

INTERGOVERNMENTAL AGREEMENT
BY AND BETWEEN THE ARIZONA DEPARTMENT OF REVENUE,
PINAL COUNTY, AND PINAL REGIONAL TRANSPORTATION AUTHORITY

THIS AGREEMENT ("**Agreement**") is made and entered into by and between the Arizona Department of Revenue (the "**Department**"), Pinal County (the "**County**"), and Pinal Regional Transportation Authority ("**PRTA**") (collectively the "**Parties**") and shall be considered effective from March 25, 2024 (the "**Effective Date**"), without diminishing or limiting the validity of any acts performed by the Parties on and after the effective date of the document entitled "Memorandum of Understanding by and between the Arizona Department of Revenue, Pinal County, and Pinal Regional Transportation Authority on the Disposition of Invalidated Tax Funds" executed by the Parties (the "**MOU Effective Date**") and prior to the Effective Date.

WHEREAS, pursuant to the Arizona Supreme Court's opinion filed on March 8, 2022 in *Vangilder v. Arizona Department of Revenue*, 252 Ariz. 481, No. CV-20-0040-PR (2022), the county transportation excise tax levied by the Pinal Regional Transportation Authority ("**PRTA**") under A.R.S. § 42-6106 and Proposition 417, which voters approved in the November 7, 2017 special election, was deemed unlawful and invalid (the "**Invalidated Tax**");

WHEREAS, pursuant to PRTA Resolution 2018-01 (Feb. 22, 2018), the County Treasurer has retained all monies collected from the Invalidated Tax in an interest-bearing account (the "**Fund**");

WHEREAS, pursuant to Arizona Revised Statutes (A.R.S.) § 42-1004(A)(1), the Department shall formulate policies, plans, and programs to effectuate its missions and purposes:

WHEREAS, pursuant to A.R.S. § 42-1004(A)(4), the Department shall contract with or assist, *inter alia*, local governments in the furtherance of its purposes, objectives, and programs:

WHEREAS, pursuant to A.R.S. § 42-1004(A)(5), the Department shall accept grants, matching funds, and direct payments from public or private agencies for the conduct of programs that are consistent with the Department's overall purposes and objectives;

WHEREAS, pursuant to A.R.S. § 11-201(A)(3), the County has the authority, through its board of supervisors or agents and officers acting under its authority and authority of law, to make such contracts as may be necessary to the exercise of its powers;

WHEREAS, pursuant to A.R.S. § 11-251(11), the County Board of Supervisors, under such limitations and restrictions as are prescribed by law, is authorized to examine, settle, and allow all accounts legally chargeable against the County, order warrants to be drawn on the County Treasurer for that purpose, and provide for issuing the warrants;

WHEREAS, pursuant to A.R.S. § 48-5302(B), PRTA is a public, political, tax levying public improvement and taxing subdivision of this state, and a municipal corporation to the extent of the powers and privileges conferred by A.R.S. Title 48, Chapter 30 (A.R.S. §§ 48-5301 through 48-5354);

WHEREAS, pursuant to A.R.S. § 48-5304(18) and (19), the PRTA board shall contract and enter into stipulations of any nature necessary and convenient for the full exercise of the powers granted to it in A.R.S. Title 48, Chapter 30, and do all things necessary to carry out the purposes of this chapter;

WHEREAS, the Parties are bound to honor timely submitted requests for Fund monies by qualified claimants, who are limited to the original taxpayers and their legal successors of the Invalidated Tax under A.R.S. § 42-6106;

WHEREAS, the Parties are authorized pursuant to A.R.S. § 11-952 to enter into agreement with one another for joint or cooperative action to contract or perform some or all of the services specified in the contract or agreement;

NOW THEREFORE, in consideration of the foregoing recitals and the mutual promises set forth below, the Parties agree as follows:

