

REFERENCE TITLE: contractor licensure; handyman exemption

State of Arizona
Senate
Fifty-sixth Legislature
First Regular Session
2023

SB 1715

Introduced by
Senator Gowan

AN ACT

AMENDING SECTION 32-1121, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2019, CHAPTER 140, SECTION 1; AMENDING SECTION 32-1121, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2019, CHAPTER 145, SECTION 5; 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, as amended by
3 Laws 2019, chapter 140, section 1, is amended to read:

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

6 A. This chapter does not 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 drilling, testing, abandoning or
17 otherwise operating a petroleum or gas well, if performed by an owner or
18 lessee.

19 4. Any materialman, manufacturer or retailer that furnishes
20 finished products, materials or articles of merchandise and that does not
21 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 ~~\$1,000~~ \$2,500, including labor, materials and all other
25 items, but excluding any electrical fixture or appliance that was designed
26 by the manufacturer, that is unaltered, unchanged or unmodified by any
27 person, that can be plugged into a common household electrical outlet
28 using a two-pronged or three-pronged electrical connector or that has
29 internal batteries that do not exceed twelve volts in a single, series or
30 parallel configuration and that does not use any other form of energy,
31 including natural gas, propane or other petroleum or gaseous fuel, to
32 operate or is attached by a nail, screw or other fastening device to the
33 frame or foundation of any residential structure. **FOR EACH YEAR BEGINNING**
34 **FROM AND AFTER DECEMBER 31, 2023, THE REGISTRAR SHALL INCREASE THE DOLLAR**
35 **AMOUNT OF THE EXEMPTION PRESCRIBED IN THIS PARAGRAPH FOR INFLATION BASED**
36 **ON THE GDP PRICE DEFLATOR AS DEFINED IN SECTION 41-563.** The materialman,
37 manufacturer or retailer shall inform the purchaser that the installation
38 may also be performed by a licensed contractor whose name and address the
39 purchaser may request.

40 5. Owners of property who improve such property or who build or
41 improve structures or appurtenances on such property and who do the work
42 themselves, with their own employees or with duly licensed contractors, if
43 the structure, group of structures or appurtenances, including the
44 improvements thereto, are intended for occupancy solely by the owner and
45 are not intended for occupancy by members of the public as the owner's

1 employees or business visitors and the structures or appurtenances are not
2 intended for sale or for rent. In all actions brought under this chapter,
3 except an action against an owner-occupant as defined in section 33-1002,
4 proof of the sale or rent or the offering for sale or rent of any such
5 structure by the owner-builder within one year after completion or
6 issuance of a certificate of occupancy is prima facie evidence that such a
7 project was undertaken for the purpose of sale or rent. For the purposes
8 of this paragraph, "sale" or "rent" includes any arrangement by which the
9 owner receives compensation in money, provisions, chattels or labor from
10 the occupancy or the transfer of the property or the structures on the
11 property.

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

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

26 (a) Subsurface utility location and designation services.

27 (b) Potholing.

28 (c) Drilling for any of the following:

29 (i) Soil samples.

30 (ii) Rock samples.

31 (iii) Pavement samples.

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

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

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

1 plugged into a common household electrical outlet using a two-pronged or
2 three-pronged electrical connector or that has internal batteries that do
3 not exceed twelve volts in a single, series or parallel configuration and
4 that does not use any other form of energy, including natural gas, propane
5 or other petroleum or gaseous fuel, to operate or is attached by a nail,
6 screw or other fastening device to the frame or foundation of any
7 residential structure, is more than ~~\$1,000~~ \$2,500 or if the removal of the
8 finished product, material or article of merchandise causes material
9 damage to the structure or renders the structure unfit for its intended
10 use. FOR EACH YEAR BEGINNING FROM AND AFTER DECEMBER 31, 2023, THE
11 REGISTRAR SHALL INCREASE THE DOLLAR AMOUNT OF THE EXEMPTION PRESCRIBED IN
12 THIS PARAGRAPH FOR INFLATION BASED ON THE GDP PRICE DEFLATOR AS DEFINED IN
13 SECTION 41-563.

14 10. Employees of the owners of condominiums, townhouses,
15 cooperative units or apartment complexes of four units or less or the
16 owners' management agent or employees of the management agent repairing or
17 maintaining structures owned by them.

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

21 12. A surety company or companies that are authorized to transact
22 business in this state and that undertake to complete a contract on which
23 they issued a performance or completion bond if all construction work is
24 performed by duly licensed contractors.

