

REFERENCE TITLE: short-term rentals; vacation rentals

State of Arizona
House of Representatives
Fifty-fifth Legislature
First Regular Session
2021

HCR 2011

Introduced by
Representatives Lieberman: Butler, Pawlik, Shah, Terán, Senator Marsh

A CONCURRENT RESOLUTION

ENACTING AND ORDERING THE SUBMISSION TO THE PEOPLE OF A MEASURE RELATING
TO SHORT-TERM AND VACATION RENTALS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it resolved by the House of Representatives of the State of Arizona,
2 the Senate concurring:

3 1. Under the power of the referendum, as vested in the Legislature,
4 the following measure, relating to short-term and vacation rentals, is
5 enacted to become valid as a law if approved by the voters and on
6 proclamation of the Governor:

7 AN ACT

8 REPEALING SECTIONS 9-500.39 AND 11-269.17, ARIZONA REVISED
9 STATUTES; AMENDING SECTIONS 12-1134, 42-1125.02, 42-2003 AND
10 42-5042, ARIZONA REVISED STATUTES; RELATING TO SHORT-TERM
11 RENTALS AND VACATION RENTALS.

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

13 Section 1. Repeal

14 Sections 9-500.39 and 11-269.17, Arizona Revised
15 Statutes, are repealed.

16 Sec. 2. Section 12-1134, Arizona Revised Statutes, is
17 amended to read:

18 12-1134. Diminution in value; just compensation;
19 exceptions; definitions

20 A. If the existing rights to use, divide, sell or
21 possess private real property are reduced by the enactment or
22 applicability of any land use law enacted after the date the
23 property is transferred to the owner and such action reduces
24 the fair market value of the property, the owner is entitled
25 to just compensation from this state or the political
26 subdivision of this state that enacted the land use law.

27 B. This section does not apply to land use laws that **DO**
28 **ANY OF THE FOLLOWING:**

29 1. Limit or prohibit a use or division of real property
30 for the protection of the public's health and safety,
31 including rules and regulations relating to fire and building
32 codes, health and sanitation, transportation or traffic
33 control, solid or hazardous waste, and pollution control. ;

34 2. Limit or prohibit the use or division of real
35 property commonly and historically recognized as a public
36 nuisance under common law. ;

37 3. Are required by federal law. ;

38 4. Limit or prohibit the use or division of a property
39 for the purpose of housing sex offenders, selling illegal
40 drugs, liquor control, or pornography, obscenity, nude or
41 topless dancing, and other adult oriented businesses if the
42 land use laws are consistent with the constitutions of this
43 state and the United States. ;

44 5. Establish locations for utility facilities. ;

45 6. Do not directly regulate an owner's land. ;

1 7. Were enacted before ~~the effective date of this~~
2 ~~section~~ DECEMBER 7, 2006.

3 8. REGULATE A VACATION RENTAL OR SHORT-TERM RENTAL.

4 C. This state or the political subdivision of this
5 state that enacted the land use law has the burden of
6 demonstrating that the land use law is exempt pursuant to
7 subsection B OF THIS SECTION.

8 D. The owner shall not be required to first submit a
9 land use application to remove, modify, vary or otherwise
10 alter the application of the land use law to the owner's
11 property as a prerequisite to demanding or receiving just
12 compensation pursuant to this section.

13 E. If a land use law continues to apply to private real
14 property more than ninety days after the owner of the property
15 makes a written demand in a specific amount for just
16 compensation to this state or the political subdivision of
17 this state that enacted the land use law, the owner has a
18 cause of action for just compensation in a court in the county
19 in which the property is located, unless this state or THE
20 political subdivision of this state and the owner reach an
21 agreement on the amount of just compensation to be paid, or
22 unless this state or THE political subdivision of this state
23 amends, ~~OR~~ repeals, ~~THE LAND USE LAW~~ or issues to the
24 landowner a binding waiver of enforcement of the land use law
25 on the owner's specific parcel.

26 F. Any demand for landowner relief or any waiver that
27 is granted in lieu of compensation runs with the land.

28 G. An action for just compensation based on diminution
29 in value must be made or forever barred within three years of
30 the effective date of the land use law, or of the first date
31 the reduction of the existing rights to use, divide, sell or
32 possess property applies to the owner's parcel, whichever is
33 later.

34 H. The remedy created by this section is in addition to
35 any other remedy that is provided by the laws and constitution
36 of this state or the United States and is not intended to
37 modify or replace any other remedy.

38 I. ~~Nothing in~~ This section ~~prohibits~~ DOES NOT PROHIBIT
39 this state or any political subdivision of this state from
40 reaching an agreement with a private property owner to waive a
41 claim for diminution in value regarding any proposed action by
42 this state or a political subdivision of this state or action
43 requested by the property owner.

