

House Engrossed Senate Bill

solar energy; inspection; contractors

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

SENATE BILL 1419

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 AND IS LIMITED TO A SYSTEM THAT IS USED PRIMARILY TO SERVE
41 ON-SITE DEMAND AT A RESIDENTIAL DWELLING UNIT OR MULTIFAMILY STRUCTURE.
42 Such systems may also have the capability of storing such energy for
43 future utilization. Passive systems shall clearly be designed as a solar
44 energy device such as a trombe wall and not merely a part of a normal
45 structure such as a window. FOR THE PURPOSES OF THIS SUBDIVISION, "TROMBE

1 WALL" MEANS A MASSIVE EQUATOR-FACING WALL THAT IS PAINTED IN A DARK COLOR
2 TO ABSORB THERMAL ENERGY FROM INCIDENT SUNLIGHT.

3 (b) Includes a distributed energy generation system.

4 (c) DOES NOT INCLUDE:

5 (i) A UTILITY SCALE SOLAR PROJECT.

6 (ii) A SYSTEM THAT IS INSTALLED ON A COMMERCIAL, INDUSTRIAL OR
7 INSTITUTIONAL STRUCTURE OR A SYSTEM THAT IS DESIGNED PRIMARILY TO SERVE AN
8 OFF-SITE LOAD.

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

11 44-1762. Solar energy device warranties; installation
12 standards; inspections

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

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

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

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

39 E. An individual who installs a solar energy device in this state,
40 in addition to being a licensed solar contractor under title 32, chapter
41 10, article 4, shall:

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

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

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

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

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

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

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

3. A MANUFACTURER'S INSTALLATION REQUIREMENTS.

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

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

I. IF A LICENSED CONTRACTOR INSTALLS A SOLAR ENERGY DEVICE ON A ROOF, THE LICENSED CONTRACTOR, BEFORE THE INITIAL INSTALLATION, SHALL EVALUATE THE ROOF AND ROOFING COMPONENTS TO DETERMINE WHETHER THE ROOF IS CAPABLE OF SUPPORTING THE INSTALLATION AND SHALL RECOMMEND THAT THE CUSTOMER OBTAIN AN INSPECTION BY A LICENSED ROOFING CONTRACTOR. BY INSTALLING A SOLAR ENERGY DEVICE ON A ROOF, THE CONTRACTOR IS DEEMED TO HAVE ACCEPTED THE ROOF SURFACE FOR PURPOSES OF INITIAL INSTALLATION AND IS RESPONSIBLE FOR REPAIRING ANY ROOF DAMAGE THAT IS CAUSED BY THE INSTALLATION. THIS SUBSECTION DOES NOT APPLY TO STRUCTURES THAT ARE USED PRIMARILY FOR SHADE, INCLUDING SHADE THAT IS USED FOR VEHICLES OR LIVESTOCK. A CONTRACTOR WHO DOES NOT COMPLY WITH THIS SUBSECTION IS SUBJECT TO DISCIPLINARY ACTION UNDER TITLE 32, CHAPTER 10, ARTICLE 3.

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

44-1763. Distributed energy generation system agreements; disclosures; residential solar energy systems; exception

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

1. Be signed by the person buying, ~~financing~~ or leasing the distributed energy generation system and must be dated. Any agreement that contains blank spaces affecting the timing, value or obligations of the agreement in a material manner when signed by the buyer or lessee is voidable at the option of the buyer or lessee until the distributed energy generation system is installed. Any blank spaces in the agreement must be

1 shown to and initialed by the buyer or lessee at the time the buyer or
2 lessee signs the agreement.

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

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

9 4. Provide a description, which must be separately acknowledged by
10 the buyer or lessee, including the make and model of the distributed
11 energy generation system's major components or a guarantee concerning
12 energy production output that the distributed energy generation system
13 being sold or leased will provide over the life of the agreement. **FOR A**
14 **LEASE**, if the warranty period for any major component is less than the
15 duration of the **LEASE** agreement, the length of the warranty must be
16 disclosed to and separately acknowledged by the ~~buyer or~~ lessee **AND BE**
17 **WRITTEN IN BOLD TYPE AND SEPARATELY INITIALED BY THE LESSEE. THE WARRANTY**
18 **PERIODS FOR A PURCHASED DISTRIBUTED ENERGY GENERATION SYSTEM, MAJOR**
19 **COMPONENTS AND LABOR SHALL BE DISCLOSED TO AND SEPARATELY ACKNOWLEDGED BY**
20 **THE BUYER AND BE WRITTEN IN BOLD TYPE AND SEPARATELY INITIALED BY THE**
21 **BUYER. FOR THE PURPOSES OF THIS PARAGRAPH, "MAJOR COMPONENTS" INCLUDES:**

22 (a) **PHOTOVOLTAIC SOLAR PANELS.**

23 (b) **INVERTERS.**

24 (c) **RACKING.**

25 (d) **BATTERY ENERGY STORAGE SYSTEMS.**

26 5. Separately set forth the following items **IN BOLD TYPE**, which
27 must be separately acknowledged **AND INITIALED** by the buyer or lessee, if
28 applicable:

