

State of Arizona
House of Representatives
Fifty-fourth Legislature
First Regular Session
2019

CHAPTER 140
HOUSE BILL 2181

AN ACT

AMENDING SECTION 32-1121, ARIZONA REVISED STATUTES; RELATING TO
CONTRACTORS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 32-1121, Arizona Revised Statutes, is amended to
3 read:

4 32-1121. Persons not required to be licensed; penalties;
5 applicability

6 A. This chapter ~~shall~~ DOES not ~~be construed to~~ apply to:

7 1. An authorized representative of the United States government,
8 this state or any county, incorporated city or town, reclamation district,
9 irrigation district or other municipality or political subdivision of this
10 state.

11 2. Trustees of an express trust that is not formed for the purpose
12 of conducting business as a contractor or officers of a court, if they are
13 acting within the terms of their trust or office.

14 3. Public utilities operating under regulation of the corporation
15 commission or construction, repair or operation incidental to discovering
16 or producing petroleum or gas, or ~~the~~ drilling, testing, abandoning or
17 ~~other operation of~~ OTHERWISE OPERATING a petroleum or gas well, if
18 performed by an owner or lessee.

19 4. Any materialman, manufacturer or retailer ~~who~~ THAT furnishes
20 finished products, materials or articles of merchandise and ~~who~~ THAT does
21 not install or attach such items or installs or attaches such items if the
22 total value of the sales contract or transaction involving such items and
23 the cost of the installation or attachment of such items to a structure
24 does not exceed ~~one thousand dollars~~ \$1,000, including labor, materials
25 and all other items, but excluding any electrical fixture or appliance
26 that was designed by the manufacturer, that is unaltered, unchanged or
27 unmodified by any person, that can be plugged into a common household
28 electrical outlet ~~utilizing~~ USING a two-pronged or three-pronged
29 electrical connector OR THAT HAS INTERNAL BATTERIES THAT DO NOT EXCEED
30 TWELVE VOLTS IN A SINGLE, SERIES OR PARALLEL CONFIGURATION and that does
31 not use any other form of energy, including natural gas, propane or other
32 petroleum or gaseous fuel, to operate or is attached by a nail, screw or
33 other fastening device to the frame or foundation of any residential
34 structure. The materialman, manufacturer or retailer shall inform the
35 purchaser that the installation may also be performed by a licensed
36 contractor whose name and address the purchaser may request.

37 5. Owners of property who improve such property or who build or
38 improve structures or appurtenances on such property and who do the work
39 themselves, with their own employees or with duly licensed contractors, if
40 the structure, group of structures or appurtenances, including the
41 improvements thereto, are intended for occupancy solely by the owner and
42 are not intended for occupancy by members of the public as the owner's
43 employees or business visitors and the structures or appurtenances are not
44 intended for sale or for rent. In all actions brought under this chapter,

1 except an action against an owner-occupant as defined in section 33-1002,
2 proof of the sale or rent or the offering for sale or rent of any such
3 structure by the owner-builder within one year after completion or
4 issuance of a certificate of occupancy is prima facie evidence that such A
5 project was undertaken for the purpose of sale or rent. For the purposes
6 of this paragraph, "sale" or "rent" includes any arrangement by which the
7 owner receives compensation in money, provisions, chattels or labor from
8 the occupancy or the transfer of the property or the structures on the
9 property.

10 6. Owners of property who are acting as developers and who build
11 structures or appurtenances to structures on their property for the
12 purpose of sale or rent and who contract for such a project with a general
13 contractor licensed pursuant to this chapter and owners of property who
14 are acting as developers, who improve structures or appurtenances to
15 structures on their property for the purpose of sale or rent and who
16 contract for such a project with a general contractor or specialty
17 contractors licensed pursuant to this chapter. To qualify for the
18 exemption under this paragraph, the licensed contractors' names and
19 license numbers shall be included in all sales documents.

20 7. Architects or engineers who are engaging in their professional
21 practice as defined in chapter 1 of this title and who hire or offer to
22 hire the services of a contractor for preconstruction activities relating
23 to investigation and discovery, including:

24 (a) Subsurface utility location and designation services.

