APPENDIX A

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 "Tax Information" as defined in this Agreement is Confidential Information.

1.3 **Disclosure of aggregated financial information.** Under no circumstance shall aggregated financial information related to transaction privilege taxes allow any person who is not authorized to receive Tax Information to identify or discover the financial information of an individual taxpayer.

(a) Except as provided in Section 1.3(b) of this Appendix, City/Town will disclose aggregated financial information in accordance with the Department's standard:

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

(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) City/Town may disclose its aggregated financial information from less than ten (10) taxpayers provided City/Town 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 Tax Information to identify or discover the financial information of an individual taxpayer.

2. Protecting Information

2.1 City/Town must identify all places, both physical and logical, where City/Town receives, processes, and stores Tax Information and create a plan to adequately secure those areas.

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

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

2.4 All removable media, including paper and CDs, containing Tax 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, Tax 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 Tax Information from an alternative work site must enter into a signed agreement that specifies how the Tax Information will be protected while at that site. Only trusted employees shall be permitted to access Tax Information from alternative sites. Tax Information may not be accessed while in public places such as restaurants, lounges, or pools.

2.6 Tax 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 Tax Information.

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

2.8 Any person with unsupervised access to Tax 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. City/Town 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 Tax Information may only be disclosed as permitted by A.R.S. § 42-2003.

3.2 Tax 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 (City/Town), 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 Tax 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. City/Town may contact the Department's Disclosure Officer at DisclosureOfficer@azdor.gov if there are any questions concerning this requirement.

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), Department and/or City/Town may be required to retain records beyond the retention period.

4.2 The Department and City/Town 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 Tax Information must be returned to the Department or sanitized before disposal or release from the control of City/Town.

4.4 Tax Information must be destroyed by shredding or burning the materials when the retention period has been met and no legal holds are in place. Tax Information may not be disposed of by placing the materials in the garbage or recycle bins. Destruction of Tax Information may be performed by a third-party vendor.

City/Town must take appropriate actions to protect the Tax 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 Tax 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 Tax Information can be restored or recovered.

5. Information Security

5.1 Systems containing Tax 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 City/Town is responsible for creating architectural diagrams of any systems connecting to the Department's systems and depicting the flow of State Tax Information. Architectural diagrams for systems connecting to the ADOR shall be shared with the ADOR and updated after any architectural changes.

5.3 Incident Reporting. City/Town is required to notify the Department in the event of a suspected or actual unauthorized disclosure of Tax Information, data loss, breach, or other security concern regarding Tax Information by reporting the incident to the Department's: 1) City Services Manager by email at citiesunit@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 City/Town 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. City/Town 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 City/Town 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)

City/Town 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.

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