1. **Term.** The term of this Agreement shall begin on the Effective Date and end on the earlier of June 30, 2026 (which date represents the last business day of the fiscal year in which the limitation period for timely submitted Requests, as defined in Section 2(b) of this Agreement, expires), the termination of this Agreement pursuant to Section 4 or 5 of this Agreement, or such date as all monies in the Fund are depleted as addressed in Section 6 of this Agreement. Following its execution by all the Parties, this Agreement shall be filed by the Department with the Arizona Secretary of State. Upon such filing, this Agreement shall become effective as of the Effective Date if this Agreement is not filed on or before the Effective Date.
2. **Scope of Work.**
 - a. General. The scope of work governed by this Agreement shall be limited to work performed by the Department to assist the County and PRTA in achieving any of the tasks enumerated in the Work Breakdown Structure ("**WBS**"), attached to this Agreement as Exhibit A, that are listed as a sole or shared duty of either the County or PRTA, which tasks the Department, the County, and PRTA have mutually agreed requires assistance from the Department. The County and PRTA agree to cooperate fully with the Department in connection with any and all matters associated with work performed pursuant to this Agreement and to fully and accurately disclose all facts and documents that may be relevant to such matters or that the Department may otherwise request. The County and PRTA further agree to make necessary representatives reasonably available to attend calls, meetings, conferences, hearings, and any other proceedings as may be necessary.
 - b. Provision of Business Entity-Level Information. In accordance with the provisions of this Section and Section 3, the Department shall provide the County with business entity-level information to allow the County to ascertain whether an individual submitting a request is a Qualified Claimant. A "**Qualified Claimant**" is an individual with the requisite authority within a taxpayer's business or power of authority conveyed by the taxpayer to submit a Request for Refund or Waiver of Pinal County Transportation Excise Tax (a "**Request**") for a taxpayer who reported and paid the Invalidated Tax. The Department-shared information comprises data elements as described in Exhibit B. The County and any employee, contractor, or agent of the County who intends to access Department-provided information pursuant to this Section are subject to the following conditions:
 - i. Statutory Authority. The disclosure of information relating to transaction privilege taxes and related excise taxes that is relevant to administration, collection, or enforcement of the Invalidated Tax ("**Tax Information**") to the County or PRTA is governed by A.R.S. § 42-2001 et seq. In accordance with ARS § 42-2003(G), the Department may disclose Tax Information to tax officials at the County, but such information may not be redisclosed to any elected official.

- ii. *Authorized Access List:* The County shall maintain, update, and provide a current Authorized Access List of names, job titles, and contact information for all persons acting on behalf of the County authorized by law to receive Tax Information from the Department. The County will verify that the persons named are County tax officials (i.e., have a role and responsibility involved with tax administration, which includes administration of requests relating to the Invalidated Tax). No Taxpayer Information shall be disclosed to an elected official and such person shall not be included on the Authorized Access List.
 - 1. The County shall indicate one Primary Point of Contact ("PPOC") on the Authorized Access List to resolve any administrative issues with the Authorized Access List. At its discretion, the County may also indicate an additional individual as a back-up or alternate PPOC. The PPOC shall include on the list the contact information for the system owner where the Department's information will reside.
 - 2. The County shall ensure all personnel on the Authorized Access List meet the requirements indicated in the **Confidentiality Requirements** attached to this Agreement as Exhibit C, including completing all required confidentiality training certification and recertification on an annual basis.
 - 3. Upon execution of this Agreement and on the first day of each calendar quarter thereafter, the County shall email to the Department's County Services unit (countyservices@azdor.gov) a current Authorized Access List of its staff and representatives authorized to receive Tax Information from the Department, including additions and deletions, changes in job titles, and contact information. The County's PPOC shall promptly notify the Department of any person whose authorization to receive Tax Information is revoked for any reason.
 - 4. The Department shall review the County's Authorized Access Lists. If the Department finds that any person on the list has not completed the required confidentiality training in a timely manner or does not meet the Confidentiality Requirements, the Department shall notify the County's PPOC to resolve the issue. The Department shall not grant access to that person until the issues have been resolved to the satisfaction of the Department.
- iii. *Termination of Access:* A County employee, contractor, or agent's authorization to access Department-provided information under this Section will be terminated upon the termination date of this Agreement, unless such employee, contractor, or agent is otherwise authorized to receive confidential information collected by the Department for tax purposes under A.R.S. § 42-2003(G).
- iv. *Restrictions on Use and Disclosure to Unauthorized Parties:* Any Tax Information disclosed by the Department to the County is subject to all of the restrictions provided for in A.R.S. §§ 42-2001 through 42-2004. Tax Information shall only be used by persons authorized to receive such Tax Information for internal tax administration purposes, including audit, desk review, collection, and licensing activity, and may not be disclosed to the public or any unauthorized party in any manner that does not comply with the Confidentiality Requirements.
- v. *Liability for Improper Disclosure:* The disclosure of confidential information concerning Arizona taxes is governed by A.R.S. § 42-2001 et seq., which strictly controls the accessibility and use of this information. Individuals who receive Tax

