

REFERENCE TITLE: registrar of contractors; successors; discipline

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

SB 1190

Introduced by
Senator Shope

AN ACT

AMENDING SECTION 32-1154, 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 32-1154, Arizona Revised Statutes, is amended to
3 read:

4 32-1154. Grounds for suspension or revocation of license;
5 continuing jurisdiction; civil penalties

6 A. The holder of a license or any person named on a license
7 pursuant to this chapter may not commit any of the following acts or
8 omissions:

9 1. Abandonment of a contract or refusal to perform after submitting
10 a bid on work without A legal excuse for the abandonment or refusal.

11 2. Departure from or disregard of:

12 (a) Plans or specifications in any material respect that is
13 prejudicial to another without THE consent of the owner or the owner's
14 duly authorized representative and without the consent of the person
15 entitled to have the particular construction project or operation
16 completed in accordance with such plans and specifications and code.

17 (b) A building code of this state or any political subdivision of
18 this state in any material respect that is prejudicial to another.

19 3. Violation of any rule adopted by the registrar.

20 4. Failure to comply with the statutes or rules governing social
21 security, workers' compensation or unemployment insurance.

22 5. Misrepresentation of a material fact by the applicant in
23 obtaining a license.

24 6. The doing of a fraudulent act by the licensee as a contractor
25 resulting in another person being substantially injured. For the purposes
26 of this paragraph, "fraudulent act" means a material misrepresentation
27 that a licensee makes, that is relied on by another person and that
28 results in damage to that person or that person's property.

29 7. Conviction of a felony.

30 8. Failure in a material respect by the licensee to complete a
31 construction project or operation for the price stated in the contract, or
32 in any modification of the contract.

33 9. Attempting to evade this chapter by:

34 (a) Aiding or abetting a licensed or unlicensed person.

35 (b) Acting or conspiring with a licensed or unlicensed person.

36 (c) Allowing one's license to be used by a licensed or unlicensed
37 person.

38 (d) Acting as agent, partner, associate or otherwise of a licensed
39 or unlicensed person.

40 10. Failure by a licensee or AN agent or official of a licensee to
41 pay monies in excess of \$750 when due for materials or services rendered
42 in connection with the licensee's operations as a contractor unless the
43 licensee proves that the licensee lacks the capacity to pay and has not
44 received sufficient monies as payment for the particular construction work

1 project or operation for which the services or materials were rendered or
2 purchased.

3 11. Failure of a contractor to comply with any safety or labor laws
4 or codes of the federal government, this state or political subdivisions
5 of this state.

6 12. Failure in any material respect to comply with this chapter.

7 13. Knowingly entering into a contract with a contractor for work
8 to be performed for which a license is required with a person that is not
9 duly licensed in the required classification.

10 14. Acting in the capacity of a contractor under any license issued
11 under this chapter in a name other than as set forth on the license.

12 15. False, misleading or deceptive advertising whereby any member
13 of the public was misled and injured.

14 16. Knowingly contracting beyond the scope of the license or
15 licenses of the licensee.

16 17. Contracting or offering to contract or submitting a bid while
17 the license is under suspension or while the license is on inactive
18 status.

19 18. Failure to notify the registrar in writing within a period of
20 fifteen days of any disassociation of the person who qualified for the
21 license. The licensee must qualify through another person within sixty
22 days after the date of disassociation.

23 19. Subsequent discovery of facts that if known at the time of
24 issuance of a license or the renewal of a license would have been grounds
25 to deny the issuance or renewal of the license.

26 20. Having a person named on the license who is or was named on any
27 other license in this state or in another state that is under suspension
28 or revocation for any act or omission that occurs while the person is or
29 was named on the license unless the prior revocation was based solely on a
30 violation of this paragraph.

31 21. Continuing a new single-family residential construction project
32 with actual knowledge that a pretreatment wood-destroying pests or
33 organisms application was either:

34 (a) Not performed at the required location.

35 (b) Performed in a manner inconsistent with label requirements,
36 state law or rules.

37 22. Failure to take appropriate corrective action to comply with
38 this chapter or with rules adopted pursuant to this chapter without valid
39 justification within a reasonable period of time after receiving a written
40 directive from the registrar. ~~The written directive must set~~ THAT SETS
41 forth the time within which the contractor is to complete the remedial
42 action. The time ~~permitted~~ ALLOWED for compliance may not be less than
43 fifteen days ~~from~~ AFTER the date of issuance of the directive. A license
44 may not be revoked or suspended ~~nor may~~ AND any other penalty MAY NOT be

1 imposed for a violation of this paragraph until after a hearing has been
2 held.

3 23. Prohibit, threaten to prohibit, retaliate against, threaten to
4 retaliate against or otherwise intimidate any contractor or materialman
5 from serving a preliminary notice pursuant to section 33-992.01.

6 24. For contractors, failure to comply with title 44, chapter 11,
7 article 11.

8 B. The registrar:

9 1. May investigate the acts of a contractor in this state on the
10 registrar's own motion.

