125, SUBSECTION R.

23 ~~B-~~ F. If the applicant is not in arrears in payment of any tax
24 imposed by this article, the department shall issue a license authorizing the
25 applicant to engage and continue in ~~such~~ business, ~~upon~~ ON the condition that
26 the applicant complies with this article. The license number shall be
27 continuous.

28 ~~C-~~ G. The TRANSACTION privilege TAX license ~~shall not be~~ AND THE
29 MUNICIPAL PRIVILEGE TAX LICENSE ARE NOT transferable ~~upon~~ ON a change of
30 ownership or change of location of the business. For the purposes of this
31 subsection:

32 1. "Location" means the business address appearing in the application
33 for the license and on the TRANSACTION privilege TAX OR MUNICIPAL PRIVILEGE
34 TAX license.

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

36 3. "Transferable" means the ability to convey or change the right or
37 privilege to engage or continue in business by virtue of the issuance of the
38 TRANSACTION privilege TAX OR MUNICIPAL PRIVILEGE TAX license.

39 ~~D-~~ H. When the ownership or location of a business ~~upon~~ ON which a
40 TRANSACTION privilege tax OR MUNICIPAL PRIVILEGE TAX is imposed ~~by this~~
41 ~~article~~ has been changed within the meaning of subsection ~~C-~~ G of this
42 section, the licensee shall surrender the license to the department. The
43 license shall be reissued to the new owners or for the new location ~~upon~~ ON
44 application by the taxpayer and payment of the twelve-dollar fee FOR A
45 TRANSACTION PRIVILEGE TAX LICENSE AND A FEE OF UP TO FIFTY DOLLARS PER
46 JURISDICTION FOR A MUNICIPAL PRIVILEGE TAX LICENSE. THE DEPARTMENT MUST

1 COLLECT, HOLD, PAY AND MANAGE THE FEES IN TRUST FOR THE CITY OR TOWN AND MAY
2 NOT USE THE MONIES FOR ANY OTHER PURPOSES.

3 ~~F.~~ I. A person WHO IS engaged in or conducting a business in two or
4 more locations or under two or more business names shall procure a
5 TRANSACTION PRIVILEGE TAX license for each location or business name
6 REGARDLESS OF WHETHER ALL LOCATIONS OR BUSINESS NAMES ARE REPORTED ON A
7 CONSOLIDATED RETURN UNDER A SINGLE TRANSACTION PRIVILEGE TAX LICENSE NUMBER.
8 This requirement shall not be construed as conflicting with section 42-5020.

9 J. A PERSON WHO IS ENGAGED IN OR CONDUCTING A BUSINESS IN TWO OR MORE
10 LOCATIONS OR UNDER TWO OR MORE BUSINESS NAMES SHALL PROCURE A MUNICIPAL
11 PRIVILEGE TAX LICENSE FOR EACH LOCATION OR BUSINESS NAME REGARDLESS OF
12 WHETHER ALL LOCATIONS OR BUSINESS NAMES ARE REPORTED ON A CONSOLIDATED
13 RETURN.

14 K. A PERSON WHO IS ENGAGED IN OR CONDUCTING BUSINESS AT TWO OR MORE
15 LOCATIONS OR UNDER TWO OR MORE BUSINESS NAMES AND WHO FILES A CONSOLIDATED
16 RETURN UNDER A SINGLE TRANSACTION PRIVILEGE TAX LICENSE NUMBER AS PROVIDED BY
17 SECTION 42-5020 IS REQUIRED TO PAY ONLY A SINGLE MUNICIPAL PRIVILEGE TAX
18 LICENSE RENEWAL FEE FOR EACH LOCAL JURISDICTION PURSUANT TO SUBSECTION D OF
19 THIS SECTION. A PERSON WHO IS ENGAGED IN OR CONDUCTING BUSINESS AT TWO OR
20 MORE LOCATIONS OR UNDER TWO OR MORE BUSINESS NAMES AND WHO DOES NOT FILE A
21 CONSOLIDATED RETURN UNDER A SINGLE LICENSE NUMBER IS REQUIRED TO PAY A
22 LICENSE RENEWAL FEE FOR EACH LOCATION OR LICENSE IN A LOCAL JURISDICTION.

23 ~~F.~~ L. If a person violates this article or any rule adopted under
24 this article, the department upon hearing may revoke any TRANSACTION
25 privilege TAX OR MUNICIPAL PRIVILEGE TAX license issued to the person. The
26 department shall provide ten days' written notice of the hearing, stating the
27 time and place and requiring the person to appear and show cause why the
28 license or licenses should not be revoked. The department shall provide
29 written notice to the person of the revocation of the license. The notices
30 may be served personally or by mail pursuant to section 42-5037. After
31 revocation, the department shall not issue a new license to the person unless
32 the person presents evidence satisfactory to the department that the person
33 will comply with this article and with the rules adopted under this article.
34 The department may prescribe the terms under which a revoked license may be
35 reissued.

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

38 Sec. 8. Section 42-5009, Arizona Revised Statutes, as amended by Laws
39 2013, chapter 40, section 3, is amended to read:

40 42-5009. Certificates establishing deductions; liability for
41 making false certificate

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

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

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

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

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

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

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

1 seller in order to designate the distribution base for purposes of section
2 42-5029.

3 F. The department may prescribe a form for a certificate used to
4 establish entitlement to the deductions described in section 42-5061,
5 subsection A, paragraph ~~47~~ 46 and section 42-5063, subsection B, paragraph 3.
6 Under rules the department may prescribe, the department may also require
7 additional information for the seller to be entitled to the deduction. If a
8 seller is entitled to the deductions described in section 42-5061, subsection
9 A, paragraph ~~47~~ 46 and section 42-5063, subsection B, paragraph 3, the
10 department may require the purchaser who executed the certificate to
11 establish the accuracy and completeness of the information contained in the
12 certificate that would entitle the seller to the deduction. If the purchaser
13 cannot establish the accuracy and completeness of the information, the
14 purchaser is liable in an amount equal to any tax, penalty and interest that
15 the seller would have been required to pay under this article. Payment of
16 the amount under this subsection exempts the purchaser from liability for any
17 tax imposed under article 4 of this chapter. The amount shall be treated as
18 tax revenues collected from the seller in order to designate the distribution
19 base for purposes of section 42-5029.

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

36 H. The department shall prescribe forms for certificates used to
37 establish the satisfaction of the criteria necessary to qualify the sale of a
38 motor vehicle for the deductions described in section 42-5061, subsection A,
39 paragraph 14, paragraph 28, subdivision (a) and paragraph ~~45~~ 44 and
40 subsection U. Except as provided in subsection J of this section, to
41 establish entitlement to these deductions, a motor vehicle dealer shall
42 retain:

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

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

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

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

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

26 J. To establish entitlement to the deduction described in section
27 42-5061, subsection A, paragraph 45, a public consignment auction dealer as
28 defined in section ~~28-4410.01~~ 28-4301 shall submit the valid certificate
29 prescribed by subsection H of this section to the department and retain a
30 copy for its records.

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

34 L. THE DEPARTMENT SHALL PRESCRIBE A FORM FOR A CERTIFICATE TO BE USED
35 BY A CONTRACTOR THAT IS NOT OTHERWISE SUBJECT TO TAX UNDER SECTION 42-5075,
36 SUBSECTION O WHEN PURCHASING TANGIBLE PERSONAL PROPERTY TO BE INCORPORATED OR
37 FABRICATED BY THE PERSON INTO ANY REAL PROPERTY, STRUCTURE, PROJECT,
38 DEVELOPMENT OR IMPROVEMENT TO PROVIDE DOCUMENTATION TO A RETAILER THAT THE
39 SALE OF TANGIBLE PERSONAL PROPERTY QUALIFIES FOR THE DEDUCTION UNDER SECTION
40 42-5061, SUBSECTION A, PARAGRAPH 27. A PRIME CONTRACTOR SHALL OBTAIN THE
41 CERTIFICATE FROM THE DEPARTMENT AND SHALL PROVIDE A COPY TO ANY CONTRACTOR
42 WORKING ON THE PROJECT THAT DOES NOT HAVE A TRANSACTION PRIVILEGE TAX LICENSE
43 BY REASON OF NOT BEING SUBJECT TO TAX UNDER SECTION 42-5075, SUBSECTION O.
44 THE PRIME CONTRACTOR SHALL OBTAIN A NEW CERTIFICATE FOR EACH PROJECT TO WHICH
45 THIS SUBSECTION APPLIES. FOR THE PURPOSES OF THIS SUBSECTION, THE FOLLOWING
46 APPLY:

1 1. THE CONTRACTOR MAY USE THE CERTIFICATE ISSUED PURSUANT TO THIS
2 SUBSECTION ONLY WITH RESPECT TO TANGIBLE PERSONAL PROPERTY THAT WILL BE
3 INCORPORATED INTO A PROJECT FOR WHICH THE GROSS RECEIPTS ARE SUBJECT TO TAX
4 UNDER SECTION 42-5075.

5 2. THE DEPARTMENT SHALL ISSUE THE CERTIFICATE TO THE PRIME CONTRACTOR
6 ON RECEIVING SUFFICIENT DOCUMENTATION TO ESTABLISH THAT THE PRIME CONTRACTOR
7 MEETS THE REQUIREMENTS OF THIS SUBSECTION.

8 3. IF A CONTRACTOR USES THE CERTIFICATE PROVIDED UNDER THIS SUBSECTION
9 TO PURCHASE TANGIBLE PERSONAL PROPERTY TO BE USED IN A NONTAXABLE CONTRACT,
10 THE CONTRACTOR IS LIABLE IN AN AMOUNT EQUAL TO ANY TAX, PENALTY AND INTEREST
11 THAT THE SELLER WOULD HAVE BEEN REQUIRED TO PAY UNDER THIS ARTICLE IF THE
12 SELLER HAD NOT COMPLIED WITH SUBSECTION A OF THIS SECTION. PAYMENT OF THE
13 AMOUNT UNDER THIS SECTION EXEMPTS THE CONTRACTOR FROM LIABILITY FOR ANY TAX
14 IMPOSED UNDER ARTICLE 4 OF THIS CHAPTER. THE AMOUNT SHALL BE TREATED AS TAX
15 REVENUES COLLECTED FROM THE SELLER IN ORDER TO DESIGNATE THE DISTRIBUTION
16 BASE FOR PURPOSES OF SECTION 42-5029.

