

REFERENCE TITLE: solar energy; inspection; contractors

State of Arizona
Senate
Fifty-seventh Legislature
Second Regular Session
2026

SB 1419

Introduced by
Senator Carroll

AN ACT

AMENDING SECTIONS 44-1761, 44-1762 AND 44-1763, ARIZONA REVISED STATUTES;
RELATING TO SOLAR ENERGY DEVICES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 44-1761, Arizona Revised Statutes, is amended to
3 read:

4 44-1761. Definitions

5 In this article, unless the context otherwise requires:

6 1. "Collector" means a component of a solar energy device that is
7 used to absorb solar radiation, convert it to heat or electricity and
8 transfer the heat to a heat transfer fluid or to storage.

9 2. "Distributed energy generation system":

10 (a) Means a device or system that is used to generate or store
11 electricity, that has an electric delivery capacity, singly or in
12 connection with other similar devices or systems, greater than one
13 kilowatt or one kilowatt-hour, and that is primarily for on-site energy
14 consumption.

15 (b) Does not include an electric generator that is intended for
16 occasional use.

17 3. "Energize" or "energized" means that the distributed energy
18 generation system is installed and operational for its intended purposes
19 of generating or storing electricity.

20 4. "Heat exchanger" means a component of a solar energy device that
21 is used to transfer heat from one fluid to another.

22 5. "Interconnected" or "interconnection" means a distributed energy
23 generation system that is connected to the power grid and that is able to
24 transfer electricity to the power grid.

25 6. "Seller or marketer" means an individual or a company acting
26 through its officers, employees or agents that markets, sells or solicits
27 the sale, financing or lease of distributed energy generation systems or
28 negotiates or enters into agreements for the sale, financing or lease of
29 distributed energy generation systems.

30 7. "Solar daylighting" means a device that is specifically designed
31 to capture and redirect the visible portion of the solar beam spectrum,
32 while controlling the infrared portion, for use in illuminating interior
33 building spaces in lieu of artificial lighting.

34 8. "Solar energy device":

35 (a) Means a system or series of mechanisms that is designed
36 primarily to provide heating, to provide cooling, to produce electrical
37 power, to produce mechanical power, to provide solar daylighting or to
38 provide any combination of the foregoing by means of collecting and
39 transferring solar generated energy into such uses either by active or
40 passive means. Such systems may also have the capability of storing such
41 energy for future utilization. Passive systems shall clearly be designed
42 as a solar energy device such as a trombe wall and not merely a part of a
43 normal structure such as a window. **FOR THE PURPOSES OF THIS SUBDIVISION,**
44 **"TROMBE WALL" MEANS A MASSIVE EQUATOR-FACING WALL THAT IS PAINTED IN A**
45 **DARK COLOR TO ABSORB THERMAL ENERGY FROM INCIDENT SUNLIGHT.**

1 (b) Includes a distributed energy generation system.

2 9. "THIRD-PARTY INSPECTION" MEANS AN INSPECTION CONDUCTED BY A
3 LICENSED PROFESSIONAL WHO IS:

4 (a) NOT AFFILIATED WITH OR EMPLOYED BY A CONTRACTOR OR AN
5 INSTALLER.

6 (b) AUTHORIZED TO EXAMINE AND CERTIFY THAT A ROOF, HOME OR SOLAR
7 SYSTEM COMPLIES WITH ALL OF THE FOLLOWING AS DETERMINED BY THE CHIEF
8 BUILDING OFFICIAL OR THE AUTHORITY THAT HAS JURISDICTION:

9 (i) APPLICABLE BUILDING CODES.

10 (ii) SAFETY STANDARDS.

11 (iii) WORKMANSHIP AND PERMIT REQUIREMENTS.

12 Sec. 2. Section 44-1762, Arizona Revised Statutes, is amended to
13 read:

14 44-1762. Solar energy device warranties; installation
15 standards; inspections

16 A. The collectors, heat exchangers and storage units of a solar
17 energy device that is sold or installed in this state or leased or
18 financed under an agreement pursuant to section 44-1763, and the
19 installation of the solar energy device, shall be warranted for a period
20 of at least two years or shall include an energy production output
21 guarantee provided pursuant to section 44-1763, subsection A, paragraph
22 4. The remaining components of the solar energy device and their
23 installation shall be warranted for a period of at least one year.

24 B. Any person who manufactures, furnishes for installation or
25 installs a solar energy device shall provide with the SOLAR ENERGY device
26 a written statement of warranty, responsibilities assumed or disclaimed
27 and performance data of the solar energy device and components of the
28 solar energy device as prescribed by section 44-1763 as part of the
29 agreement for the financing, sale or lease of a solar energy device. The
30 form of the statement required by this subsection is subject to approval
31 by the registrar of contractors. The statement shall specify the source
32 of any performance data it contains. A copy of the statement shall be
33 delivered to the registrar of contractors where it shall be kept on public
34 file.