Information from the Department are subject to the penalties provided in A.R.S. § 42-2004 and other applicable statutes if they misuse or improperly disclose this information to unauthorized individuals.

vi. *Reporting Potential Disclosure Violations or Incidents:* The Department shall not withhold Tax Information from the County, provided that the County complies with A.R.S. § 42-2001, et seq., and the Confidentiality Requirements.

(a) If the County or the Department has information to suggest that the County or any of its duly-authorized representatives has violated A.R.S. § 42-2001 et seq. or the Confidentiality Requirements, the County or the Department shall immediately notify the Department's County Services Manager at countyservices@azdor.gov, the Department's Disclosure Officer at DisclosureOfficer@azdor.gov, and the Department's Information Security Team at InfoSec@azdor.gov.

(b) The County and the Department shall fully cooperate with the Department's Disclosure Officer and Information Security Team in investigating the alleged violation and shall promptly address any identified issues.

(c) The Department's Disclosure Officer and Information Security Team:

(1) Shall send written notice to the County's PPOC detailing the alleged breach as understood by the Department and request a response to the allegation within twenty (20) calendar days of the date of the written notice, and

(2) May inspect the records, facilities, and equipment of the County to determine whether there has been a violation, and

(3) Shall review the written response from the County and consider the information contained therein and all relevant circumstances surrounding the alleged violation prior to issuing any determination, and

(4) Shall issue a written determination delivered by certified mail to the County regarding the alleged violation within sixty (60) calendar days of the date of the County's written response. If the Department determines that a violation has occurred, the Department shall indicate whether a suspension of information is warranted and the length of the suspension. During the period of suspension, the County shall not access information maintained or created by the Department related to the County.

(d) If there is a suspension of Tax Information sharing with the County, the Department shall maintain all information collected or created during the suspension period related to the County that would otherwise have been shared with the County and shall assist the County with accessing the accumulated information for the County immediately upon termination of the suspension.

vii. *Storage and Destruction of Tax Information:* All Tax Information provided by the Department to the County shall be managed, stored, protected, and destroyed in accordance with the Confidentiality Requirements.