17 M. NOTWITHSTANDING ANY OTHER LAW, COMPLIANCE WITH SUBSECTION L OF THIS
18 SECTION BY A CONTRACTOR ENTITLES THE CONTRACTOR PURCHASING TANGIBLE PERSONAL
19 PROPERTY TO BE INCORPORATED OR FABRICATED BY THE PERSON INTO ANY REAL
20 PROPERTY, STRUCTURE, PROJECT, DEVELOPMENT OR IMPROVEMENT TO THE EXEMPTION
21 PROVIDED IN SECTION 465, SUBSECTION (k) OF THE MODEL CITY TAX CODE.

22 Sec. 9. Repeal

23 Section 42-5009, Arizona Revised Statutes, as amended by Laws 2013,
24 chapter 255, section 5, is repealed.

25 Sec. 10. Section 42-5014, Arizona Revised Statutes, as amended by Laws
26 2013, chapter 255, section 7, is amended to read:

27 42-5014. Return and payment of tax; estimated tax; extensions;
28 abatements

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

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

34 2. Are delinquent as follows:

35 (a) For taxpayers ~~electing to~~ THAT file by mail, if not postmarked on
36 or before the twenty-fifth day of that month or if not received by the
37 department on or before the business day preceding the last business day of
38 the month.

39 (b) For taxpayers ~~electing~~ THAT ARE REQUIRED OR ELECT to file and pay
40 electronically in any month, if not received by the department on or before
41 the last business day of the month.

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

44 B. The department, for any taxpayer whose estimated annual liability
45 for taxes imposed OR ADMINISTERED by this article, OR CHAPTER 6 OF THIS TITLE
46 is between five hundred dollars and one thousand two hundred fifty dollars,

1 may authorize such taxpayer to pay such taxes on a quarterly basis. The
2 department, for any taxpayer whose estimated annual liability for taxes
3 imposed by this article is five hundred dollars or less, may authorize such
4 taxpayer to pay such taxes on an annual basis.

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

15 D. ~~In 2010, 2011 and 2012, if a business entity under which a taxpayer~~
16 ~~reports and pays income tax under title 43 has an annual total tax liability~~
17 ~~under this article, article 6 of this chapter and chapter 6, article 3 of~~
18 ~~this title in calendar year 2010, 2011 or 2012 of one hundred thousand~~
19 ~~dollars or more, based on the actual tax liability in calendar year 2009,~~
20 ~~2010 or 2011, regardless of the number of offices at which the taxes imposed~~
21 ~~by this article, article 6 of this chapter or chapter 6, article 3 of this~~
22 ~~title are collected, or if the taxpayer can reasonably anticipate such~~
23 ~~liability in calendar year 2010, 2011 or 2012, the taxpayer shall report on a~~
24 ~~form prescribed by the department and pay an estimated tax payment in June,~~
25 ~~2010, 2011 or 2012. Thereafter,~~ If the business entity under which a
26 taxpayer reports and pays income tax under title 43 has an annual total tax
27 liability under this article, article 6 of this chapter and chapter 6,
28 article 3 of this title of one million dollars or more, based on the actual
29 tax liability in the preceding calendar year, regardless of the number of
30 offices at which the taxes imposed by this article, article 6 of this chapter
31 or chapter 6, article 3 of this title are collected, or if the taxpayer can
32 reasonably anticipate such liability in the current year, the taxpayer shall
33 report on a form prescribed by the department and pay an estimated tax
34 payment each June. Any other taxpayer may voluntarily elect to pay the
35 estimated tax payment pursuant to this subsection. The payment shall be made
36 on or before June 20 and is delinquent if not postmarked on or before that
37 date or if not received by the department on or before the business day
38 preceding the last business day of June for those taxpayers electing to file
39 by mail, or delinquent if not received by the department on the business day
40 preceding the last business day of June for those taxpayers electing to file
41 in person. The estimated tax paid shall be credited against the taxpayer's
42 tax liability under this article, article 6 of this chapter and chapter 6,
43 article 3 of this title for the month of June for the current calendar year.
44 The estimated tax payment shall equal either:

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

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

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

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

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

29 H. ANY PERSON WHO IS ENGAGED IN OR CONDUCTING BUSINESS IN TWO OR MORE
30 LOCATIONS OR UNDER TWO OR MORE BUSINESS NAMES SHALL FILE THE RETURN REQUIRED
31 UNDER THIS ARTICLE BY ELECTRONIC MEANS.

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

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

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

45 Sec. 11. Section 42-5015, Arizona Revised Statutes, is amended to
46 read:

1 42-5015. Filing by electronic means

2 On or before January 1, 2015, ~~the online portal prescribed by section~~
3 ~~42-6001 shall be modified so that~~ a taxpayer who is required to pay any
4 transaction privilege and affiliated excise taxes to this state or a county
5 or municipality may report and pay the required tax through ~~the online portal~~
6 ELECTRONIC MEANS. The ~~online portal~~ ELECTRONIC SYSTEM shall be administered
7 by the department of revenue. ~~The costs of the online portal shall be paid~~
8 ~~by~~ THE DEPARTMENT MAY ENTER INTO AN AGREEMENT WITH the cities and towns that
9 did not have an intergovernmental contract or agreement in effect as of
10 January 1, 2013 with the department to provide for unified or coordinated
11 licensing, collection and auditing programs FOR THE CITIES AND TOWNS TO
12 CONTRIBUTE TO THE PAYMENT OF THE ELECTRONIC SYSTEM THROUGH MONEY OR
13 RESOURCES. The ~~expanded online portal~~ ELECTRONIC SYSTEM shall:

14 1. Include a single point for licensing, filing a single return and
15 paying transaction privilege and affiliated excise taxes for all state,
16 county and municipal taxing jurisdictions.

17 2. Consolidate data in a manner compatible with the data systems of
18 the department of revenue.

19 3. Capture data with sufficient specificity to meet the needs of the
20 taxing jurisdictions.

21 4. Allow for identification of the correct taxing jurisdictions and
22 tax rates based on the place where the transaction is sourced.

23 Sec. 12. Section 42-5074, Arizona Revised Statutes, is amended to
24 read:

25 42-5074. Restaurant classification

26 A. The restaurant classification is comprised of the business of
27 operating restaurants, dining cars, dining rooms, lunchrooms, lunch stands,
28 soda fountains, catering services or similar establishments where articles of
29 food or drink are sold for consumption on or off the premises.

30 B. The tax base for the restaurant classification is the gross
31 proceeds of sales or gross income derived from the business. The gross
32 proceeds of sales or gross income derived from the following shall be
33 deducted from the tax base:

34 1. Sales to a person engaged in business classified under the
35 restaurant classification if the items sold are to be resold in the regular
36 course of the business.

37 2. Sales by a congressionally chartered veterans organization of food
38 or drink prepared for consumption on the premises leased, owned or maintained
39 by the organization.

40 3. Sales by churches, fraternal benefit societies and other nonprofit
41 organizations, as these organizations are defined in the federal internal
42 revenue code (26 United States Code section 501), that do not regularly
43 engage or continue in the restaurant business for the purpose of
44 fund-raising.

45 4. Sales by a nonprofit organization that is exempt from taxation
46 under section 501(c)(3), 501(c)(4) or 501(c)(6) of the internal revenue code

1 if the organization is associated with a major league baseball team or a
2 national touring professional golfing association and no part of the
3 organization's net earnings inures to the benefit of any private shareholder
4 or individual.

5 5. Sales at a rodeo featuring primarily farm and ranch animals in this
6 state by a nonprofit organization that is exempt from taxation under section
7 501(c)(3), 501(c)(4), 501(c)(6), 501(c)(7) or 501(c)(8) of the internal
8 revenue code and no part of the organization's net earnings inures to the
9 benefit of any private shareholder or individual.

10 6. Sales by any nonprofit organization organized and operated
11 exclusively for charitable purposes and recognized by the United States
12 internal revenue service under section 501(c)(3) of the internal revenue
13 code.

14 7. Sales to qualifying hospitals as defined in section 42-5001.

15 8. Sales to a qualifying health care organization as defined in
16 section 42-5001 if the tangible personal property is used by the organization
17 solely to provide health and medical related educational and charitable
18 services.

19 9. Sales of food, drink and condiment for consumption within the
20 premises of any prison, jail or other institution under the jurisdiction of
21 the state department of corrections, the department of public safety, the
22 department of juvenile corrections or a county sheriff.

23 10. Sales of articles of prepared or unprepared food, drink or
24 condiment and accessory tangible personal property to a school district or
25 charter school if the articles and accessory tangible personal property are
26 served to persons for consumption on the premises of a public school in the
27 school district or charter school during school hours.

28 11. Prepared food, drink or condiment donated by a restaurant to a
29 nonprofit charitable organization that has qualified under section 501(c)(3)
30 of the internal revenue code and that regularly serves meals to the needy and
31 indigent on a continuing basis at no cost.

32 12. SALES OF ARTICLES OF FOOD AND DRINK AT LOW OR REDUCED PRICES TO
33 ELIGIBLE ELDERLY, DISABLED OR HOMELESS PERSONS BY A RESTAURANT THAT CONTRACTS
34 WITH THE DEPARTMENT OF ECONOMIC SECURITY AND THAT IS APPROVED BY THE FOOD AND
35 NUTRITION SERVICES OF THE UNITED STATES DEPARTMENT OF AGRICULTURE PURSUANT TO
36 THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM ESTABLISHED BY THE FOOD AND
37 NUTRITION ACT OF 2008 (P.L. 110-246; 122 STAT. 1651; 7 UNITED STATES CODE
38 SECTIONS 2011 THROUGH 2036a), IF THE PURCHASES OF THE ARTICLES OF FOOD AND
39 DRINK ARE MADE WITH THE BENEFITS ISSUED PURSUANT TO THE SUPPLEMENTAL
40 NUTRITION ASSISTANCE PROGRAM.

41 C. The tax imposed on the restaurant classification pursuant to this
42 section does not apply to the gross proceeds of sales or gross income from
43 tangible personal property sold to a commercial airline consisting of food,
44 beverages and condiments and accessories used for serving the food and
45 beverages, if those items are to be provided without additional charge to
46 passengers for consumption in flight. For the purposes of this subsection,

1 "commercial airline" means a person holding a federal certificate of public
2 convenience and necessity or foreign air carrier permit for air
3 transportation to transport persons, property or United States mail in
4 intrastate, interstate or foreign commerce.