25 13. Insurance companies that are authorized to transact business in
26 this state and that undertake to perform repairs resulting from casualty
27 losses pursuant to the provisions of a policy if all construction work is
28 performed by duly licensed contractors.

29 14. Any person other than a licensed contractor engaging in any
30 work or operation on one undertaking or project by one or more contracts,
31 for which the aggregate contract price, including labor, materials and all
32 other items, but excluding any electrical fixture or appliance that was
33 designed by the manufacturer, that is unaltered, unchanged or unmodified
34 by any person, that can be plugged into a common household electrical
35 outlet using a two-pronged or three-pronged electrical connector or that
36 has internal batteries that do not exceed twelve volts in a single, series
37 or parallel configuration and that does not use any other form of energy,
38 including natural gas, propane or other petroleum or gaseous fuel, to
39 operate or is attached by a nail, screw or other fastening device to the
40 frame or foundation of any residential structure, is less than ~~\$1,000~~
41 \$2,500. FOR EACH YEAR BEGINNING FROM AND AFTER DECEMBER 31, 2023, THE
42 REGISTRAR SHALL INCREASE THE DOLLAR AMOUNT OF THE EXEMPTION PRESCRIBED IN
43 THIS PARAGRAPH FOR INFLATION BASED ON THE GDP PRICE DEFLATOR AS DEFINED IN
44 SECTION 41-563. The work or operations that are exempt under this

1 paragraph shall be of a casual or minor nature. This exemption does not
2 apply:

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

5 (b) In any case in which the work or construction is only a part of
6 a larger or major operation, whether undertaken by the same or a different
7 contractor, or in which a division of the operation is made in contracts
8 of amounts less than ~~\$1,000~~ \$2,500, excluding any electrical fixture or
9 appliance that was designed by the manufacturer, that is unaltered,
10 unchanged or unmodified by any person, that can be plugged into a common
11 household electrical outlet using a two-pronged or three-pronged
12 electrical connector or that has internal batteries that do not exceed
13 twelve volts in a single, series or parallel configuration and that does
14 not use any other form of energy, including natural gas, propane or other
15 petroleum or gaseous fuel, to operate or is attached by a nail, screw or
16 other fastening device to the frame or foundation of any residential
17 structure, for the purpose of evasion of this chapter or otherwise. FOR
18 EACH YEAR BEGINNING FROM AND AFTER DECEMBER 31, 2023, THE REGISTRAR SHALL
19 INCREASE THE DOLLAR AMOUNT OF THE EXEMPTION PRESCRIBED IN THIS SUBDIVISION
20 FOR INFLATION BASED ON THE GDP PRICE DEFLATOR AS DEFINED IN SECTION
21 41-563.

22 (c) To a person who uses any form of advertising to the public in
23 which the person's unlicensed status is not disclosed by including the
24 words "not a licensed contractor" in the advertisement.

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

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

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

31 18. Cable television, satellite television and telecommunications
32 providers, including data and related services of cable television,
33 satellite television and telecommunications providers including
34 contractors and subcontractors of cable television, satellite television
35 and telecommunications providers if the work of the contractors and
36 subcontractors is limited to installing low-voltage cable, telephone
37 services, internet services and data service. ~~installation~~ INSTALLING
38 does not include digging, trenching, grading, horizontal boring,
39 compacting or filling earthen or other material before the service drop of
40 the commercial or residential structure.

41 B. A person who is licensed to perform work in a particular trade
42 pursuant to this chapter is not required to obtain and maintain a separate
43 license for mechanical or structural service work the person performs
44 within the scope of that trade.

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

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

9 1. All fire safety and mechanical, electrical and plumbing work
10 that is done in connection with fire safety installation and fire safety
11 maintenance and repair. For the purposes of this paragraph, "fire safety
12 installation" means hardwired or interconnected smoke alarms and fire
13 sprinklers and does not include an individual device that is attached by a
14 nail, screw or other fastening device to the frame or foundation of any
15 residential unit. For the purposes of this paragraph, fire safety
16 maintenance and repair does not include routine work that is conducted by
17 an employee of an apartment or condominium complex and that is incidental
18 to the fire safety equipment.

19 2. All work done, including installing, maintaining and repairing
20 devices, appliances or equipment, that involves connecting to any supply
21 of natural gas, propane or other petroleum or gaseous fuel. This
22 paragraph does not impact the effect of section 36-1624.01.