- viii. *Notwithstanding Clause*: Notwithstanding any provision to the contrary, nothing in this Section shall prevent the Department from complying with state information security requirements in the event of a data breach or similar event.
- ix. *Contact List*: The Department will provide the County with a list of contact information (staff names, email addresses, etc.) that the County may use to communicate with the Department regarding the process for reviewing and processing Requests.
- c. Authentication of Claims. Consistent with the data transfer requirements contained in Section 2(b) and Exhibit C of this Agreement, the County will provide the Department's contacts outlined in Section 2(b)(ix) with data on Requests that the County has authenticated as valid in accordance with Section 3 of this Agreement.
- d. Reconfiguration of Tax Accounting System. The Department will be responsible for any and all activities related to reconfiguration of the Tax Accounting System ("TAS"), which is the State's system of record for all taxpayer accounts. Such activities include, without limitation, the creation of a new tax region code and the addition of a status indicator on impacted taxpayer accounts.
- e. Money Transfers and Reconciliation of Accounts
 - i. Upon the execution of this Agreement, the Department shall submit an initial money transfer request from the Fund to the County Treasurer, with additional money transfer requests from the Fund made at a cadence mutually agreed upon by the Parties as needed by the Department to satisfy the distribution of monies to Qualified Claimants for approved Requests for refund without delaying the processing of such refunds. A money transfer to the Department must be completed within three (3) business days of the submission of a request by the Department. All money transfer requests will be submitted to the County by email with an attached memo.
 - ii. The Department shall provide the requisite instructions to the County Treasurer for transferring monies by wire transfer.
 - iii. The Department shall provide a reconciliation report for monies received as of the date of the report to the County at least once every six months.
- f. Distribution of Refunds to Qualified Claimants with Approved Requests. The data files for Qualified Claimants whose Requests have been approved for refunds by the County shall be transferred to the Department on a weekly basis, on or before 5:00 pm MST on Fridays. The Department will release warrants and offsets on Friday of the following week with the Department's Friday refund run, provided that the Department has adequate monies on hand from the Fund, pursuant to Sections 2(e), 5, and 6 of this Agreement.
- f. Dedicated Phone Line. The Department will provide a dedicated phone line for inquiries from potential Qualified Claimants. Based on considerations of capacity and call volume, the Department and the County may decide to direct overflow inquiries to County staff upon mutual agreement of a reasonable method and need. The categories of inquiries for which the Department's call center representatives will respond to as compared to calls directed to the County will be mutually agreed upon by the Parties, with due consideration to both the division of duties between the Parties pursuant to Section 2 of this Agreement and the ability to resolve inquiries with minimal inconvenience to current or prospective Qualified Claimants.

3. **Method for Data Exchange between the Department and County.** Any data regarding Requests or businesses who reported and paid the Invalidated Tax shall be exchanged as between the Department and County only through the Department's CORE Secure File Transfer Protocol site.
4. **Early Termination.** This Agreement may be terminated as provided in A.R.S. § 38-511 or, as further detailed in Section 5 of this Agreement, upon failure of appropriations to continue the work. This Agreement may also be terminated upon 30 days written notice by either party, except the Department may terminate this Agreement upon 7 days written notice if the County fails to fulfill any obligations under this Agreement, including obligations to timely remit payments. Termination of this Agreement will not affect the County's responsibility for payment of outstanding statements and accrued costs and expenses incurred before termination or in connection with an orderly transition of matters associated with the Department's work performed under this Agreement.
5. **Availability of Funds.** Every obligation of the Department under this Agreement is conditioned upon the availability of funds appropriated or allocated for the performance of such obligation. If funds are not allocated and available for the continuance of this Agreement, this Agreement may be terminated by the Department at the end of the period for which funds are available. No liability shall accrue to the State of Arizona in the event this provision is exercised, and the State of Arizona shall not be obligated or liable for any future payments or damages as a result of termination under this Section.
6. **Disposition of Excess Monies; Exhaustion of the Fund.** Any monies remaining in the Fund after the satisfaction of all timely filed Requests submitted by authenticated Qualified Claimants shall first be applied to satisfy any reasonable amounts due and owing to the Department and the County to compensate for work performed pursuant to this Agreement, subject to reasonable documentation. If the Fund is exhausted before the full satisfaction of all timely filed Requests, no term contained within this Agreement shall be construed as creating a cause of action by any Qualified Claimant who submitted a timely filed Request against the Parties. The County, the Department, and the State of Arizona assume no liability to compensate any amount due to a Qualified Claimant through their participation and execution of this Agreement.
7. **Record Retention and Disposition.** Information and work product in the possession of the Department are considered the property of the County and subject to the County's record retention and disclosure policies insofar as such policies are consistent with the Department's records retention and disposal policies and State law regarding public records. Upon the termination of this Agreement, any otherwise nonpublic information the County has supplied to us and that is retained by us will be kept confidential in accordance with state and county law. Upon termination, the County shall notify the Department of any original papers or other property furnished to the Department to be returned.
8. **Nondiscrimination.** The Department and the County shall comply with Executive Order 2023-01, which prohibits discrimination based on race, color, sex, pregnancy, childbirth or medical conditions related to pregnancy or childbirth, political or religious affiliation or ideas, culture, creed, social origin or condition, genetic information, sexual orientation, gender identity or expression, national origin, ancestry, age, disability, military service or veteran status, or marital status, by persons performing state contracts or subcontracts. The Department and the County also agree to comply with Executive Orders 2003-22 and 2009-09 as amended by Executive Order 2023-01, all other applicable State and Federal employment laws, rules, and regulations, including the Americans with Disabilities Act of 1990. The Department and the County shall also comply with Executive Order 2023-09 prohibiting race-based hair discrimination.