5 D. The department shall separately account for revenues collected
6 under the restaurant classification for the purposes of section 42-5029,
7 subsection D, paragraph 4, subdivision (b).

8 E. For purposes of section 42-5032.01, the department shall separately
9 account for revenues collected under the restaurant classification from
10 businesses operating restaurants, dining rooms, lunchrooms, lunch stands,
11 soda fountains, catering services or similar establishments:

12 1. On the premises of a multipurpose facility that is owned or
13 operated by the tourism and sports authority pursuant to title 5, chapter 8
14 for consumption on or off the premises.

15 2. At professional football contests that are held in a stadium
16 located on the campus of an institution under the jurisdiction of the Arizona
17 board of regents.

18 Sec. 13. Section 42-5075, Arizona Revised Statutes, as amended by Laws
19 2013, first regular session, chapter 153, section 1 and Laws 2013, first
20 special session, chapter 9, section 6, is amended to read:

21 42-5075. Prime contracting classification; exemptions;
22 definitions

23 A. The prime contracting classification is comprised of the business
24 of prime contracting and dealership of manufactured buildings. Sales for
25 resale to another dealership of manufactured buildings are not subject to
26 tax. Sales for resale do not include sales to a lessor of manufactured
27 buildings. The sale of a used manufactured building is not taxable under
28 this chapter. The proceeds from alteration and repairs to a used
29 manufactured building are taxable under this section.

30 B. The tax base for the prime contracting classification is sixty-five
31 per cent of the gross proceeds of sales or gross income derived from the
32 business. The following amounts shall be deducted from the gross proceeds of
33 sales or gross income before computing the tax base:

34 1. The sales price of land, which shall not exceed the fair market
35 value.

36 2. Sales and installation of groundwater measuring devices required
37 under section 45-604 and groundwater monitoring wells required by law,
38 including monitoring wells installed for acquiring information for a permit
39 required by law.

40 3. The sales price of furniture, furnishings, fixtures, appliances and
41 attachments that are not incorporated as component parts of or attached to a
42 manufactured building or the setup site. The sale of such items may be
43 subject to the taxes imposed by article 1 of this chapter separately and
44 distinctly from the sale of the manufactured building.

45 4. The gross proceeds of sales or gross income received from a
46 contract entered into for the construction, ~~alteration, repair,~~ addition,

1 subtraction, improvement, movement, wrecking or demolition of any building,
2 highway, road, railroad, excavation, manufactured building or other
3 structure, project, development or improvement located in a military reuse
4 zone for providing aviation or aerospace services or for a manufacturer,
5 assembler or fabricator of aviation or aerospace products within an active
6 military reuse zone after the zone is initially established or renewed under
7 section 41-1531. To be eligible to qualify for this deduction, before
8 beginning work under the contract, the prime contractor must have applied for
9 a letter of qualification from the department of revenue.

10 5. The gross proceeds of sales or gross income derived from a contract
11 to construct a qualified environmental technology manufacturing, producing or
12 processing facility, as described in section 41-1514.02, and from subsequent
13 construction and installation contracts that begin within ten years after the
14 start of initial construction. To qualify for this deduction, before
15 beginning work under the contract, the prime contractor must obtain a letter
16 of qualification from the department of revenue. This paragraph shall apply
17 for ten full consecutive calendar or fiscal years after the start of initial
18 construction.

19 6. The gross proceeds of sales or gross income from a contract to
20 provide for one or more of the following actions, or a contract for site
21 preparation, constructing, furnishing or installing machinery, equipment or
22 other tangible personal property, including structures necessary to protect
23 exempt incorporated materials or installed machinery or equipment, and
24 tangible personal property incorporated into the project, to perform one or
25 more of the following actions in response to a release or suspected release
26 of a hazardous substance, pollutant or contaminant from a facility to the
27 environment, unless the release was authorized by a permit issued by a
28 governmental authority:

29 (a) Actions to monitor, assess and evaluate such a release or a
30 suspected release.

31 (b) Excavation, removal and transportation of contaminated soil and
32 its treatment or disposal.

33 (c) Treatment of contaminated soil by vapor extraction, chemical or
34 physical stabilization, soil washing or biological treatment to reduce the
35 concentration, toxicity or mobility of a contaminant.

36 (d) Pumping and treatment or in situ treatment of contaminated
37 groundwater or surface water to reduce the concentration or toxicity of a
38 contaminant.

39 (e) The installation of structures, such as cutoff walls or caps, to
40 contain contaminants present in groundwater or soil and prevent them from
41 reaching a location where they could threaten human health or welfare or the
42 environment.

43 This paragraph does not include asbestos removal or the construction or use
44 of ancillary structures such as maintenance sheds, offices or storage
45 facilities for unattached equipment, pollution control equipment, facilities

1 or other control items required or to be used by a person to prevent or
2 control contamination before it reaches the environment.

3 7. The gross proceeds of sales or gross income that is derived from a
4 contract for the installation, assembly, repair or maintenance of machinery,
5 equipment or other tangible personal property that is either deducted from
6 the tax base of the retail classification under section 42-5061, subsection B
7 or that is exempt from use tax under section 42-5159, subsection B and that
8 has independent functional utility, pursuant to the following provisions:

9 (a) The deduction provided in this paragraph includes the gross
10 proceeds of sales or gross income derived from all of the following:

11 (i) Any activity performed on machinery, equipment or other tangible
12 personal property with independent functional utility.

13 (ii) Any activity performed on any tangible personal property relating
14 to machinery, equipment or other tangible personal property with independent
15 functional utility in furtherance of any of the purposes provided for under
16 subdivision (d) of this paragraph.

17 (iii) Any activity that is related to the activities described in
18 ~~subdivision (a),~~ items (i) and (ii) of this ~~paragraph~~ **SUBDIVISION**,
19 ~~including, but not limited to,~~ inspecting the installation of, ~~or testing,~~
20 the machinery, equipment or other tangible personal property.

21 (b) The deduction provided in this paragraph does not include gross
22 proceeds of sales or gross income from the portion of any contracting
23 activity that consists of the development of, or modification to, real
24 property in order to facilitate the installation, assembly, repair,
25 maintenance or removal of machinery, equipment or other tangible personal
26 property that is either deducted from the tax base of the retail
27 classification under section 42-5061, subsection B or exempt from use tax
28 under section 42-5159, subsection B.

29 (c) The deduction provided in this paragraph shall be determined
30 without regard to the size or useful life of the machinery, equipment or
31 other tangible personal property.

32 (d) For the purposes of this paragraph, "independent functional
33 utility" means that the machinery, equipment or other tangible personal
34 property can independently perform its function without attachment to real
35 property, other than attachment for any of the following purposes:

36 (i) Assembling the machinery, equipment or other tangible personal
37 property.

38 (ii) Connecting items of machinery, equipment or other tangible
39 personal property to each other.

40 (iii) Connecting the machinery, equipment or other tangible personal
41 property, whether as an individual item or as a system of items, to water,
42 power, gas, communication or other services.

43 (iv) Stabilizing or protecting the machinery, equipment or other
44 tangible personal property during operation by bolting, burying or performing
45 other similar nonpermanent connections to either real property or real
46 property improvements.

1 8. The gross proceeds of sales or gross income attributable to the
2 purchase of machinery, equipment or other tangible personal property that is
3 exempt from or deductible from transaction privilege and use tax under:

4 (a) Section 42-5061, subsection A, paragraph 25, 29 or 59.

5 (b) Section 42-5061, subsection B.

6 (c) Section 42-5159, subsection A, paragraph 13, subdivision (a), (b),
7 (c), (d), (e), (f), (i), (j) or (l) or paragraph 54.

8 (d) Section 42-5159, subsection B.

9 9. The gross proceeds of sales or gross income received from a
10 contract for the construction of an environmentally controlled facility for
11 the raising of poultry for the production of eggs and the sorting, cooling
12 and packaging of eggs.

13 10. The gross proceeds of sales or gross income that is derived from a
14 contract entered into with a person who is engaged in the commercial
15 production of livestock, livestock products or agricultural, horticultural,
16 viticultural or floricultural crops or products in this state for the
17 construction, alteration, repair, improvement, movement, wrecking or
18 demolition or addition to or subtraction from any building, highway, road,
19 excavation, manufactured building or other structure, project, development or
20 improvement used directly and primarily to prevent, monitor, control or
21 reduce air, water or land pollution.

22 11. The gross proceeds of sales or gross income that is derived from
23 the installation, assembly, repair or maintenance of clean rooms that are
24 deducted from the tax base of the retail classification pursuant to section
25 42-5061, subsection B, paragraph 16.

26 12. For taxable periods beginning from and after June 30, 2001, the
27 gross proceeds of sales or gross income derived from a contract entered into
28 for the construction of a residential apartment housing facility that
29 qualifies for a federal housing subsidy for low income persons over sixty-two
30 years of age and that is owned by a nonprofit charitable organization that
31 has qualified under section 501(c)(3) of the internal revenue code.

32 13. For taxable periods beginning from and after December 31, 1996 and
33 ending before January 1, 2017, the gross proceeds of sales or gross income
34 derived from a contract to provide and install a solar energy device. The
35 contractor shall register with the department as a solar energy contractor.
36 By registering, the contractor acknowledges that it will make its books and
37 records relating to sales of solar energy devices available to the department
38 for examination.

39 14. The gross proceeds of sales or gross income derived from a contract
40 entered into for the construction of a launch site, as defined in 14 Code of
41 Federal Regulations section 401.5.

42 15. The gross proceeds of sales or gross income derived from a contract
43 entered into for the construction of a domestic violence shelter that is
44 owned and operated by a nonprofit charitable organization that has qualified
45 under section 501(c)(3) of the internal revenue code.

1 16. The gross proceeds of sales or gross income derived from contracts
2 to perform postconstruction treatment of real property for termite and
3 general pest control, including wood destroying organisms.

4 17. The gross proceeds of sales or gross income received from contracts
5 entered into before July 1, 2006 for constructing a state university research
6 infrastructure project if the project has been reviewed by the joint
7 committee on capital review before the university enters into the
8 construction contract for the project. For the purposes of this paragraph,
9 "research infrastructure" has the same meaning prescribed in section 15-1670.