23 Sec. 2. Section 32-1121, Arizona Revised Statutes, as amended by
24 Laws 2019, chapter 145, section 5, is amended to read:

25 32-1121. Persons not required to be licensed; penalties;
26 applicability

27 A. This chapter does not apply to:

28 1. An authorized representative of the United States government,
29 this state or any county, incorporated city or town, reclamation district,
30 irrigation district or other municipality or political subdivision of this
31 state.

32 2. Officers of a court or trustees of an express trust that is not
33 formed for the purpose of conducting business as a contractor, if they are
34 acting within the terms of their office or trust.

35 3. Public utilities operating under regulation of the corporation
36 commission or construction, repair or operation incidental to discovering
37 or producing petroleum or gas, or the drilling, testing, abandoning or
38 other operation of a petroleum or gas well, if performed by an owner or
39 lessee.

40 4. Except as provided in subsection D of this section, any
41 materialman, manufacturer or retailer who informs the purchaser that the
42 installation may also be performed by a licensed contractor whose name and
43 address the purchaser may request, ~~and~~ who furnishes finished products,
44 materials or articles of merchandise and who EITHER:

45 (a) Does not install or attach such items.

1 (b) Installs or attaches such items if the total value of the sales
2 contract or transaction involving such items and the cost of the
3 installation or attachment of such items to a structure does not exceed
4 ~~\$1,000~~ \$2,500, including labor, materials and all other items, but
5 excluding any electrical fixture or appliance that ~~meets all of the~~
6 ~~following:~~

7 (i) was designed by the manufacturer, ~~—~~
8 (ii) is unaltered, unchanged or unmodified by any person, ~~—~~ AND
9 (iii) can be plugged into a common electrical outlet. FOR EACH
10 YEAR BEGINNING FROM AND AFTER DECEMBER 31, 2023, THE REGISTRAR SHALL
11 INCREASE THE DOLLAR AMOUNT OF THE EXEMPTION PRESCRIBED IN THIS SUBDIVISION
12 FOR INFLATION BASED ON THE GDP PRICE DEFLATOR AS DEFINED IN SECTION
13 41-563.

14 5. Owners of property who improve such property or who build or
15 improve structures or appurtenances on such property and who do the work
16 themselves, with their own employees or with duly licensed contractors, if
17 the structure, group of structures or appurtenances, including the
18 improvements thereto, are intended for occupancy solely by the owner and
19 are not intended for occupancy by members of the public as the owner's
20 employees or business visitors and the structures or appurtenances are not
21 intended for sale or for rent. In all actions brought under this chapter,
22 except an action against an owner-occupant as defined in section 33-1002,
23 proof of the sale or rent or the offering for sale or rent of any such
24 structure by the owner-builder within one year after completion or
25 issuance of a certificate of occupancy is prima facie evidence that such
26 project was undertaken for the purpose of sale or rent. For the purposes
27 of this paragraph, "sale" or "rent" includes any arrangement by which the
28 owner receives compensation in money, provisions, chattels or labor from
29 the occupancy or the transfer of the property or the structures on the
30 property.

31 6. Owners of property who are acting as developers and who build
32 structures or appurtenances to structures on their property for the
33 purpose of sale or rent and who contract for such a project with a general
34 contractor licensed pursuant to this chapter and owners of property who
35 are acting as developers, who improve structures or appurtenances to
36 structures on their property for the purpose of sale or rent and who
37 contract for such a project with a general contractor or specialty
38 contractors licensed pursuant to this chapter. To qualify for the
39 exemption under this paragraph, the licensed contractors' names and
40 license numbers must be included in all sales documents.

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

45 (a) Subsurface utility location and designation services.

- 1 (b) Potholing.
- 2 (c) Drilling for any of the following:
- 3 (i) Soil samples.
- 4 (ii) Rock samples.
- 5 (iii) Pavement samples.
- 6 (d) Locating existing features of a building or structure,
- 7 including existing electrical, mechanical, plumbing and structural
- 8 members.

9 8. A person licensed, certified or registered pursuant to title 3,
10 chapter 20 or a person working under the direct supervision of a person
11 certified or qualified pursuant to title 3, chapter 20 to the extent the
12 person is engaged in pest management.