9. **Compliance with Federal Immigration Laws.** The parties shall comply with the provisions of Executive Order 2005-30, ensuring compliance with federal immigration laws by state employers and contractors.
10. **Anti-Boycott of Israel.** Pursuant to A.R.S. § 35-393.01, the parties certify that they are not currently engaged in and agree they will not engage in a "boycott" of goods or services from Israel, as that term is defined in A.R.S. § 35-393, for the duration of this Agreement.
11. **Dispute Resolution.** The parties shall resolve all disputes arising out of or relating to this Agreement through arbitration, after exhausting applicable administrative review, to the extent required by A.R.S. § 12-1518 and except as otherwise may be provided by other applicable statutes.
12. **Inspection and Audit.** Pursuant to A.R.S. §§ 35-214 and 35-215, all of the County's data, books, accounts, files, and other records relating to this Agreement shall be subject, at all reasonable times, to inspection and audit by the State during the term hereof and for five (5) years thereafter.
13. **Severability.** If any provision of the MOU is held invalid, the invalidity does not affect other provisions or applications of the MOU that can be given effect without the invalid provision or application, to this end the provisions of the MOU are severable.
14. **Construction and Execution.** Nothing in this Agreement shall be construed as limiting or expanding the statutory responsibilities of a party or as requiring a party to expend any sum in excess of its appropriations. This Agreement contains the entire agreement of the parties with respect to its subject matter. This Agreement shall not be amended except by written instrument executed and delivered by the Parties. Such amendments shall be construed as if all other unamended terms of the Agreement remain in full force and effect. Additionally, notwithstanding anything to the contrary, this Agreement may be executed in one or more counterparts, including electronically transmitted counterparts that, when taken together, shall constitute one in the same instrument. Electronic signatures meeting the requirements of A.R.S. § 42-1131 shall serve as the functional equivalents of, and have the same force and effect of, written signatures. Facsimiles and electronic transmittals of the signed document shall be binding as through they were an original of such signed documents.

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IN WITNESS WHEREOF, the parties execute this Agreement the dates set forth below.

Arizona Department of Revenue

Pinal County Board of Supervisors

By: _____
Robert Woods, Director

By: _____
Mike Goodman, Chairman

Date: _____

Date: _____

Pinal Regional Transportation Authority

By: _____
Craig McFarland, Chairman

Date: _____

DETERMINATION

Intergovernmental Agreement by and between Arizona Department of Revenue, Pinal County, and Pinal Regional Transportation Authority

The undersigned, each with respect to the agency represented by him/her, hereby state that the foregoing contract, which is an agreement between public agencies, has been reviewed pursuant to A.R.S. § 11-952 and is determined to be in proper form and within the powers and authority granted under the laws of the State of Arizona to the agency.