10 18. The gross proceeds of sales or gross income received from a
11 contract for the construction of any building, or other structure, project,
12 development or improvement owned by a qualified business under section
13 41-1516 for harvesting or processing qualifying forest products removed from
14 qualifying projects as defined in section 41-1516 if actual construction
15 begins before January 1, 2024. To qualify for this deduction, the prime
16 contractor must obtain a letter of qualification from the Arizona commerce
17 authority before beginning work under the contract.

18 19. Any amount of the gross proceeds of sales or gross income
19 attributable to development fees that are incurred in relation to a contract
20 for construction, development or improvement of real property and that are
21 paid by a prime contractor or subcontractor. For the purposes of this
22 paragraph:

23 (a) The attributable amount shall not exceed the value of the
24 development fees actually imposed.

25 (b) The attributable amount is equal to the total amount of
26 development fees paid by the prime contractor or subcontractor, and the total
27 development fees credited in exchange for the construction of, contribution
28 to or dedication of real property for providing public infrastructure, public
29 safety or other public services necessary to the development. The real
30 property must be the subject of the development fees.

31 (c) "Development fees" means fees imposed to offset capital costs of
32 providing public infrastructure, public safety or other public services to a
33 development and authorized pursuant to section 9-463.05, section 11-1102 or
34 title 48 regardless of the jurisdiction to which the fees are paid.

35 C. Entitlement to the deduction pursuant to subsection B, paragraph 7
36 of this section is subject to the following provisions:

37 1. A prime contractor may establish entitlement to the deduction by
38 both:

39 (a) Marking the invoice for the transaction to indicate that the gross
40 proceeds of sales or gross income derived from the transaction was deducted
41 from the base.

42 (b) Obtaining a certificate executed by the purchaser indicating the
43 name and address of the purchaser, the precise nature of the business of the
44 purchaser, the purpose for which the purchase was made, the necessary facts
45 to establish the deductibility of the property under section 42-5061,
46 subsection B, and a certification that the person executing the certificate

1 is authorized to do so on behalf of the purchaser. The certificate may be
2 disregarded if the prime contractor has reason to believe that the
3 information contained in the certificate is not accurate or complete.

4 2. A person who does not comply with paragraph 1 of this subsection
5 may establish entitlement to the deduction by presenting facts necessary to
6 support the entitlement, but the burden of proof is on that person.

7 3. The department may prescribe a form for the certificate described
8 in paragraph 1, subdivision (b) of this subsection. The department may also
9 adopt rules that describe the transactions with respect to which a person is
10 not entitled to rely solely on the information contained in the certificate
11 provided in paragraph 1, subdivision (b) of this subsection but must instead
12 obtain such additional information as required in order to be entitled to the
13 deduction.

14 4. If a prime contractor is entitled to a deduction by complying with
15 paragraph 1 of this subsection, the department may require the purchaser who
16 caused the execution of the certificate to establish the accuracy and
17 completeness of the information required to be contained in the certificate
18 that would entitle the prime contractor to the deduction. If the purchaser
19 cannot establish the accuracy and completeness of the information, the
20 purchaser is liable in an amount equal to any tax, penalty and interest that
21 the prime contractor would have been required to pay under article 1 of this
22 chapter if the prime contractor had not complied with paragraph 1 of this
23 subsection. Payment of the amount under this paragraph exempts the purchaser
24 from liability for any tax imposed under article 4 of this chapter. The
25 amount shall be treated as a transaction privilege tax to the purchaser and
26 as tax revenues collected from the prime contractor in order to designate the
27 distribution base for purposes of section 42-5029.

28 D. Subcontractors or others who perform services in respect to any
29 improvement, building, highway, road, railroad, excavation, manufactured
30 building or other structure, project, development or improvement are not
31 subject to tax if they can demonstrate that the job was within the control of
32 a prime contractor or contractors or a dealership of manufactured buildings
33 and that the prime contractor or dealership is liable for the tax on the
34 gross income, gross proceeds of sales or gross receipts attributable to the
35 job and from which the subcontractors or others were paid.

36 E. Amounts received by a contractor for a project are excluded from
37 the contractor's gross proceeds of sales or gross income derived from the
38 business if the person who hired the contractor executes and provides a
39 certificate to the contractor stating that the person providing the
40 certificate is a prime contractor and is liable for the tax under article 1
41 of this chapter. The department shall prescribe the form of the certificate.
42 If the contractor has reason to believe that the information contained on the
43 certificate is erroneous or incomplete, the department may disregard the
44 certificate. If the person who provides the certificate is not liable for
45 the tax as a prime contractor, that person is nevertheless deemed to be the
46 prime contractor in lieu of the contractor and is subject to the tax under

1 this section on the gross receipts or gross proceeds received by the
2 contractor.

3 F. Every person engaging or continuing in this state in the business
4 of prime contracting or dealership of manufactured buildings shall present to
5 the purchaser of such prime contracting or manufactured building a written
6 receipt of the gross income or gross proceeds of sales from such activity and
7 shall separately state the taxes to be paid pursuant to this section.

8 G. For the purposes of section 42-5032.01, the department shall
9 separately account for revenues collected under the prime contracting
10 classification from any prime contractor engaged in the preparation or
11 construction of a multipurpose facility, and related infrastructure, that is
12 owned, operated or leased by the tourism and sports authority pursuant to
13 title 5, chapter 8.

14 H. For the purposes of section 42-5032.02, from and after September
15 30, 2013, the department shall separately account for revenues reported and
16 collected under the prime contracting classification from any prime
17 contractor engaged in the construction of any buildings and associated
18 improvements that are for the benefit of a manufacturing facility. For the
19 purposes of this subsection, "associated improvements" and "manufacturing
20 facility" have the same meanings prescribed in section 42-5032.02.

21 I. The gross proceeds of sales or gross income derived from a contract
22 for lawn maintenance services are not subject to tax under this section if
23 the contract does not include landscaping activities. Lawn maintenance
24 service is a service pursuant to section 42-5061, subsection A, paragraph 1,
25 and includes lawn mowing and edging, weeding, repairing sprinkler heads or
26 drip irrigation heads, seasonal replacement of flowers, refreshing gravel,
27 lawn de-thatching, seeding winter lawns, leaf and debris collection and
28 removal, tree or shrub pruning or clipping, garden and gravel raking and
29 applying pesticides, as defined in section 3-361, and fertilizer materials,
30 as defined in section 3-262.

31 J. The gross proceeds of sales or gross income derived from
32 landscaping activities are subject to tax under this section. Landscaping
33 includes installing lawns, grading or leveling ground, installing gravel or
34 boulders, planting trees and other plants, felling trees, removing or
35 mulching tree stumps, removing other imbedded plants, building or modifying
36 irrigation berms, repairing sprinkler or watering systems, installing
37 railroad ties and installing underground sprinkler or watering systems.

38 K. The portion of gross proceeds of sales or gross income attributable
39 to the actual direct costs of providing architectural or engineering services
40 that are incorporated in a contract is not subject to tax under this section.
41 For the purposes of this subsection, "direct costs" means the portion of the
42 actual costs that are directly expended in providing architectural or
43 engineering services.

44 L. Operating a landfill or a solid waste disposal facility is not
45 subject to taxation under this section, including filling, compacting and
46 creating vehicle access to and from cell sites within the landfill.

1 Constructing roads to a landfill or solid waste disposal facility and
2 constructing cells within a landfill or solid waste disposal facility may be
3 deemed prime contracting under this section.

4 M. The following apply ~~to~~ IN DETERMINING THE TAXABLE SITUS OF SALES OF
5 manufactured buildings:

6 1. For sales in this state where the ~~dealership of~~ manufactured
7 ~~buildings~~ BUILDING DEALER contracts to deliver the building to a setup site
8 or to perform the setup in this state, the taxable situs is the setup site.

9 2. For sales in this state where the ~~dealership of~~ manufactured
10 ~~buildings~~ BUILDING DEALER does not contract to deliver the building to a
11 setup site or does not perform the setup, the taxable situs is the location
12 of the dealership where the building is delivered to the buyer.

13 3. For sales in this state where the dealership of manufactured
14 buildings contracts to deliver the building to a setup site that is outside
15 this state, the situs is outside this state and the transaction is excluded
16 from tax.

17 N. The gross proceeds of sales or gross income attributable to a
18 ~~separate,~~ written CONTRACT FOR design phase services ~~contract~~ or professional
19 services ~~contract~~, executed before modification begins AND WITH TERMS,
20 CONDITIONS AND PRICING OF ALL OF THESE SERVICES SEPARATELY STATED IN THE
21 CONTRACT FROM THOSE FOR CONSTRUCTION PHASE SERVICES, is not subject to tax
22 under this section, regardless of whether the services are provided
23 sequential to or concurrent with prime contracting activities that are
24 subject to tax under this section. This subsection does not include the
25 gross proceeds of sales or gross income attributable to construction phase
26 services. For the purposes of this subsection:

27 1. "Construction phase services" means services for the execution and
28 completion of any modification, including the following:

29 (a) Administration or supervision of any modification performed on the
30 project, including team management and coordination, scheduling, cost
31 controls, submittal process management, field management, safety program,
32 close-out process and warranty period services.

33 (b) Administration or supervision of any modification performed
34 pursuant to a punch list. For the purposes of this subdivision, "punch list"
35 means minor items of modification work performed after substantial completion
36 and before final completion of the project.

37 (c) Administration or supervision of any modification performed
38 pursuant to change orders. For the purposes of this subdivision, "change
39 order" means a written instrument issued after execution of a contract for
40 modification work, providing for all of the following:

41 (i) The scope of a change in the modification work, contract for
42 modification work or other contract documents.

43 (ii) The amount of an adjustment, if any, to the guaranteed maximum
44 price as set in the contract for modification work. For the purposes of this
45 item, "guaranteed maximum price" means the amount guaranteed to be the

1 maximum amount due to a prime contractor for the performance of all
2 modification work for the project.

3 (iii) The extent of an adjustment, if any, to the contract time of
4 performance set forth in the contract.

5 (d) Administration or supervision of any modification performed
6 pursuant to change directives. For the purposes of this subdivision, "change
7 directive" means a written order directing a change in modification work
8 before agreement on an adjustment of the guaranteed maximum price or contract
9 time.

10 (e) Inspection to determine the dates of substantial completion or
11 final completion.