11 2. Shall investigate the acts of a contractor in this state on the
12 written complaint of any owner or contractor that is a party to a
13 construction contract or a person who suffers a material loss or injury as
14 a result of a contractor's failure to perform work in a professional and
15 workmanlike manner or in accordance with any applicable building codes and
16 professional industry standards. For the purposes of this paragraph:

17 (a) "Construction contract" means a written or oral agreement
18 relating to the construction, alteration, repair, maintenance, moving or
19 demolition of any building, structure or improvement or relating to the
20 contractor's excavation of or other development or improvement to land if
21 the registrar investigates the contractor's actions under this subsection.

22 (b) "Owner" means any person, firm, partnership, corporation,
23 association or other organization, or a combination of any of them, that
24 causes a building, structure or improvement to be constructed, altered,
25 repaired, maintained, moved or demolished or that causes land to be
26 excavated or otherwise developed or improved, whether the interest or
27 estate of the person is in fee, as vendee under a contract to purchase, as
28 lessee or another interest or estate less than fee, pursuant to a
29 construction contract.

30 (c) "PERSON WHO SUFFERS A MATERIAL LOSS OR INJURY" INCLUDES A
31 PERSON WHO SUFFERS A LOSS OR INJURY DUE TO THE CONTRACTOR'S VIOLATION
32 ARISING OUT OF WORK PERFORMED UNDER A CONSTRUCTION CONTRACT UNDER ANY
33 PROVISION OF TITLE 23.

34 3. May temporarily suspend, with or without imposition of specific
35 conditions in addition to increased surety bond or cash deposit
36 requirements, or permanently revoke any or all licenses issued under this
37 chapter if the holder of the license issued pursuant to this chapter OR
38 ANY SUCCESSOR is guilty of or commits any of the acts or omissions set
39 forth in subsection A of this section. FOR THE PURPOSES OF THIS
40 PARAGRAPH, THERE IS A REBUTTABLE PRESUMPTION THAT AN APPLICANT OR LICENSEE
41 IS A SUCCESSOR IF THE APPLICANT OR LICENSEE SHARES TWO OR MORE OF THE
42 FOLLOWING WITH THE HOLDER OF A LICENSE ISSUED PURSUANT TO THIS CHAPTER:

43 (a) PERFORMANCE OF SIMILAR WORK IN THE SAME GEOGRAPHIC AREA.

44 (b) PREMISES.

45 (c) A TELEPHONE NUMBER, FAX NUMBER, EMAIL ADDRESS OR WEBSITE.

- 1 (d) SUBSTANTIALLY THE SAME WORKFORCE OR ADMINISTRATIVE STAFF.
- 2 (e) TOOLS, EQUIPMENT OR FACILITIES.
- 3 (f) EMPLOYMENT OR ENGAGEMENT OF ANY PERSON WHO EXERCISED
- 4 SUBSTANTIAL DISCRETIONARY CONTROL OVER THE DISCIPLINED CONTRACTOR.
- 5 (g) LISTED WORK EXPERIENCE OF PROJECT HISTORY.

6 C. Pursuant to this chapter, the registrar shall suspend by
7 operation of law a license issued to a person under this chapter on notice
8 from the department of revenue that a tax debt related to income taxes,
9 withholding taxes or any tax imposed or administered by title 42, chapter
10 5 that was incurred in the operation of the licensed business has become
11 final and the person neglects to pay or refuses to pay the tax debt.

12 D. The expiration, cancellation, suspension or revocation of a
13 license by operation of law or by A decision and order of the registrar or
14 a court of law or the voluntary surrender of a license by a licensee does
15 not deprive the registrar of jurisdiction to proceed with any
16 investigation of or action or disciplinary proceeding against such a
17 licensee, or to render a decision suspending or revoking such a license,
18 or denying the renewal or right of renewal of such a license.

19 E. The registrar may impose a civil penalty of not ~~to exceed~~ MORE
20 THAN \$500 on a contractor for each violation of subsection A, paragraph 22
21 of this section. Civil penalties collected pursuant to this subsection
22 shall be deposited in the residential contractors' recovery fund. The
23 failure by the licensee to pay any civil penalty imposed under this
24 subsection results in the automatic revocation of the license thirty days
25 after the effective date of the order providing for the civil penalty. A
26 person who is or was named on a license of a contractor when an act or
27 omission occurs that results in a civil penalty may not receive a new
28 license under this chapter until the entire civil penalty is paid.

29 F. The registrar may impose a civil penalty of not ~~to exceed~~ MORE
30 THAN \$1,000 on a contractor for each violation of subsection A, paragraph
31 17 of this section. Civil penalties collected pursuant to this subsection
32 shall be deposited in the residential contractors' recovery fund. The
33 failure by the licensee to pay any civil penalty imposed under this
34 subsection results in the automatic permanent revocation of the license
35 thirty days after the effective date of the order providing for the civil
36 penalty. A person who is or was named on a license of a contractor when
37 an act or omission occurs that results in a civil penalty may not receive
38 a new license under this chapter until the entire civil penalty is paid.