35 C. A person who sells a solar energy device in this state shall
36 furnish a certificate to the buyer that the solar energy device complies
37 with the requirements of this section.

38 D. A solar energy device that is sold or installed in this state
39 shall comply with all applicable state and federal consumer protection,
40 rating, certification, performance, marking, installation and safety
41 standards that are required by section 44-1763.

42 E. An individual who installs a solar energy device in this state,
43 in addition to being a licensed solar contractor under title 32, chapter
44 10, article 4, shall:

1 1. Possess the general license that is appropriate to the type of
2 solar energy device that is installed. Installers of a solar water heater
3 or a photovoltaic device shall possess an appropriate contractor's
4 license.

5 2. Meet any education and training standards that have been adopted
6 by the registrar of contractors.

7 3. Pass an examination on the installation of the type of SOLAR
8 ENERGY device to be installed, if the registrar of contractors has adopted
9 such an examination.

10 4. OBTAIN A THIRD-PARTY INSPECTION VERIFICATION AS REQUIRED IN
11 SUBSECTION I OF THIS SECTION, IF APPLICABLE.

12 F. Solar energy devices that are designed or installed by the final
13 owner are exempt from the requirements of subsections A through E of this
14 section.

15 G. The installation of a solar energy device shall meet the
16 requirements of:

17 1. All ~~applicable~~ fire, safety and building codes AS PRESCRIBED BY
18 A LOCAL AUTHORITY THAT HAS JURISDICTION.

19 2. Consumer protection ~~standards~~ REQUIREMENTS, including any freeze
20 protection and temperature related damage standards.

21 3. A MANUFACTURER'S INSTALLATION REQUIREMENTS.

22 ~~3.~~ 4. All other applicable federal, state and local laws.

23 H. Contractors who fail to meet safety, installation or other
24 prescribed standards or the requirements of section 44-1763 are subject to
25 disciplinary action under title 32, chapter 10, article 3.

26 I. AN INDIVIDUAL WHO IS A LICENSED SOLAR CONTRACTOR PURSUANT TO
27 TITLE 32, CHAPTER 10, ARTICLE 4 AND WHO HAD A DISCIPLINARY ACTION WITHIN
28 THE PREVIOUS TWO YEARS SHALL OBTAIN A THIRD-PARTY INSPECTION TO VERIFY
29 THAT THE INSTALLATION COMPLIES WITH THE APPLICABLE SAFETY STANDARDS,
30 WORKMANSHIP AND OTHER PRESCRIBED STANDARDS PURSUANT TO THIS ARTICLE. THE
31 LICENSED SOLAR CONTRACTOR SHALL PROVIDE A COPY OF THE THIRD-PARTY
32 INSPECTION REPORT TO THE INDIVIDUAL WHO BOUGHT, FINANCED OR LEASED THE
33 SOLAR ENERGY DEVICE. IF A THIRD-PARTY INSPECTOR IDENTIFIES ANY DEFICIENCY
34 IN THE INSTALLATION OF THE SOLAR ENERGY DEVICE, THE LICENSED SOLAR
35 CONTRACTOR SHALL CORRECT THE DEFICIENCIES, AND FAILURE TO CORRECT THE
36 DEFICIENCIES IS SUBJECT TO DISCIPLINARY ACTION.

37 Sec. 3. Section 44-1763, Arizona Revised Statutes, is amended to
38 read:

39 44-1763. Distributed energy generation system agreements;
40 disclosures; exception

41 A. An agreement governing the financing, sale or lease of a
42 distributed energy generation system to any person or a political
43 subdivision of this state must:

44 1. Be signed by the person buying, financing or leasing the
45 distributed energy generation system and must be dated. Any agreement

1 that contains blank spaces affecting the timing, value or obligations of
2 the agreement in a material manner when signed by the buyer or lessee is
3 voidable at the option of the buyer or lessee until the distributed energy
4 generation system is installed. Any blank spaces in the agreement must be
5 shown to and initialed by the buyer or lessee at the time the buyer or
6 lessee signs the agreement.

7 2. Be in at least ten-point type.

8 3. Include a provision, which must be separately acknowledged by
9 the buyer or lessee, granting the buyer or lessee the right to rescind the
10 financing, sale or lease agreement for a period of not less than three
11 business days after the agreement is signed by the buyer or lessee and
12 before the distributed energy generation system is installed.