Jerry Fries, Assistant Attorney General
for Arizona Department of Revenue

Chris Keller, Chief Civil Deputy Attorney
for Pinal County

Date

Date

William J. Sims III, Legal Counsel
for Pinal Regional Transportation Authority

Date

EXHIBIT A

WBS #	Work Breakdown Structure Component	Owner	Target Completion/Initiation Date	Costs (TBD with County)
1	Provide County with business entity-level information (including mailing address and email address) at regular intervals	ADOR		
2	Communication Publicize on websites for PRTA, Pinal County, and ADOR Email-based communications and notices Mail-based communications as needed Dedicated phone line for questions from affected businesses	ADOR, Pinal County ADOR Pinal County ADOR		
3	Intake of requests for refund or waiver and authentication Communicate to claims requestors who have failed authentication	Pinal County		
4	Provide ADOR with data on authenticated claims	Pinal County		
5	Prepare Tax Accounting System (TAS) to accept authenticated claims Create new Region Code Add status indicator on impacted accounts	ADOR		
6	Develop/implement optimized refund claims process	ADOR		
7	Process claims and generate refunds	ADOR		
8	Calculate amount to be refunded + interest in TAS	ADOR		
9	Provide ADOR with funds to distribute to claimants with authenticated claims	Pinal County		
10	Generate refunds and print paper warrants (i.e., checks)	ADOR		
11	Mail paper warrants to claimants with authenticated claims	ADOR		
12	Use existing process for post office returns (PORs)	ADOR		
13	Reconcile accounts with Pinal County Treasurer How many requestors have received refunds, how many have waived refunds, and what is the balance of requestors yet to receive refunds Fund balances and availability to continue to issue refunds	ADOR, Pinal County		

EXHIBIT B

Pinat TRSP Queries DRAFT

Query 1: List of Qualified Taxpayers

Field Name	Example of Data	Data Definition and Format	ADOR Note
Jicense Mar	12345678	Numeric Min/Max 8 Characters	ADOR transaction privilege/use tax license number
Legal Business Name	MY BUSINESS INC MY BUSINESS STORE 1 MY BUSINESS STORE 15 MY BUSINESS STORE 16 MY BUSINESS STORE 22 MY BUSINESS STORE 27	Alpha Numeric Min 35 characters	Name of entity
DBA Name (Doing Business As Name)		Alpha Numeric Max 35 characters	A trade name, trading name, or business name
Address Type	Mailing	Alpha Numeric Min/Max 1 character Valid Values: M = Mailing L = Location P = Primary Address A = Location of Tax Records	
Street 1	1600 W Monroe	Alpha Numeric Max 35 characters	Mailing, Location, Primary and Audit - only include these address in the order listed
Street 2	Anywhere Street	Alpha Numeric Max 35 characters	
Street 3	Any Country	Alpha Numeric Max 35 characters	
City	City	Alpha Numeric Max 22 characters	
State	AZ	Alpha Numeric Max 2 characters	See info tab for complete list of US States/Territories and Canadian Provinces
Zip Code	12345 12345-6789	Alpha Numeric Max 9 characters	Include up to 9 digits
Country	USA Canada Mexico Other Country		
Filing Frequency	Annual Quarterly Monthly Seasonal January February etc.		
Seasonal Filing Frequency Months			

1/2: List of Officers/Owners

Name			
ic Number	12345678	Numeric Min/Max 8 Characters	
Business Name	MY BUSINESS INC	Alpha Numeric Max 35 characters	
Ownership Type	Joint Smith		Exclude Power of Attorney, Taxpayer ___ > Paid Preparer, Taxpayer ___ > Personal Representative Not sure where this data is located. Maybe in RTI_Names
	PRESIDENT		
z Date	1/1/2024		Include the most recent 25 officers/owners/etc.

1/2: List of Power Attorney Names

Name			
ic Number	12345678	Numeric Min/Max 8 Characters	
Business Name	MY BUSINESS INC	Alpha Numeric Max 35 characters	
Ownership Type	Power of Attorney		Only include "Power of Attorney" Limited to 205
	John Smith		
Others Tax Type	TPT		Only include "TPT"
Others Begin Date	4/1/2018		Tax Year Begin Date - Periods that a POA can add information
Others End Date	12/31/2022		Tax Year End Date - Periods that a POA can add information
Others Ownership			Indicators: Individual/Sole Proprietorship, Limited Liability Company, Partnership, Limited Liability Partnership, Corporation, Trust, Estate
Others Limitations	Power of Attorney		Limited to "Power of Attorney"
Others Action	DISCLOSE ACCOUNT ONLY		Test
z Date	1/1/2024		Exclude any with Revocation checked Include the most recent 25 POAs

EXHIBIT C

ARIZONA DEPARTMENT OF REVENUE
CONFIDENTIALITY REQUIREMENTS

1. Confidential Information

1.1 "Confidential Information" is defined in A.R.S. § 42-2001. Confidential Information may not be disclosed except as provided by statute. A.R.S. §§ 42-2001 through 42-2004.