12 (f) Preparation of any manuals, warranties, as-built drawings, spares
13 or other items the prime contractor must furnish pursuant to the contract for
14 modification work. For the purposes of this subdivision, "as-built drawing"
15 means a drawing that indicates field changes made to adapt to field
16 conditions, field changes resulting from change orders or buried and
17 concealed installation of piping, conduit and utility services.

18 (g) Preparation of status reports after modification work has begun
19 detailing the progress of work performed, including preparation of any of the
20 following:

21 (i) Master schedule updates.

22 (ii) Modification work cash flow projection updates.

23 (iii) Site reports made on a periodic basis.

24 (iv) Identification of discrepancies, conflicts or ambiguities in
25 modification work documents that require resolution.

26 (v) Identification of any health and safety issues that have arisen in
27 connection with the modification work.

28 (h) Preparation of daily logs of modification work, including
29 documentation of personnel, weather conditions and on-site occurrences.

30 (i) Preparation of any submittals or shop drawings used by the prime
31 contractor to illustrate details of the modification work performed.

32 (j) Administration or supervision of any other activities for which a
33 prime contractor receives a certificate for payment or certificate for final
34 payment based on the progress of modification work performed on the project.

35 2. "Design phase services" means services for developing and
36 completing a design for a project that are not construction phase services,
37 including the following:

38 (a) Evaluating surveys, reports, test results or any other information
39 on-site conditions for the project, including physical characteristics, legal
40 limitations and utility locations for the site.

41 (b) Evaluating any criteria or programming objectives for the project
42 to ascertain requirements for the project, such as physical requirements
43 affecting cost or projected utilization of the project.

44 (c) Preparing drawings and specifications for architectural program
45 documents, schematic design documents, design development documents,

1 modification work documents or documents that identify the scope of or
2 materials for the project.

3 (d) Preparing an initial schedule for the project, excluding the
4 preparation of updates to the master schedule after modification work has
5 begun.

6 (e) Preparing preliminary estimates of costs of modification work
7 before completion of the final design of the project, including an estimate
8 or schedule of values for any of the following:

9 (i) Labor, materials, machinery and equipment, tools, water, heat,
10 utilities, transportation and other facilities and services used in the
11 execution and completion of modification work, regardless of whether they are
12 temporary or permanent or whether they are incorporated in the modifications.

13 (ii) The cost of labor and materials to be furnished by the owner of
14 the real property.

15 (iii) The cost of any equipment of the owner of the real property to
16 be assigned by the owner to the prime contractor.

17 (iv) The cost of any labor for installation of equipment separately
18 provided by the owner of the real property that has been designed, specified,
19 selected or specifically provided for in any design document for the project.

20 (v) Any fee paid by the owner of the real property to the prime
21 contractor pursuant to the contract for modification work.

22 (vi) Any bond and insurance premiums.

23 (vii) Any applicable taxes.

24 (viii) Any contingency fees for the prime contractor that may be used
25 before final completion of the project.

26 (f) Reviewing and evaluating cost estimates and project documents to
27 prepare recommendations on site use, site improvements, selection of
28 materials, building systems and equipment, modification feasibility,
29 availability of materials and labor, local modification activity as related
30 to schedules and time requirements for modification work.

31 (g) Preparing the plan and procedures for selection of subcontractors,
32 including any prequalification of subcontractor candidates.

33 3. "Professional services" means architect services, assayer services,
34 engineer services, geologist services, land surveying services or landscape
35 architect services that are within the scope of those services as provided in
36 title 32, chapter 1 and for which gross proceeds of sales or gross income has
37 not otherwise been deducted under subsection K of this section.

38 0. THE GROSS PROCEEDS OF SALES OR GROSS INCOME DERIVED FROM A CONTRACT
39 WITH THE OWNER OF REAL PROPERTY OR THE PERSON OWNING THE IMPROVEMENTS TO THE
40 REAL PROPERTY FOR THE MAINTENANCE, REPAIR, REPLACEMENT OR ALTERATION OF
41 EXISTING PROPERTY IS NOT SUBJECT TO TAX UNDER THIS SECTION IF THE CONTRACT
42 DOES NOT INCLUDE MODIFICATION ACTIVITIES, EXCEPT AS SPECIFIED IN THIS
43 SUBSECTION. THE GROSS PROCEEDS OF SALES OR GROSS INCOME DERIVED FROM A DE
44 MINIMIS AMOUNT OF MODIFICATION ACTIVITY THAT IS ESSENTIAL TO THE COMPLETION
45 OF THE MAINTENANCE, REPAIR, REPLACEMENT OR ALTERATION CONTRACT DOES NOT
46 SUBJECT THE ENTIRE CONTRACT TO TAX UNDER THIS SECTION. FOR THE PURPOSES OF

1 THIS SUBSECTION, EACH CONTRACT OR PROJECT IS INDEPENDENT OF ANY OTHER
2 CONTRACT.

3 ~~P.~~ P. Notwithstanding subsection ~~P-~~ Q, paragraph 8 of this section, a
4 person owning real property who enters into a contract for sale of the real
5 property, who is responsible to the new owner of the property for
6 modifications made to the property in the period subsequent to the transfer
7 of title and who receives a consideration for the modifications is considered
8 a prime contractor solely for purposes of taxing the gross proceeds of sale
9 or gross income received for the modifications made subsequent to the
10 transfer of title. The original owner's gross proceeds of sale or gross
11 income received for the modifications shall be determined according to the
12 following methodology:

13 1. If any part of the contract for sale of the property specifies
14 amounts to be paid to the original owner for the modifications to be made in
15 the period subsequent to the transfer of title, the amounts are included in
16 the original owner's gross proceeds of sale or gross income under this
17 section. Proceeds from the sale of the property that are received after
18 transfer of title and that are unrelated to the modifications made subsequent
19 to the transfer of title are not considered gross proceeds of sale or gross
20 income from the modifications.

21 2. If the original owner enters into an agreement separate from the
22 contract for sale of the real property providing for amounts to be paid to
23 the original owner for the modifications to be made in the period subsequent
24 to the transfer of title to the property, the amounts are included in the
25 original owner's gross proceeds of sale or gross income received for the
26 modifications made subsequent to the transfer of title.

27 3. If the original owner is responsible to the new owner for
28 modifications made to the property in the period subsequent to the transfer
29 of title and derives any gross proceeds of sale or gross income from the
30 project subsequent to the transfer of title other than a delayed disbursement
31 from escrow unrelated to the modifications, it is presumed that the amounts
32 are received for the modifications made subsequent to the transfer of title
33 unless the contrary is established by the owner through its books, records
34 and papers kept in the regular course of business.

35 4. The tax base of the original owner is computed in the same manner
36 as a prime contractor under this section.

37 ~~P-~~ Q. For the purposes of this section:

38 1. "Contracting" means engaging in business as a contractor.

39 2. "Contractor" is synonymous with the term "builder" and means any
40 person or organization that undertakes to or offers to undertake to, or
41 purports to have the capacity to undertake to, or submits a bid to, or does
42 personally or by or through others, modify any building, highway, road,
43 railroad, excavation, manufactured building or other structure, project,
44 development or improvement, or to do any part of such a project, including
45 the erection of scaffolding or other structure or works in connection with
46 such a project, and includes subcontractors and specialty contractors. For

1 all purposes of taxation or deduction, this definition shall govern without
2 regard to whether or not such contractor is acting in fulfillment of a
3 contract.

4 ~~4-~~ 3. "Manufactured building" means a manufactured home, mobile home
5 or factory-built building, as defined in section 41-2142.

6 ~~3-~~ 4. "~~Dealership of~~ Manufactured ~~buildings~~ BUILDING DEALER" means a
7 dealer who either:

8 (a) Is licensed pursuant to title 41, chapter 16 and who sells
9 manufactured buildings to the final consumer.

10 (b) Supervises, performs or coordinates the excavation and completion
11 of site improvements, ~~OR THE~~ setup or moving of a manufactured building
12 including the contracting, if any, with any subcontractor or specialty
13 contractor for the completion of the contract.

14 5. "Modification" means construction, ~~alteration, repair, addition,~~
15 ~~subtraction,~~ improvement, movement, wreckage or demolition.

16 6. "Modify" means to construct, ~~alter, repair, add to, subtract from,~~
17 improve, move, wreck or demolish.

18 7. "Prime contracting" means engaging in business as a prime
19 contractor.

20 8. "Prime contractor" means a contractor who supervises, performs or
21 coordinates the modification of any building, highway, road, railroad,
22 excavation, manufactured building or other structure, project, development or
23 improvement including the contracting, if any, with any subcontractors or
24 specialty contractors and who is responsible for the completion of the
25 contract. Except as provided in subsections E and ~~θ~~ P of this section, a
26 person who owns real property, who engages one or more contractors to modify
27 that real property and who does not itself modify that real property is not a
28 prime contractor within the meaning of this paragraph regardless of the
29 existence of a contract for sale or the subsequent sale of that real
30 property.

31 9. "Sale of a used manufactured building" does not include a lease of
32 a used manufactured building.

33 Sec. 14. Repeal

34 Section ~~42-5075~~, Arizona Revised Statutes, as amended by Laws 2013,
35 chapter 255, section 15, is repealed.

36 Sec. 15. Section 42-5102, Arizona Revised Statutes, is amended to
37 read:

38 ~~42-5102.~~ Tax exemption for sales of food; nonexempt sales

39 A. Except for the gross proceeds of sales or gross income from the
40 sale of food for consumption on the premises, the taxes imposed by this
41 chapter do not apply to the gross proceeds of sales or gross income from
42 sales of food by any of the following:

43 1. A retailer who conducts an eligible grocery business.

44 2. A retailer who conducts a business whose primary business is not
45 the sale of food but who sells food which is displayed, packaged and sold in
46 a similar manner as an eligible grocery business.

1 3. A retailer who sells food and does not provide or make available
2 any facilities for the consumption of food on the premises.

3 4. A retailer who conducts a delicatessen business either from a
4 counter which is separate from the place and cash register where taxable
5 sales are made or from a counter which has two cash registers which are used
6 to record taxable and tax exempt sales or a retailer who conducts a
7 delicatessen business and who uses a cash register which has at least two tax
8 computing keys which are used to record taxable and tax exempt sales.

9 5. A retailer who is a street or sidewalk vendor and who uses a
10 pushcart, mobile facility, motor vehicle or other such conveyance.