13 4. Provide a description, which must be separately acknowledged by
14 the buyer or lessee, including the make and model of the distributed
15 energy generation system's major components or a guarantee concerning
16 energy production output that the distributed energy generation system
17 being sold or leased will provide over the life of the agreement. If the
18 warranty period for any major component is less than the duration of the
19 agreement, the length of the warranty must be disclosed to and separately
20 acknowledged by the buyer or lessee **AND BE WRITTEN IN BOLD TYPE AND**
21 **SEPARATELY INITIALED BY THE BUYER OR LESSEE.**

22 5. **INCLUDE A WRITTEN DESCRIPTION THAT IS COMMUNICATED IN CLEAR AND**
23 **EASILY UNDERSTANDABLE LANGUAGE AND THAT IS SEPARATELY ACKNOWLEDGED BY THE**
24 **BUYER OR LESSEE BEFORE THE DISTRIBUTED ENERGY GENERATION SYSTEM IS**
25 **INSTALLED. THE WRITTEN DESCRIPTION MUST INCLUDE BOTH:**

26 (a) **THE CURRENT CONDITION OF THE EXISTING ROOF AND THE ROOFING**
27 **COMPONENTS.**

28 (b) **THE ESTIMATED TOTAL COST OF REMOVAL AND REINSTALLATION OF THE**
29 **DISTRIBUTED ENERGY GENERATION SYSTEM.**

30 6. **INCLUDE A COPY OF THE WRITTEN REPORT BY THE LICENSED CONTRACTOR**
31 **TO THE BUYER OR LESSEE. THE LICENSED CONTRACTOR WHO DRAFTED THE REPORT MAY**
32 **NOT BE AFFILIATED WITH OR EMPLOYED BY THE CONTRACTOR OR INSTALLER. THE**
33 **WRITTEN REPORT MUST INCLUDE AN EVALUATION OF THE CURRENT CONDITION OF THE**
34 **ROOF AND THE ROOFING COMPONENTS AND CLEARLY STATE IN WRITING WHETHER THE**
35 **ROOF AND THE ROOFING COMPONENTS WILL REMAIN SERVICEABLE FOR AT LEAST THE**
36 **FULL DURATION OF THE AGREEMENT. THE BUYER OR LESSEE SHALL ACKNOWLEDGE**
37 **RECEIPT OF THE WRITTEN REPORT BEFORE THE DISTRIBUTED ENERGY GENERATION**
38 **SYSTEM IS INSTALLED.**

39 ~~5.~~ 7. Separately set forth the following items **IN BOLD TYPE**, which
40 must be separately acknowledged **AND INITIALED** by the buyer or lessee, if
41 applicable:

42 (a) The total purchase price or total cost to the buyer or lessee
43 under the agreement for the distributed energy generation system over the
44 life of the agreement.

1 (b) Any interest, installation fees, document preparation fees,
2 service fees or other costs to be paid by the buyer or lessee of the
3 distributed energy generation system.

4 (c) If the distributed energy generation system is being financed
5 or leased, the total number of payments, the payment frequency, the amount
6 of the payment expressed in dollars and the payment due date.

7 ~~6-~~ 8. Provide a disclosure in the sale and financing agreements,
8 to the extent they are used by the seller or marketer in determining the
9 purchase price of the agreement, that identifies all current tax
10 incentives and rebates or other state or federal incentives for which the
11 buyer or lessee may be eligible and any conditions or requirements
12 pursuant to the agreement to obtain these tax incentives, rebates or other
13 incentives.

14 ~~7-~~ 9. Identify the tax obligations that the buyer or lessee may be
15 required to pay as a result of buying, financing or leasing the
16 distributed energy generation system, including:

17 (a) The assessed value and the property tax assessments associated
18 with the distributed energy generation system calculated in the year the
19 agreement is signed.

20 (b) Transaction privilege taxes that may be assessed against the
21 person buying or leasing the distributed energy generation system.

22 (c) Any obligation of the buyer or lessee to transfer tax credits
23 or tax incentives of the distributed energy generation system to any other
24 person.

25 ~~8-~~ 10. Disclose whether the warranty or maintenance obligations
26 related to the distributed energy generation system may be sold or
27 transferred to a third party.

28 ~~9-~~ 11. Include a disclosure, the receipt of which shall be
29 separately acknowledged by the buyer or lessee, if a transfer of the sale,
30 lease or financing agreement contains any restrictions pursuant to the
31 agreement on the lessee's or buyer's ability to modify or transfer
32 ownership of a distributed energy generation system, including whether any
33 modification or transfer is subject to review or approval by a third
34 party. If the modification or transfer of the distributed energy
35 generation system is subject to review or approval by a third party, the
36 agreement must identify the name, address and telephone number of, and
37 provide for updating any change in, the entity responsible for approving
38 the modification or transfer.

39 ~~10-~~ 12. Include a disclosure, the receipt of which shall be
40 separately acknowledged by the buyer or lessee, if a modification or
41 transfer of ownership of the real property to which the distributed energy
42 generation system is or will be affixed contains any restrictions pursuant
43 to the agreement on the lessee's or buyer's ability to modify or transfer
44 ownership of the real property to which the distributed energy generation
45 system is installed or affixed, including whether any modification or

1 transfer is subject to review or approval by a third party. If the
2 modification or transfer of the real property to which the distributed
3 energy generation system is affixed or installed is subject to review or
4 approval by a third party, the agreement must identify the name, address
5 and telephone number of, and provide for updating any change in, the
6 entity responsible for approving the modification or transfer.