1 J. FOR THE PURPOSES OF SUBSECTION B OF THIS SECTION:

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

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

5 (a) MEANS ANY INDIVIDUALLY OR COLLECTIVELY OWNED
6 SINGLE-FAMILY OR ONE-TO-FOUR-FAMILY HOUSE OR DWELLING UNIT OR
7 ANY UNIT OR GROUP OF UNITS IN A CONDOMINIUM, COOPERATIVE OR
8 TIMESHARE, THAT IS ALSO A TRANSIENT PUBLIC LODGING
9 ESTABLISHMENT OR OWNER-OCCUPIED RESIDENTIAL HOME OFFERED FOR
10 TRANSIENT USE IF THE ACCOMMODATIONS ARE NOT CLASSIFIED FOR
11 PROPERTY TAXATION UNDER SECTION 42-12001.

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

15 Sec. 3. Section 42-1125.02, Arizona Revised Statutes,
16 is amended to read:

17 42-1125.02. Civil penalties; online lodging operators;
18 definition

19 A. An online lodging operator that fails to comply with
20 section 42-5042 shall pay the following civil penalty:

- 21 1. For a first offense, \$250.
22 2. For a second and any subsequent offense, \$1,000.

23 ~~B. If an online lodging operator received a verified~~
24 ~~violation, the online lodging operator shall pay the following~~
25 ~~civil penalty:~~

26 ~~1. For a first verified violation received for a~~
27 ~~property, either:~~

28 ~~(a) If the city, town or county did not impose a civil~~
29 ~~penalty on the online lodging operator for the verified~~
30 ~~violation, \$500.~~

31 ~~(b) If the city, town or county imposed a civil penalty~~
32 ~~on the online lodging operator for the verified violation, the~~
33 ~~difference between the amount prescribed in subdivision (a) of~~
34 ~~this paragraph and the amount of the civil penalty the city,~~
35 ~~town or county imposed on the online lodging operator for the~~
36 ~~verified violation.~~

37 ~~2. For a second verified violation received on the same~~
38 ~~property within a twelve-month period, either:~~

39 ~~(a) If the city, town or county did not impose a civil~~
40 ~~penalty on the online lodging operator for the verified~~
41 ~~violation, \$1,000.~~

42 ~~(b) If the city, town or county imposed a civil penalty~~
43 ~~on the online lodging operator for the verified violation, the~~
44 ~~difference between the amount prescribed in subdivision (a) of~~
45 ~~this paragraph and the amount of the civil penalty the city,~~

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~~town or county imposed on the online lodging operator for the verified violation.~~

~~3. For a third and any subsequent verified violation received on the same property within the same twelve-month period, either:~~

~~(a) If the city, town or county did not impose a civil penalty on the online lodging operator for the verified violation, fifty percent of the gross monthly revenues of the lodging accommodation at which the violation occurred for the month in which the violation occurred or \$1,500, whichever is greater.~~

~~(b) If the city, town or county imposed a civil penalty on the online lodging operator for the verified violation, the difference between the amount prescribed in subdivision (a) of this paragraph and the amount of the civil penalty the city, town or county imposed on the online lodging operator for the verified violation.~~

~~6. If the department imposes a civil penalty pursuant to subsection B, paragraph 1 of this section and the online lodging operator appeals the civil penalty, the hearing officer may waive or lower the civil penalty based on the online lodging operator's diligence in attempting to prohibit renters from violating state law or the city's or town's applicable laws, regulations or ordinances. In determining whether to waive or lower the civil penalty, the hearing officer shall consider both of the following:~~

~~1. Whether rules that prohibit activities violating state law or the city's or town's applicable laws, regulations or ordinances were included in the advertisement for the lodging accommodation, vacation rental or short-term rental.~~

~~2. Whether the rules described in paragraph 1 of this subsection were posted in a conspicuous location inside the lodging accommodation, vacation rental or short-term rental.~~

~~B. For the purposes of this section, --~~

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

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

~~3. "online lodging operator" has the same meaning prescribed in section 42-5076 and includes an owner of a vacation rental or short-term rental that is not offered through an online lodging marketplace.~~

~~4. "Vacation rental" and "short-term rental" have the same meanings prescribed in section 9-500.39 or 11-269.17.~~

1 ~~5. "Verified violation" has the same meaning prescribed~~
2 ~~in section 9-500.39 or 11-269.17.~~

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

5 42-2003. Authorized disclosure of confidential
6 information; definitions

7 A. Confidential information relating to:

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

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

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

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

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

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

44 7. A government entity may be disclosed to the head of
45 the entity or a member of the governing board of the entity,

1 or any employee of the entity who has been delegated the
2 authorization in writing by the head of the entity or the
3 governing board of the entity.