11 6. Vending machines and other types of automatic retailers.

12 B. The taxes imposed by this chapter do not apply to the gross
13 proceeds of sales or gross income from sales of food by a state university or
14 community college or its designee on its campuses to students using a
15 validated meal ticket or to patients purchasing or consuming food at the
16 Arizona health sciences center.

17 C. The taxes imposed by this chapter do not apply to the gross
18 proceeds of sales or gross income from sales of food by a retailer to:

19 1. A regularly organized private or parochial school that offers an
20 educational program for grade twelve or under which may be attended in
21 substitution for a public school pursuant to section 15-802.

22 2. A child care facility that is licensed under section 36-882 or a
23 child care group home certified under section 36-897.01.

24 3. A facility which provides on a regular basis care and supervision
25 of persons who, because of age or a mental or physical condition, are
26 incapable of caring for themselves and where they are unaccompanied by their
27 custodians or guardians for periods of less than twenty-four hours a day.

28 4. An organization which is tax exempt under section 501(c)(3) of the
29 internal revenue code and which provides the articles to persons with a
30 nominal charge or without a monetary charge.

31 5. A prison, jail or other institution under the jurisdiction of the
32 state department of corrections, the department of public safety, the
33 department of juvenile corrections or a county sheriff for consumption on the
34 premises.

35 D. NOTWITHSTANDING SUBSECTION A OF THIS SECTION, THE TAXES IMPOSED BY
36 THIS CHAPTER DO NOT APPLY TO THE GROSS PROCEEDS OF SALES OR GROSS INCOME FROM
37 SALES OF LOW OR REDUCED COST ARTICLES OF FOOD OR DRINK TO ELIGIBLE ELDERLY,
38 DISABLED OR HOMELESS PERSONS BY A BUSINESS SUBJECT TO TAX UNDER SECTION
39 42-5074 THAT CONTRACTS WITH THE DEPARTMENT OF ECONOMIC SECURITY AND THAT IS
40 APPROVED BY THE FOOD AND NUTRITION SERVICE OF THE UNITED STATES DEPARTMENT OF
41 AGRICULTURE PURSUANT TO THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM
42 ESTABLISHED BY THE FOOD AND NUTRITION ACT OF 2008 (P.L. 110-246; 122 STAT.
43 1651; 7 UNITED STATES CODE SECTIONS 2011 THROUGH 2036a), IF THE PURCHASES ARE
44 MADE WITH THE BENEFITS ISSUED PURSUANT TO THE SUPPLEMENTAL NUTRITION
45 ASSISTANCE PROGRAM.

1 Sec. 16. Section 42-6001, Arizona Revised Statutes, as amended by Laws
2 2013, chapter 255, section 18, is amended to read:

3 42-6001. Collection and administration of transaction privilege
4 tax and affiliated excise taxes; intergovernmental
5 contract or agreement; method of payment

6 A. The department shall collect and administer any transaction
7 privilege and affiliated excise taxes, including use tax, severance tax, jet
8 fuel excise and use tax, and rental occupancy tax, imposed by any city or
9 town. ~~and~~ The department and any EACH city or town shall enter into A
10 intergovernmental ~~contracts~~ CONTRACT or ~~agreements~~ AGREEMENT to provide a
11 uniform method of administration, collection, audit and licensing of
12 transaction privilege and affiliated excise taxes imposed by the state or
13 cities or towns pursuant to title 11, chapter 7, article 3. The contract or
14 agreement shall include criteria for the denial of a request from a city or
15 town for an audit of a taxpayer that is engaged in business in more than one
16 city or town.

17 ~~B. The director shall enter into agreements with cities and towns of~~
18 ~~this state that levy transaction privilege and affiliated excise taxes to~~
19 ~~provide for unified or coordinated licensing, collection and auditing~~
20 ~~programs for such taxes levied by cities and towns and taxes levied pursuant~~
21 ~~to chapter 5 of this title. Cities and towns shall enter into agreements~~
22 ~~with the department to provide for unified or coordinated licensing,~~
23 ~~collection and auditing programs for transaction privilege and affiliated~~
24 ~~excise taxes levied by cities and towns and for taxes levied pursuant to~~
25 ~~chapter 5 of this title.~~

26 ~~C. The director shall establish with the cities and towns a uniform~~
27 ~~licensing, collection and audit committee to direct such unified or~~
28 ~~coordinated functions.~~

29 ~~D. A taxpayer who is required to pay any municipal transaction~~
30 ~~privilege and affiliated excise taxes to a city or town that did not have an~~
31 ~~intergovernmental contract or agreement with the department of revenue in~~
32 ~~effect as of January 1, 2013 to provide a coordinated method of collecting~~
33 ~~municipal transaction privilege and affiliated excise taxes may instead~~
34 ~~report and pay the required tax to that city or town through an online~~
35 ~~portal. The online portal shall be procured by the department of~~
36 ~~administration pursuant to a public-private partnership entered into pursuant~~
37 ~~to section 41-2559, shall include access to a single point of filing and~~
38 ~~paying the tax and shall provide security measures to protect taxpayer~~
39 ~~information. The department of revenue shall administer the portal.~~

40 ~~E.~~ B. A taxpayer that does not report and pay the required tax to a
41 city or town ~~through the portal~~ ELECTRONICALLY shall file and pay the tax to
42 the department of revenue if the department has developed the electronic and
43 nonelectronic tools necessary to capture data with sufficient specificity to
44 meet the needs of all taxing jurisdictions, including specific data regarding
45 each tax classification and any corresponding deductions at each business
46 location of the taxpayer.

1 Sec. 17. Section 42-6002, Arizona Revised Statutes, as amended by Laws
2 2013, chapter 255, section 19, is amended to read:

3 42-6002. Administration; procedures for levy, collection and
4 enforcement applicable to cities and towns

5 A. UNLESS THE CONTEXT OTHERWISE REQUIRES, CHAPTER 1 AND CHAPTER 5,
6 ARTICLE 1 OF THIS TITLE GOVERN THE ADMINISTRATION OF THE MUNICIPAL PRIVILEGE
7 TAXES LEVIED BY A CITY OR TOWN.

8 ~~A-~~ B. The procedures for levy, collection and enforcement of payment
9 of transaction privilege and affiliated excise taxes, including use tax,
10 severance tax, jet fuel excise and use tax, and rental occupancy tax, levied
11 by a city or town shall be in the same manner as authorized by chapter 5 of
12 this title. THIS SUBSECTION DOES NOT PRECLUDE A CITY OR TOWN FROM LEVYING A
13 TRANSACTION PRIVILEGE, SALES, USE OR OTHER SIMILAR TAX AS A RESULT OF A
14 PERSON'S BUSINESS ACTIVITIES AS PROVIDED IN ARTICLES 1 AND 2 OF THIS CHAPTER.

15 ~~B-~~ C. An intergovernmental contract or agreement entered into
16 pursuant to section 42-6001, subsection A shall include the following
17 provisions:

18 1. All audits shall be conducted in accordance with standard audit
19 procedures defined in the department of revenue audit manual.

20 2. All auditors shall be trained in accordance with the policies of
21 the department.

22 3. AN AUDITOR THAT IS TRAINED AND AUTHORIZED TO CONDUCT AN AUDIT MAY
23 NOT REPRESENT ANY TAXPAYER IN ANY TAX MATTER.

24 ~~3-~~ 4. Except as provided in paragraph ~~4-~~ 5 of this subsection, the
25 audit of a taxpayer that has locations in two or more cities or towns shall
26 be conducted by the department.

27 ~~4-~~ 5. All audits shall include all taxing jurisdictions in this state
28 regardless of which jurisdiction conducts the audit. A city or town may
29 conduct an audit of any taxpayer that is engaged in business in only one city
30 or town and any other taxpayer authorized by the department.

31 ~~5-~~ 6. The department shall issue all audit assessments on behalf of
32 all taxing jurisdictions in a single notice to the taxpayer.

33 ~~6-~~ 7. Appeals of audit assessments shall be directed to the
34 department.

35 8. APPEALS OF AUDIT ASSESSMENTS SHALL BE ADMINISTERED PURSUANT TO
36 CHAPTER 1, ARTICLE 6 OF THIS TITLE.

37 ~~7-~~ 9. The department shall notify all affected cities and towns
38 before entering into any compromise, closing, settlement or other agreement
39 with a person related to the tax levied and imposed by the cities and towns.

40 Sec. 18. Section 42-6004, Arizona Revised Statutes, as amended by Laws
41 2013, first regular session, chapter 27, section 2, chapter 120, section 2,
42 chapter 153, section 2 and chapter 236, section 6 and Laws 2013, first
43 special session, chapter 9, section 8, is amended to read:

44 42-6004. Exemption from municipal tax

45 A. A city, town or special taxing district shall not levy a
46 transaction privilege, sales, use or other similar tax on:

- 1 1. Exhibition events in this state sponsored, conducted or operated by
2 a nonprofit organization that is exempt from taxation under section
3 501(c)(3), 501(c)(4) or 501(c)(6) of the internal revenue code if the
4 organization is associated with a major league baseball team or a national
5 touring professional golfing association and no part of the organization's
6 net earnings inures to the benefit of any private shareholder or individual.
- 7 2. Interstate telecommunications services, which include that portion
8 of telecommunications services, such as subscriber line service, allocable by
9 federal law to interstate telecommunications service.
- 10 3. Sales of warranty or service contracts.
- 11 4. Sales of motor vehicles to nonresidents of this state for use
12 outside this state if the ~~vendor~~ MOTOR VEHICLE DEALER ships or delivers the
13 motor vehicle to a destination outside this state.
- 14 5. Interest on finance contracts.
- 15 6. Dealer documentation fees on the sales of motor vehicles.
- 16 7. Sales of food or other items purchased with United States
17 department of agriculture food stamp coupons issued under the food stamp act
18 of 1977 (P.L. 95-113; 91 Stat. 958) or food instruments issued under section
19 17 of the child nutrition act (P.L. 95-627; 92 Stat. 3603; P.L. 99-661,
20 section 4302; 42 United States Code section 1786) but may impose such a tax
21 on other sales of food. If a city, town or special taxing district exempts
22 sales of food from its tax or imposes a different transaction privilege rate
23 on the gross proceeds of sales or gross income from sales of food and nonfood
24 items, it shall use the definition of food prescribed by rule adopted by the
25 department pursuant to section 42-5106.
- 26 8. Orthodontic devices dispensed by a dental professional who is
27 licensed under title 32, chapter 11 to a patient as part of the practice of
28 dentistry.
- 29 9. Sales of internet access services to the person's subscribers and
30 customers. For the purposes of this paragraph:
31 (a) "Internet" means the computer and telecommunications facilities
32 that comprise the interconnected worldwide network of networks that employ
33 the transmission control protocol or internet protocol, or any predecessor or
34 successor protocol, to communicate information of all kinds by wire or radio.
35 (b) "Internet access" means a service that enables users to access
36 content, information, electronic mail or other services over the internet.
37 Internet access does not include telecommunication services provided by a
38 common carrier.
- 39 10. The gross proceeds of sales or gross income retained by the Arizona
40 exposition and state fair board from ride ticket sales at the annual Arizona
41 state fair.
- 42 11. Through August 31, 2014, sales of Arizona centennial medallions by
43 the historical advisory commission.
- 44 12. Leasing real property between affiliated companies, businesses,
45 persons or reciprocal insurers. For the purposes of this paragraph:

1 (a) "Affiliated companies, businesses, persons or reciprocal insurers"
2 means the lessor holds a controlling interest in the lessee, the lessee holds
3 a controlling interest in the lessor, an affiliated entity holds a
4 controlling interest in both the lessor and the lessee or an unrelated person
5 holds a controlling interest in both the lessor and lessee.