1.2 The Tax Information shared pursuant to the Agreement to which this Exhibit C is attached is Confidential Information.

1.3 **Disclosure of Aggregated Financial Information.** Financial information related to transaction privilege taxes (including state and municipal privilege taxes and affiliated county excise taxes) may be aggregated and then disclosed without such information constituting Confidential Information only if no person who is not authorized to receive such Confidential Information could identify or discover the financial information of an individual taxpayer through such efforts.

(a) Except as provided in Section 1.3(b) of this Exhibit C, the County may disclose aggregated financial information in accordance with the Department's standard:

(1) The County shall only disclose aggregated financial information from not less than ten (10) taxpayers within the political boundaries of the County.

(2) No individual taxpayer's financial information should be discernible due to its relative size compared to other members of the aggregated group. For example, if one of the taxpayers in the data set represents 90% or more of the data point, then that data point must not be disclosed, regardless of the number of taxpayers.

(b) The County may disclose its aggregated financial information from less than ten (10) taxpayers provided the County first determines the aggregated data could not potentially reveal the financial information of an individual taxpayer. Such a determination shall take all the following into consideration:

- (1) *Ownership.* All taxpayers with common ownership entities shall be considered a single taxpayer for aggregation purposes; and
- (2) *Proportionality.* No individual taxpayer's financial information should be discernible due to its relative size compared to other members of the aggregated group; and
- (3) Any other factor that might allow any person who is not authorized to receive Confidential Information to identify or discover the financial information of an individual taxpayer.

2. Protecting Information

2.1 The County must identify all places, both physical and logical, where the County receives, processes, and stores Confidential Information, and must create a plan to adequately secure those areas.

2.2 Confidential Information must be protected during transmission, storage, use, and destruction. The County must have written policies, standards, and procedures to document how it protects its information systems, including Confidential Information, so that it conforms to A.R.S. §§ 42-2001 through 42-2004 and policies, standards, and procedures found on the Arizona Strategic Enterprise Technology ("ASET") website (aset.az.gov/resources/policies-standards-and-procedures) or ASET's successor agency or website and Arizona Department of Homeland Security's website (azdohs.gov/information-security-policies-standards-and-procedures).

2.3 Department staff and authorized County staff are prohibited from inspecting Confidential Information unless they have a business reason. Browsing through Confidential Information concerning friends, neighbors, family members, or people in the news is strictly prohibited.

2.4 All removable media, including but not limited to paper and CDs, containing Confidential Information must be secured when not in use and after normal business hours by placing all materials in a locked drawer or cabinet. During use, Confidential Information must be protected so that it is not visible to members of the public or anyone without a business need for the information.

2.5 All individuals accessing or storing Confidential Information from an alternative work site must enter into a signed agreement that specifies how the Confidential Information will be protected while at that site. Only

trusted employees shall be permitted to access Confidential Information from alternative sites. Confidential Information may not be accessed while in public places such as restaurants, lounges, or pools.

2.6 Confidential Information may not be discussed in elevators, restrooms, the cafeteria, or other public areas. Terminals should be placed in such a manner that prohibits public viewing of Confidential Information.

2.7 When transporting confidential materials, the materials should be covered so that others cannot see the Confidential Information. When sending Confidential Information by fax, a cover sheet should always be used.

2.8 Any person with unsupervised access to Confidential Information shall receive training on the confidentiality laws and requirements to protect such information before being given access to such information and annually thereafter. They must sign certificates after the training acknowledging that they understand their responsibilities. The County must keep records to document this training and certification and submit a copy of the certification to the Department.