25 (b) Potholing.

26 (c) Drilling for any of the following:

27 (i) Soil samples.

28 (ii) Rock samples.

29 (iii) Pavement samples.

30 (d) Locating existing features of a building or structure,
31 including existing electrical, mechanical, plumbing and structural
32 members.

33 8. A person licensed, certified or registered pursuant to title 3,
34 chapter 20 or a person working under the direct supervision of a person
35 certified or qualified pursuant to title 3, chapter 20 to the extent the
36 person is engaged in pest management.

37 9. The sale or installation of finished products, materials or
38 articles of merchandise that are not fabricated into and do not become a
39 permanent fixed part of the structure. This exemption does not apply if a
40 local building permit is required, if the total price of the finished
41 product, material or article of merchandise, including labor but excluding
42 any electrical fixture or appliance that was designed by the manufacturer,
43 that is unaltered, unchanged or unmodified by any person, that can be
44 plugged into a common household electrical outlet ~~utilizing~~ USING a

1 two-pronged or three-pronged electrical connector OR THAT HAS INTERNAL
2 BATTERIES THAT DO NOT EXCEED TWELVE VOLTS IN A SINGLE, SERIES OR PARALLEL
3 CONFIGURATION and that does not use any other form of energy, including
4 natural gas, propane or other petroleum or gaseous fuel, to operate or is
5 attached by a nail, screw or other fastening device to the frame or
6 foundation of any residential structure, is more than ~~one thousand dollars~~
7 \$1,000 or if the removal of the finished product, material or article of
8 merchandise causes MATERIAL damage to the structure or renders the
9 structure unfit for its intended use.

10 10. Employees of the owners of condominiums, townhouses, cooperative
11 units or apartment complexes of four units or less or the owners'
12 management agent or employees of the management agent repairing or
13 maintaining structures owned by them.

14 11. Any person who engages in the activities regulated by this
15 chapter, as an employee of an exempt property owner or as an employee with
16 wages as the person's sole compensation.

17 12. A surety company or companies that are authorized to transact
18 business in this state and that undertake to complete a contract on which
19 they issued a performance or completion bond, ~~provided~~ IF all construction
20 work is performed by duly licensed contractors.

21 13. Insurance companies that are authorized to transact business in
22 this state and that undertake to perform repairs resulting from casualty
23 losses pursuant to the provisions of a policy, ~~provided~~ IF all
24 construction work is performed by duly licensed contractors.

25 14. Any person other than a licensed contractor engaging in any work
26 or operation on one undertaking or project by one or more contracts, for
27 which the aggregate contract price, including labor, materials and all
28 other items, but excluding any electrical fixture or appliance that was
29 designed by the manufacturer, that is unaltered, unchanged or unmodified
30 by any person, that can be plugged into a common household electrical
31 outlet ~~utilizing~~ USING a two-pronged or three-pronged electrical connector
32 OR THAT HAS INTERNAL BATTERIES THAT DO NOT EXCEED TWELVE VOLTS IN A
33 SINGLE, SERIES OR PARALLEL CONFIGURATION and that does not use any other
34 form of energy, including natural gas, propane or other petroleum or
35 gaseous fuel, to operate or is attached by a nail, screw or other
36 fastening device to the frame or foundation of any residential structure,
37 is less than ~~one thousand dollars~~ \$1,000. The work or operations that are
38 exempt under this paragraph shall be of a casual or minor nature. This
39 exemption does not apply:

40 (a) In any case in which the performance of the work requires a
41 local building permit.