6 (b) "Controlling interest" means direct or indirect ownership of at
7 least eighty per cent of the voting shares of a corporation or of the
8 interests in a company, business or person other than a corporation.

9 (c) "Reciprocal insurer" has the same meaning prescribed in section
10 20-762.

11 13. The gross proceeds of sales or gross income derived from a contract
12 for the installation, assembly, repair or maintenance of machinery, equipment
13 or other tangible personal property described in section 42-5061, subsection
14 B and that has independent functional utility, pursuant to the following
15 provisions:

16 (a) The deduction provided in this paragraph includes the gross
17 proceeds of sales or gross income derived from all of the following:

18 (i) Any activity performed on machinery, equipment or other tangible
19 personal property with independent functional utility.

20 (ii) Any activity performed on any tangible personal property relating
21 to machinery, equipment or other tangible personal property with independent
22 functional utility in furtherance of any of the purposes provided for under
23 subdivision (d) of this paragraph.

24 (iii) Any activity that is related to the activities described in
25 ~~subdivision (a),~~ items (i) and (ii) of this ~~paragraph~~ SUBDIVISION,
26 including, ~~but not limited to,~~ inspecting the installation of, ~~or testing,~~
27 the machinery, equipment or other tangible personal property.

28 (b) The deduction provided in this paragraph does not include gross
29 proceeds of sales or gross income from the portion of any contracting
30 activity that consists of the development of, or modification to, real
31 property in order to facilitate the installation, assembly, repair,
32 maintenance or removal of machinery, equipment or other tangible personal
33 property described in section 42-5061, subsection B.

34 (c) The deduction provided in this paragraph shall be determined
35 without regard to the size or useful life of the machinery, equipment or
36 other tangible personal property.

37 (d) For the purposes of this paragraph, "independent functional
38 utility" means that the machinery, equipment or other tangible personal
39 property can independently perform its function without attachment to real
40 property, other than attachment for any of the following purposes:

41 (i) Assembling the machinery, equipment or other tangible personal
42 property.

43 (ii) Connecting items of machinery, equipment or other tangible
44 personal property to each other.

1 (iii) Connecting the machinery, equipment or other tangible personal
2 property, whether as an individual item or as a system of items, to water,
3 power, gas, communication or other services.

4 (iv) Stabilizing or protecting the machinery, equipment or other
5 tangible personal property during operation by bolting, burying or performing
6 other dissimilar nonpermanent connections to either real property or real
7 property improvements.

8 14. The leasing or renting of certified ignition interlock devices
9 installed pursuant to the requirements prescribed by section 28-1461. For
10 the purposes of this paragraph, "certified ignition interlock device" has the
11 same meaning prescribed in section 28-1301.

12 15. Computer data center equipment purchased by the owner, operator or
13 qualified colocation tenant of the computer data center or an authorized
14 agent of the owner, operator or qualified colocation tenant during the
15 qualification period for use in a computer data center that is certified by
16 the Arizona commerce authority under section 41-1519. To qualify for this
17 deduction, at the time of purchase, the owner, operator or qualified
18 colocation tenant must present to the retailer its certificate that is issued
19 pursuant to section 41-1519 and that establishes its qualification for the
20 deduction. For the purposes of this paragraph, "computer data center",
21 "computer data center equipment", "qualification period" and "qualified
22 colocation tenant" have the same meanings prescribed in section 41-1519.

23 16. THE GROSS PROCEEDS OF SALES OR GROSS INCOME DERIVED FROM A CONTRACT
24 WITH THE OWNER OF REAL PROPERTY OR THE PERSON OWNING THE IMPROVEMENTS TO THE
25 REAL PROPERTY FOR THE MAINTENANCE, REPAIR, REPLACEMENT OR ALTERATION OF
26 EXISTING PROPERTY IS NOT SUBJECT TO TAX UNDER THIS SECTION IF THE CONTRACT
27 DOES NOT INCLUDE MODIFICATION ACTIVITIES, EXCEPT AS SPECIFIED IN THIS
28 PARAGRAPH. THE GROSS PROCEEDS OF SALES OR GROSS INCOME DERIVED FROM A DE
29 MINIMIS AMOUNT OF MODIFICATION ACTIVITY THAT IS ESSENTIAL TO THE COMPLETION
30 OF THE MAINTENANCE, REPAIR, REPLACEMENT OR ALTERATION CONTRACT DOES NOT
31 SUBJECT THE ENTIRE CONTRACT TO TAX UNDER THIS SECTION. FOR THE PURPOSES OF
32 THIS PARAGRAPH, EACH CONTRACT OR PROJECT IS INDEPENDENT OF ANY OTHER
33 CONTRACT.

34 17. THE GROSS PROCEEDS OF SALES OR GROSS INCOME FROM SALES OF LOW OR
35 REDUCED COST ARTICLES OF FOOD OR DRINK TO ELIGIBLE ELDERLY, DISABLED OR
36 HOMELESS PERSONS BY A BUSINESS SUBJECT TO TAX UNDER SECTION 42-5074 THAT
37 CONTRACTS WITH THE DEPARTMENT OF ECONOMIC SECURITY AND THAT IS APPROVED BY
38 THE FOOD AND NUTRITION SERVICE OF THE UNITED STATES DEPARTMENT OF AGRICULTURE
39 PURSUANT TO THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM ESTABLISHED BY THE
40 FOOD AND NUTRITION ACT OF 2008 (P.L. 110-246; 122 STAT. 1651; 7 UNITED STATES
41 CODE SECTIONS 2011 THROUGH 2036a), IF THE PURCHASES ARE MADE WITH THE
42 BENEFITS ISSUED PURSUANT TO THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM.

43 B. A city, town or other taxing jurisdiction shall not levy a
44 transaction privilege, sales, use, franchise or other similar tax or fee,
45 however denominated, on natural gas or liquefied petroleum gas used to propel
46 a motor vehicle.

1 C. A city, town or other taxing jurisdiction shall not levy a
2 transaction privilege, sales, gross receipts, use, franchise or other similar
3 tax or fee, however denominated, on gross proceeds of sales or gross income
4 derived from any of the following:

5 1. A motor carrier's use on the public highways in this state if the
6 motor carrier is subject to a fee prescribed in title 28, chapter 16,
7 article 4.

8 2. Leasing, renting or licensing a motor vehicle subject to and ~~upon~~
9 ON which the fee has been paid under title 28, chapter 16, article 4.

10 3. The sale of a motor vehicle and any repair and replacement parts
11 and tangible personal property becoming a part of such motor vehicle to a
12 motor carrier who is subject to a fee prescribed in title 28, chapter 16,
13 article 4 and who is engaged in the business of leasing, renting or licensing
14 such property.

15 4. Incarcerating or detaining in a privately operated prison, jail or
16 detention facility prisoners who are under the jurisdiction of the United
17 States, this state or any other state or a political subdivision of this
18 state or of any other state.

19 5. Transporting for hire persons, freight or property by light motor
20 vehicles subject to a fee under title 28, chapter 15, article 4.

21 6. Any amount attributable to development fees that are incurred in
22 relation to the construction, development or improvement of real property and
23 paid by the taxpayer as defined in the model city tax code or by a contractor
24 providing services to the taxpayer. For the purposes of this paragraph:

25 (a) The attributable amount shall not exceed the value of the
26 development fees actually imposed.

27 (b) The attributable amount is equal to the total amount of
28 development fees paid by the taxpayer or by a contractor providing services
29 to the taxpayer and the total development fees credited in exchange for the
30 construction of, contribution to or dedication of real property for providing
31 public infrastructure, public safety or other public services necessary to
32 the development. The real property must be the subject of the development
33 fees.

34 (c) "Development fees" means fees imposed to offset capital costs of
35 providing public infrastructure, public safety or other public services to a
36 development and authorized pursuant to section 9-463.05, section 11-1102 or
37 title 48 regardless of the jurisdiction to which the fees are paid.

38 D. A city, town or other taxing jurisdiction shall not levy a
39 transaction privilege, sales, use, franchise or other similar tax or fee,
40 however denominated, in excess of one-tenth of one per cent of the value of
41 the entire product mined, smelted, extracted, refined, produced or prepared
42 for sale, profit or commercial use, on persons engaged in the business of
43 mineral processing, except to the extent that the tax is computed on the
44 gross proceeds or gross income from sales at retail.

1 E. In computing the tax base, any city, town or other taxing
2 jurisdiction shall not include in the gross proceeds of sales or gross
3 income:

4 1. A manufacturer's cash rebate on the sales price of a motor vehicle
5 if the buyer assigns the buyer's right in the rebate to the retailer.

6 2. The waste tire disposal fee imposed pursuant to section 44-1302.

7 F. A city or town shall not levy a use tax on the storage, use or
8 consumption of tangible personal property in the city or town by a school
9 district or charter school.