7 ~~11.~~ 13. Provide a full and accurate summary of the total costs
8 under the agreement for maintaining and operating the distributed energy
9 generation system over the life of the distributed energy generation
10 system, including financing, maintenance and construction costs related to
11 the distributed energy generation system, **THAT MUST BE ACKNOWLEDGED AND**
12 **INITIALED BY THE BUYER OR LESSEE.**

13 ~~12. If the agreement contains an estimate of the buyer's or~~
14 ~~lessee's future utility charges based on projected utility rates, provide~~
15 ~~an estimate of the buyer's or lessee's future utility charges as impacted~~
16 ~~by potential utility rate changes ranging from at least a five percent~~
17 ~~annual decrease to at least a five percent annual increase from current~~
18 ~~utility costs applied to the duration of the agreement in one percent~~
19 ~~increments. Any comparative estimates must be calculated by applying the~~
20 ~~entire rate change range to the duration of the agreement.~~

21 ~~13.~~ 14. Include a disclosure **THAT IS WRITTEN IN BOLD TYPE AND ALL**
22 **CAPITAL LETTERS**, the receipt of which shall be separately acknowledged by
23 the buyer or lessee, that states:

24 Utility rates and utility rate structures are subject to
25 change. These changes cannot be accurately predicted.
26 Projected savings from your distributed energy generation
27 system are therefore subject to change. Tax incentives are
28 subject to change or termination by executive, legislative or
29 regulatory action.

30 ~~14.~~ 15. Comply with section 32-1158.

31 ~~B. If a document or sales presentation relating to a distributed~~
32 ~~energy generation system states or suggests that the distributed energy~~
33 ~~generation system will result in financial savings for a buyer or lessee,~~
34 ~~the document or sales presentation must substantiate the methodology used~~
35 ~~to calculate those savings and, if the document or sales presentation is~~
36 ~~intended for a specific potential buyer or lessee, reasonably quantify the~~
37 ~~cumulative savings expected for the duration of the agreement.~~

38 ~~C. If a document or sales presentation relating to a distributed~~
39 ~~energy generation system contains financial savings comparative estimates~~
40 ~~or utility rate comparative estimates, the document or sales presentation~~
41 ~~must include historical utility rates for the immediately preceding period~~
42 ~~of time that is of the same duration as the proposed financing or lease~~
43 ~~period for the same class of utility customer in the same utility service~~
44 ~~territory as the prospective buyer or lessee. These historical rates must~~
45 ~~be included in any comparative estimates.~~

1 B. A CONTRACTOR OR THE AGENT OF A CONTRACTOR FOR A DISTRIBUTED
2 ENERGY GENERATION SYSTEM MAY NOT MAKE A WRITTEN OR ORAL STATEMENT
3 REGARDING ANY ESTIMATED SAVINGS THAT A BUYER OR LESSOR MAY RECEIVE.

4 ~~C.~~ C. Before the maintenance or warranty obligations of a
5 distributed energy generation system under an existing lease, financing or
6 purchase agreement is transferred, the person who is currently obligated
7 to maintain or warrant the distributed energy generation system must
8 disclose the name, address and telephone number of the person who will be
9 assuming the maintenance or warranty of the distributed energy generation
10 system.

11 ~~E. If a document or sales presentation relating to a distributed~~
12 ~~energy generation system contains an estimate of the buyer's or lessee's~~
13 ~~future utility charges based on projected utility rates, the document or~~
14 ~~sales presentation must contain an estimate of the buyer's or lessee's~~
15 ~~future utility charges as impacted by potential utility rate changes~~
16 ~~ranging from at least a five percent annual decrease to at least a five~~
17 ~~percent annual increase from current utility costs applied to the duration~~
18 ~~of an agreement for the financing, sale or lease of a distributed energy~~
19 ~~generation system in one percent increments. Any comparative estimates~~
20 ~~must be calculated by applying the entire rate change range to the~~
21 ~~duration of the agreement.~~

22 ~~F.~~ D. Recurring payments under a distributed energy generation
23 system lease may not begin until the distributed energy generation system
24 is APPROVED BY A LOCAL UTILITY, energized and interconnected.

25 ~~E.~~ E. This section does not apply to an individual or company,
26 acting through its officers, employees or agents, that markets, sells,
27 solicits, negotiates or enters into an agreement for the sale, financing
28 or lease of a distributed energy generation system as part of a
29 transaction involving the sale or transfer of the real property to which
30 the distributed energy generation system is or will be affixed.