13 9. Except as provided in subsection D of this section, the sale or
14 installation of finished products, materials or articles of merchandise
15 that are not fabricated into and do not become a permanent fixed part of
16 the structure. This exemption does not apply if a local building permit
17 is required, if the removal of the finished product, material or article
18 of merchandise causes damage to the structure or renders the structure
19 unfit for its intended use or if the total price of the finished product,
20 material or article of merchandise is more than ~~\$1,000~~ \$2,500, including
21 labor but excluding any electrical fixture or appliance that ~~meets all of~~
22 ~~the following:~~

- 23 ~~(a)~~ was designed by the manufacturer, ~~—~~
- 24 ~~(b)~~ is unaltered, unchanged or unmodified by any person, ~~—~~ AND
- 25 ~~(c)~~ can be plugged into a common electrical outlet. FOR EACH YEAR
- 26 BEGINNING FROM AND AFTER DECEMBER 31, 2023, THE REGISTRAR SHALL INCREASE
- 27 THE DOLLAR AMOUNT OF THE EXEMPTION PRESCRIBED IN THIS PARAGRAPH FOR
- 28 INFLATION BASED ON THE GDP PRICE DEFLATOR AS DEFINED IN SECTION 41-563.

29 10. Employees of the owners of condominiums, townhouses,
30 cooperative units or apartment complexes of four units or less or the
31 owners' management agent or employees of the management agent repairing or
32 maintaining structures owned by them.

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

36 12. A surety company or companies that are authorized to transact
37 business in this state and that undertake to complete a contract on which
38 they issued a performance or completion bond, if construction work is
39 performed by duly licensed contractors.

40 13. Insurance companies that are authorized to transact business in
41 this state and that undertake to perform repairs resulting from casualty
42 losses pursuant to the provisions of a policy, if construction work is
43 performed by duly licensed contractors.

44 14. Except as provided in subsection D of this section, any person
45 other than a licensed contractor engaging in any work or operation on one

1 undertaking or project by one or more contracts, for which the aggregate
2 contract price is less than ~~\$1,000~~ \$2,500, including labor, materials and
3 all other items, but excluding any electrical fixture or appliance that
4 was designed by the manufacturer, that is unaltered, unchanged or
5 unmodified by any person and that can be plugged into a common electrical
6 outlet. FOR EACH YEAR BEGINNING FROM AND AFTER DECEMBER 31, 2023, THE
7 REGISTRAR SHALL INCREASE THE DOLLAR AMOUNT OF THE EXEMPTION PRESCRIBED IN
8 THIS PARAGRAPH FOR INFLATION BASED ON THE GDP PRICE DEFLATOR AS DEFINED IN
9 SECTION 41-563. The work or operations that are exempt under this
10 paragraph must be of a casual or minor nature. This exemption does not
11 apply:

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

14 (b) In any case in which the work or construction is only a part of
15 a larger or major operation, whether undertaken by the same or a different
16 contractor, or in which a division of the operation is made in contracts
17 of amounts less than ~~\$1,000~~ \$2,500, excluding any electrical fixture or
18 appliance that was designed by the manufacturer, that is unaltered,
19 unchanged or unmodified by any person and that can be plugged into a
20 common electrical outlet. FOR EACH YEAR BEGINNING FROM AND AFTER DECEMBER
21 31, 2023, THE REGISTRAR SHALL INCREASE THE DOLLAR AMOUNT OF THE EXEMPTION
22 PRESCRIBED IN THIS SUBDIVISION FOR INFLATION BASED ON THE GDP PRICE
23 DEFLATOR AS DEFINED IN SECTION 41-563.

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

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

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

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

33 B. A person who is licensed to perform work in a particular trade
34 pursuant to this chapter is not required to obtain and maintain a separate
35 license for mechanical or structural service work performed within the
36 scope of such trade by such person.

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

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

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

11 2. All work that is done, including the installation, maintenance
12 and repair of devices, appliances or equipment, that involves the
13 connecting to any supply of natural gas, propane or other petroleum or
14 gaseous fuel. Nothing in this paragraph impacts the effect of section
15 36-1624.01.

16 E. A joint venture or other combination of persons, firms,
17 partnerships, corporations, associations or other organizations is not
18 required to obtain a separate contractor's license in its own name if all
19 of the following apply:

20 1. At least one member of the joint venture or combination holds a
21 contractor's license in good standing with the registrar.

22 2. Each member of the joint venture or combination that acts as a
23 contractor holds a license in good standing with the registrar.

24 3. Each licensed member of the joint venture or combination only
25 performs work within the scope of that member's contractor's license or
26 licenses.