10 Sec. 19. Repeal

11 Section 42-6004, Arizona Revised Statutes, as amended by Laws 2013,
12 chapter 255, section 20, is repealed.

13 Sec. 20. Repeal

14 Section 42-6009, Arizona Revised Statutes, is repealed.

15 Sec. 21. Section 42-6056, Arizona Revised Statutes, is amended to
16 read:

17 42-6056. Municipal tax hearing office

18 A. A municipal tax hearing office is established. The hearing office
19 shall hear all reviews of petitions for hearing or redetermination under the
20 model city tax code for cities and towns not in the state collection system
21 AS OF JANUARY 1, 2013 and for appeals from supplementary audits performed by
22 cities and towns under the state collection system FOR ALL AUDITS AND
23 ASSESSMENTS INITIATED BY A CITY OR TOWN PRIOR TO JANUARY 1, 2015. ALL
24 MATTERS INITIATED BY A CITY OR TOWN FROM AND AFTER JANUARY 1, 2015 SHALL BE
25 SUBJECT TO REVIEW PURSUANT TO SECTION 42-6002.

26 B. The municipal tax code commission shall confirm within sixty days
27 all hearing officers appointed to the municipal tax hearing office.

28 C. The municipal tax hearing office shall submit at least quarterly a
29 report of the office's activities to the municipal tax code commission.

30 D. The cost of the municipal tax hearing office shall be funded by the
31 cities and towns in a manner determined pursuant to an intergovernmental
32 agreement or contract as provided in section 11-952.

33 Sec. 22. Refunds; definitions

34 A. For tax periods ending before January 1, 2015, claims for credit or
35 refund of municipal privilege tax shall be made to the tax collector of the
36 city or town to which the tax was originally paid.

37 B. A claim for credit or refund of municipal transaction privilege tax
38 filed with the tax collector is valid for purposes of filing if the claim is
39 in writing, identifies the claimant by name and the claimant's address and
40 tax identification number and provides the amount of credit or refund
41 requested, the specific tax period involved and the specific grounds for the
42 claim.

43 C. If a credit or refund claim is valid under subsection B of this
44 section, the tax collector shall not refuse to process the claim or require
45 the claimant to refile the credit or refund claim. If the tax collector

1 refuses to process or requires refiling of a credit or refund claim that is
2 valid under subsection B of this section:

3 1. For purposes of the limitation period, the credit or refund claim
4 is deemed received on the date the original filing was received by the tax
5 collector, notwithstanding the tax collector's refusal to process or
6 requirement to refile the claim.

7 2. The claimant may treat the tax collector's refusal to process or
8 requirement to refile as a denial of the credit or refund claim by filing a
9 petition for hearing regarding the refusal to process or requirement to
10 refile under the administrative review provisions of the model city tax code
11 or state law, as applicable. The claimant may file a petition for hearing at
12 any time after the refusal to process or requirement to refile the claim.

13 D. A denial of the credit or refund claim does not occur until the tax
14 collector notifies the claimant in writing that:

15 1. The claim for credit or refund has been denied and the reasoning
16 for the denial.

17 2. The notice constitutes a denial of the credit or refund claim that
18 triggers the deadline for filing a petition for hearing under the
19 administrative review provisions of the model city tax code or state law, as
20 applicable. The time limitation for filing an administrative appeal does not
21 begin until the tax collector issues the notification.

22 E. Any request by the tax collector for additional information to
23 process the credit or refund claim must be reasonably related to the credit
24 or refund claim. The tax collector may not require a claimant to provide any
25 report or information that is not required to be maintained in the normal
26 course of business under the record keeping requirements of the model city
27 tax code. Except for information reasonably necessary to substantiate a
28 customer's exemption claim, the tax collector shall not require a claimant to
29 provide any information relating to the claimant's specific customers,
30 whether or not the claimant collected the tax from customers by separately
31 stated itemization. The tax collector may not impose unreasonable time
32 limits for a claimant to respond to any valid request for a report or
33 information. The tax collector shall grant a claimant's reasonable request
34 for one or more extensions to provide any requested report or information.
35 Any denial of the request must state in writing that:

36 1. The claim for credit or refund has been denied and the reason for
37 the denial.

38 2. The notice constitutes a denial of the credit or refund claim that
39 triggers the deadline for filing a petition for hearing under the
40 administrative review provisions of the model city tax code or state law, as
41 applicable.

42 F. The tax collector may not condition a credit or refund on the
43 claimant's remittance of the credit or refund to customers, whether or not
44 the tax was collected by separately stated itemization. Tax paid on an
45 activity that is not subject to tax or that qualifies for an exemption,
46 deduction, exclusion or credit is not excess collected tax.

1 G. Interest on a credit or refund for overpaid municipal transaction
2 privilege tax shall be paid to the claimant at the rate and in the manner
3 prescribed by section 42-1123, subsection A, Arizona Revised Statutes.
4 Interest on a refund or credit claim shall be computed from the date the
5 claim is filed.

6 H. A claimant that is ultimately determined to be entitled to a credit
7 or refund of municipal transaction privilege tax may be awarded by order of a
8 court, board or hearing officer reasonable fees and other costs relating to
9 the administrative processing or administrative appeal of the credit or
10 refund claim if the tax collector's position was not substantially justified
11 or was brought for the purpose of harassing the claimant, frustrating the
12 credit or refund process or delaying the credit or refund.

13 I. If a discrepancy occurs between this section and any provision of
14 the model city tax code, this section applies.

15 J. For the purposes of this section:

16 1. "Claimant" means a taxpayer that has paid the municipal transaction
17 privilege tax that is the subject of the credit or refund claim. Unless the
18 taxpayer has granted a customer a power of attorney to pursue a credit or
19 refund claim on the taxpayer's behalf, claimant does not include any customer
20 of that taxpayer, whether or not the claimant collected the tax from
21 customers by separately stated itemization.

22 2. "Model city tax code" means the model city tax code as defined in
23 section 42-6051, Arizona Revised Statutes, and its appendices and
24 regulations, as adopted in the city or town and includes the specific state
25 law incorporated in the model city tax code and the interpretation of state
26 law.

27 3. "Municipal transaction privilege tax" means a municipal transaction
28 privilege tax, municipal privilege license tax or municipal transaction
29 privilege license tax, municipal use tax or similar excise tax that is
30 imposed by the tax collector.

31 4. "Reasonable fees and other costs" means fees and other costs that
32 are based on prevailing market rates for the kind and quality of the
33 furnished services, not to exceed the amounts actually paid for expert
34 witnesses, the cost of any study, analysis, report, test, project or computer
35 program that is found to be necessary to prepare the claimant's case and
36 necessary fees for attorneys or other representatives.

37 5. "Tax collector" means the municipal tax collector or the department
38 of revenue if it is acting as the tax collector for those cities and towns in
39 the state collection program, as applicable under the model city tax code and
40 its appendices.

41 Sec. 23. Appeals

42 Reviews of petitions for hearing or redetermination under the model
43 city tax code for cities and towns that did not have an intergovernmental
44 contract or agreement with the department of revenue in effect as of January
45 1, 2013 to provide a coordinated method of collecting municipal privilege tax
46 that relates to liabilities established before January 1, 2015 must be heard

1 by the municipal hearing office established under section 42-6056, Arizona
2 Revised Statutes, as amended by this act.

3 Sec. 24. License renewal notices

4 From and after September 30, 2014, the department of revenue shall mail
5 a single notice for the annual license renewal prescribed by section 42-5005,
6 Arizona Revised Statutes, as amended by this act, to existing license
7 holders. The renewal notice must include license renewals for state
8 transaction privilege and municipal privilege and affiliated taxes.

9 Sec. 25. Department of revenue; exemption from rulemaking

10 The department of revenue is exempt from the rulemaking requirements of
11 title 41, chapter 6, Arizona Revised Statutes, for the purpose of
12 implementing this act.

13 Sec. 26. Retroactivity

14 A. Section 42-2003, Arizona Revised Statutes, as amended by Laws 2013,
15 first special session, chapter 9, section 3 and Laws 2013, first regular
16 session, chapter 40, section 2, chapter 114, section 6 and chapter 222,
17 section 3 and this act, applies retroactively to from and after September 12,
18 2013.

19 B. Section 42-2003, Arizona Revised Statutes, as amended by Laws 2013,
20 chapter 255, section 2 and this act, applies retroactively to from and after
21 September 12, 2013.

22 Sec. 27. Conditional repeal; notice

23 A. Section 42-6056, Arizona Revised Statutes, as amended by this act,
24 is repealed upon issuance of the final decision promulgated by the municipal
25 tax hearing office.

26 B. The department of revenue shall notify in writing the director of
27 the Arizona legislative council of this date.

28 Sec. 28. Effective date

29 A. Sections 35-142 and 41-132, Arizona Revised Statutes, as amended by
30 this act, are effective from and after September 30, 2014.

31 B. Sections 42-1125 and 42-5005, Arizona Revised Statutes, as amended
32 by this act, are effective from and after December 31, 2014.

33 C. Section 42-2003, Arizona Revised Statutes, as amended by Laws 2013,
34 chapter 255, section 2 and this act, section 42-2075, Arizona Revised
35 Statutes, as amended by Laws 2013, chapter 255, section 4 and this act,
36 section 42-5009, Arizona Revised Statutes, as amended by Laws 2013, chapter
37 40, section 3 and this act, section 42-5014, Arizona Revised Statutes, as
38 amended by Laws 2013, chapter 255, section 7 and this act, section 42-5075,
39 Arizona Revised Statutes, as amended by Laws 2013, first regular session,
40 chapter 153, section 1 and Laws 2013, first special session, chapter 9,
41 section 6 and this act, section 42-6001, Arizona Revised Statutes, as amended
42 by Laws 2013, chapter 255, section 18 and this act, section 42-6002, Arizona
43 Revised Statutes, as amended by Laws 2013, chapter 255, section 19 and this
44 act, and section 42-6004, Arizona Revised Statutes, as amended by Laws 2013,
45 first regular session, chapter 27, section 2, chapter 120, section 2, chapter
46 153, section 2 and chapter 236, section 6 and Laws 2013, first special

1 session, chapter 9, section 8 and this act, are effective from and after
2 December 31, 2014.

3 D. The repeal of section 42-6009, Arizona Revised Statutes, by this
4 act is effective from and after December 31, 2014.

5 E. Sections 22, 23 and 24 of this act are effective from and after
6 December 31, 2014.

APPROVED BY THE GOVERNOR APRIL 30, 2014.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 30, 2014.