42 (b) In any case in which the work or construction is only a part of
43 a larger or major operation, whether undertaken by the same or a different
44 contractor, or in which a division of the operation is made in contracts

1 of amounts less than ~~one thousand dollars~~ \$1,000, excluding any electrical
2 fixture or appliance that was designed by the manufacturer, that is
3 unaltered, unchanged or unmodified by any person, that can be plugged into
4 a common household electrical outlet ~~utilizing~~ USING a two-pronged or
5 three-pronged electrical connector OR THAT HAS INTERNAL BATTERIES THAT DO
6 NOT EXCEED TWELVE VOLTS IN A SINGLE, SERIES OR PARALLEL CONFIGURATION and
7 that does not use any other form of energy, including natural gas, propane
8 or other petroleum or gaseous fuel, to operate or is attached by a nail,
9 screw or other fastening device to the frame or foundation of any
10 residential structure, for the purpose of evasion of this chapter or
11 otherwise.

12 (c) To a person who ~~utilizes~~ USES any form of advertising to the
13 public in which the person's unlicensed status is not disclosed by
14 including the words "not a licensed contractor" in the advertisement.

15 15. A person who is licensed, certified or registered pursuant to
16 title 41, chapter 37, article 4 and who is not otherwise required to be
17 licensed under this chapter or an employee of such person.

18 16. A person who functions as a gardener by performing lawn, garden,
19 shrub and tree maintenance.

20 17. Alarm agents as defined in section 32-101.

21 18. CABLE TELEVISION, SATELLITE TELEVISION AND TELECOMMUNICATIONS
22 PROVIDERS, INCLUDING DATA AND RELATED SERVICES OF CABLE TELEVISION,
23 SATELLITE TELEVISION AND TELECOMMUNICATIONS PROVIDERS INCLUDING
24 CONTRACTORS AND SUBCONTRACTORS OF CABLE TELEVISION, SATELLITE TELEVISION
25 AND TELECOMMUNICATIONS PROVIDERS IF THE WORK OF THE CONTRACTORS AND
26 SUBCONTRACTORS IS LIMITED TO INSTALLING LOW-VOLTAGE CABLE, TELEPHONE
27 SERVICES, INTERNET SERVICES AND DATA SERVICE. INSTALLATION DOES NOT
28 INCLUDE DIGGING, TRENCHING, GRADING, HORIZONTAL BORING, COMPACTING OR
29 FILLING EARTHEN OR OTHER MATERIAL BEFORE THE SERVICE DROP OF THE
30 COMMERCIAL OR RESIDENTIAL STRUCTURE.

31 B. A person who is licensed to perform work in a particular trade
32 pursuant to this chapter ~~shall~~ IS not ~~be~~ required to obtain and maintain a
33 separate license for mechanical or structural service work ~~performed~~ THE
34 PERSON PERFORMS within the scope of ~~such~~ THAT trade ~~by such person~~.

35 C. Any person who does not have an exemption from licensure
36 pursuant to subsection A, paragraph 14, subdivision (c) of this section is
37 subject to prosecution for a violation of section 44-1522. The attorney
38 general may investigate the act or practice and take appropriate action
39 pursuant to title 44, chapter 10, article 7.

40 D. The exemptions from licensure pursuant to subsection A,
41 paragraphs 4, 9 and 14 of this section do not apply to either of the
42 following:

43 1. All fire safety and mechanical, electrical and plumbing work
44 that is done in connection with fire safety installation and fire safety

1 maintenance and repair. For the purposes of this paragraph, "fire safety
2 installation" means hardwired or interconnected smoke alarms and fire
3 sprinklers and does not include an individual device that is attached by a
4 nail, screw or other fastening device to the frame or foundation of any
5 residential unit. For the purposes of this paragraph, fire safety
6 maintenance and repair does not include routine work that is conducted by
7 an employee of an apartment or condominium complex and that is incidental
8 to the fire safety equipment.

9 2. All work ~~that is~~ done, including ~~the installation, maintenance~~
10 ~~INSTALLING, MAINTAINING~~ and ~~repair of~~ ~~REPAIRING~~ devices, appliances or
11 equipment, that involves ~~the~~ connecting to any supply of natural gas,
12 propane or other petroleum or gaseous fuel. ~~Nothing in~~ This paragraph
13 ~~impacts~~ **DOES NOT IMPACT** the effect of section 36-1624.01.

APPROVED BY THE GOVERNOR APRIL 29, 2019.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 29, 2019.