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

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

10 10. Any taxpayer may be disclosed during a meeting or
11 telephone call if the taxpayer is present during the meeting
12 or telephone call and authorizes the disclosure of
13 confidential information.

14 B. Confidential information may be disclosed to:

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

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

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

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

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

42 (a) The United States internal revenue service, alcohol
43 and tobacco tax and trade bureau of the United States
44 treasury, United States bureau of alcohol, tobacco, firearms
45 and explosives of the United States department of justice,

1 United States drug enforcement agency and federal bureau of
2 investigation.

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

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

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

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

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

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

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

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

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

24 8. The office of administrative hearings relating to
25 taxes administered by the department pursuant to section
26 42-1101, but the department shall not disclose any
27 confidential information without the taxpayer's written
28 consent:

29 (a) Regarding income tax or withholding tax.

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

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

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

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

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

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

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

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

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

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

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

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

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

19 17. The department of administration risk management
20 division and the office of the attorney general if the
21 information relates to a claim against this state pursuant to
22 section 12-821.01 involving the department of revenue.

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

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

31 20. The department of health services for its use in
32 determining ~~if~~ **WHETHER** a medical marijuana dispensary is in
33 compliance with the tax requirements of ~~title 42,~~ chapter 5 **OF**
34 **THIS TITLE** for purposes of section 36-2806, subsection A.

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

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

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

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

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

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

8 2. Confidential information may not be disclosed under
9 this subsection if the disclosure is prohibited by section
10 42-2002, subsection C or D.

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

14 E. The department, on the request of any person, shall
15 provide the names and addresses of bingo licensees as defined
16 in section 5-401, verify whether or not a person has a
17 privilege license and number, a tobacco product distributor's
18 license and number or a withholding license and number or
19 disclose the information to be posted on the department's
20 website or otherwise publicly accessible pursuant to section
21 42-1124, subsection F and section 42-3401.

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

30 G. Confidential information relating to transaction
31 privilege tax, use tax, severance tax, jet fuel excise and use
32 tax and any other tax collected by the department on behalf of
33 any jurisdiction may be disclosed to any county, city or town
34 tax official if the information relates to a taxpayer who is
35 or may be taxable by a county, city or town or who may be
36 subject to audit by the department pursuant to section
37 42-6002. Any taxpayer information that is released by the
38 department to the county, city or town:

39 1. May be used only for internal purposes, including
40 audits. ~~If there is a legitimate business need relating to~~
41 ~~enforcing laws, regulations and ordinances pursuant to section~~
42 ~~9-500.39 or 11-269.17, a county, city or town tax official may~~
43 ~~redisclose transaction privilege tax information relating to a~~
44 ~~vacation rental or short-term rental property owner or online~~

1 ~~lodging operator from the new license report and license~~
2 ~~update report, subject to the following:~~

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

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

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

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

10 ~~(iv) The business mailing address, tax record physical~~
11 ~~location address, telephone number, email address and fax~~
12 ~~number.~~

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

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

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

23 ~~(c) All redisclosures of confidential information made~~
24 ~~pursuant to this paragraph are subject to paragraph 2 of this~~
25 ~~subsection.~~

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

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

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

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

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

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

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

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

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

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

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

34 P. Except as provided in section 42-2002, subsection D,
35 the department of revenue shall release confidential
36 information as requested by the department of economic
37 security pursuant to section 42-1122 or 46-291. Information
38 disclosed under this subsection is limited to the same type of
39 information that the United States internal revenue service is
40 authorized to disclose under section 6103(1)(6) of the
41 internal revenue code.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 subsection A, paragraphs 1 through 6, 8 and 10, subsection B,
2 paragraphs 1, 2, 7 and 8 and subsections C, D and G of this
3 section. Such information:

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

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

9 Sec. 5. Section 42-5042, Arizona Revised Statutes, is
10 amended to read:

11 42-5042. Online lodging operators; requirements;
12 definitions

13 A. An online lodging operator may not offer for rent or
14 rent a lodging accommodation without a current transaction
15 privilege tax license. The online lodging operator shall list
16 the transaction privilege tax license number on each
17 advertisement for each lodging accommodation the online
18 lodging operator maintains, including online lodging
19 marketplace postings.

20 B. For the purposes of this section:

21 1. "Lodging accommodation" has the same meaning
22 prescribed in section 42-5076.

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

25 3. "Online lodging operator" has the same meaning
26 prescribed in section 42-5076 ~~and includes an owner of a~~
27 ~~vacation rental or short-term rental, as defined in section~~
28 ~~9-500.39 or 11-269.17, that is not offered through an online~~
29 ~~lodging marketplace.~~

30 2. The Secretary of State shall submit this proposition to the
31 voters at the next general election as provided by article IV, part 1,
32 section 1, Constitution of Arizona.