3. Disclosure of Information

3.1 Confidential Information may only be disclosed as permitted by A.R.S. § 42-2003.

3.2 Confidential Information is protected by statute and, therefore, shall not be disclosed in response to a public records request except as authorized by law. A state agency, including political subdivisions (such as the County), may deny inspection of public records if the records are deemed confidential by statute. *Berry v. State*, 145 Ariz. 12, 13 699 P.2d 387, 388 (App. 1985).

3.3 A taxpayer may designate a person to whom Confidential Information may be disclosed by completing an Arizona Department of Revenue Form 285 or Form 285B, or such other form that contains the authorizing information included in those forms. The County may contact the Department's Disclosure Officer at DisclosureOfficer@azdor.gov if there are any questions concerning such a disclosure authorization.

4. Retention and Disposal of Information

4.1 All records received from the Department must be kept for the duration of the records retention period as listed in the official records

retention schedules approved by the Secretary of State Library Archives and Public Records Division ("LAPR") published on the LAPR website.

(a) The Department's custom records retention schedule is published on the LAPR website at apps.azlibrary.gov/records/schedules.aspx.

(b) In the event of a legal hold (such as a litigation hold or investigative hold), the Department and/or the County may be required to retain records beyond the retention period.

4.2 The Department and the County shall follow the legal requirements for reporting the disposition and destruction of records to the Arizona State Library Archives, & Public Records Division under A.R.S. § 41-151.19. Certificate of Records Destruction Forms are found at: azlibrary.gov/arm/forms.

4.3 All removable media containing Confidential Information must be returned to the Department or sanitized before disposal or release from the control of the County.

4.4 Confidential Information must be destroyed by shredding or burning the materials when the retention period has been met and no legal holds are in place. Confidential Information may not be disposed of by placing the materials in the garbage or recycle bins. Destruction of Confidential Information may be performed by a third-party vendor. The County must take appropriate actions to protect the Confidential Information in transit and storage before it is destroyed, such as periodic inspections of the vendor.

4.5 Computer system components and devices, such as copiers and scanners, which have been used to store or process Confidential Information may not be repurposed for non-tax administration uses unless the memory or hard drive of the device is sanitized to ensure under no circumstances Confidential Information can be restored or recovered.

5. Information Security

5.1 Systems containing Confidential Information must be protected in accordance with the State of Arizona Policies, Standards, and Procedures that govern State data found at <https://azdohs.gov/information-security-policies-standards-and-procedures>, particularly Policies and Standards 8000-8410 and the Arizona NIST Security Baseline Controls.

5.2 The County is responsible for creating architectural diagrams of any systems connecting to the Department's systems and depicting the flow of State Confidential Information. Architectural diagrams for systems connecting to the Department shall be shared with the Department and updated after any architectural changes.

5.3 Incident Reporting. The County is required to notify the Department in the event of a suspected or actual unauthorized disclosure of Confidential Information, data loss, breach, or other security concern regarding Confidential Information by reporting the incident to the Department's: 1) County Services Manager by email at countyservices@azdor.gov, 2) Disclosure Officer by email at DisclosureOfficer@azdor.gov, and 3) Chief Information Security Officer's Information Security Team by email at InfoSec@azdor.gov.

5.4 The Department may send employees or auditors to inspect any of the County information systems and/or facilities used to process, store, or transmit any Department data at any time to ensure that Department information is adequately protected. The County shall provide audit records and evidence of system and application hardening to the Department's information security team upon request. Hardening evidence can include, but is not limited to: RiskSense, CIS benchmarks, SCSEMs, STIGs, or other security best practices. If the County hires a third party for any system or information support, all security provisions apply.

6. Wireless Access (If Accessing State Confidential Information from a Wireless Network)

The County must:

6.1 Establish restrictions, configuration/connection requirements, and implementation guidance for wireless access.

6.2 Authorize wireless access to the information system prior to allowing such connections.

6.3 Employ a wireless intrusion detection system to identify rogue wireless devices and to detect attack attempts and potential compromises/breaches to the information system.