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

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

35 (c) If the ~~distributed energy generation system is being financed~~
36 ~~or leased, the total number of payments, the payment frequency, the amount~~
37 ~~of the payment expressed in dollars and the payment due date.~~ **CONTRACTOR**
38 **PROVIDES CREDIT TO PURCHASE A DISTRIBUTED ENERGY GENERATION SYSTEM, THE**
39 **CONTRACTOR SHALL DISCLOSE INFORMATION PERTAINING TO THE NUMBER, AMOUNT AND**
40 **TIMING OF PAYMENTS THAT ARE SCHEDULED TO REPAY THE CREDIT OBLIGATION.**
41 **COMPLIANCE WITH 12 CODE OF FEDERAL REGULATIONS PART 1026 IS CONSIDERED**
42 **COMPLIANCE WITH THIS SECTION.**

43 6. Provide a disclosure in the sale ~~and financing~~ **OR LEASE**
44 agreements, to the extent they are used by the seller or marketer in
45 determining the purchase price of the agreement, that identifies all

1 current tax incentives and rebates or other state or federal incentives
2 for which the buyer or lessee may be eligible and any conditions or
3 requirements pursuant to the agreement to obtain these tax incentives,
4 rebates or other incentives.

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

8 ~~(a) The assessed value and the property tax assessments associated~~
9 ~~with the distributed energy generation system calculated in the year the~~
10 ~~agreement is signed.~~

11 ~~(b)~~ (a) Transaction privilege taxes that may be assessed against
12 the person buying or leasing the distributed energy generation system.

13 ~~(c)~~ (b) Any obligation of the buyer or lessee to transfer tax
14 credits or tax incentives of the distributed energy generation system to
15 any other person.

16 8. Disclose whether the warranty or maintenance obligations related
17 to the distributed energy generation system may be sold or transferred to
18 a third party.

19 9. Include a disclosure, the receipt of which shall be separately
20 acknowledged by the buyer or lessee, if a transfer of the sale, ~~OR~~ lease
21 ~~or financing~~ agreement contains any restrictions pursuant to the agreement
22 on the lessee's or buyer's ability to modify or transfer ownership of a
23 distributed energy generation system, including whether any modification
24 or transfer is subject to review or approval by a third party. If the
25 modification or transfer of the distributed energy generation system is
26 subject to review or approval by a third party, the agreement must
27 identify the name, address and telephone number of, and provide for
28 updating any change in, the entity responsible for approving the
29 modification or transfer.

30 10. Include a disclosure, the receipt of which shall be separately
31 acknowledged by the buyer or lessee, if a modification or transfer of
32 ownership of the real property to which the distributed energy generation
33 system is or will be affixed contains any restrictions pursuant to the
34 agreement on the lessee's or buyer's ability to modify or transfer
35 ownership of the real property to which the distributed energy generation
36 system is installed or affixed, including whether any modification or
37 transfer is subject to review or approval by a third party. If the
38 modification or transfer of the real property to which the distributed
39 energy generation system is affixed or installed is subject to review or
40 approval by a third party, the agreement must identify the name, address
41 and telephone number of, and provide for updating any change in, the
42 entity responsible for approving the modification or transfer.

43 11. ~~AT THE TIME THE CONTRACT IS SIGNED~~, provide a ~~full and accurate~~
44 summary of the total ~~ESTIMATED~~ costs under the agreement for maintaining
45 and operating the distributed energy generation system over the life of

1 the distributed energy generation system, ~~including financing, maintenance~~
2 ~~and construction costs related to the distributed energy generation~~
3 ~~system, THAT MUST BE ACKNOWLEDGED AND INITIALED BY THE BUYER OR LESSEE.~~

4 ~~12. If the agreement contains an estimate of the buyer's or~~
5 ~~lessee's future utility charges based on projected utility rates, provide~~
6 ~~an estimate of the buyer's or lessee's future utility charges as impacted~~
7 ~~by potential utility rate changes ranging from at least a five percent~~
8 ~~annual decrease to at least a five percent annual increase from current~~
9 ~~utility costs applied to the duration of the agreement in one percent~~
10 ~~increments. Any comparative estimates must be calculated by applying the~~
11 ~~entire rate change range to the duration of the agreement.~~

12 12. PROVIDE A DISCLOSURE THAT NOTIFIES THE CONSUMER WHETHER AND TO
13 WHAT EXTENT SYSTEM MAINTENANCE AND REPAIRS ARE INCLUDED IN THE AGREEMENT
14 AND THE ESTIMATED SYSTEM MAINTENANCE COSTS THAT THE CONSUMER IS
15 RESPONSIBLE TO PAY AND THAT IS ACKNOWLEDGED AND INITIALED BY THE BUYER OR
16 LESSEE.

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

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

26 14. Comply with section 32-1158.

27 15. **INCLUDE A BRIEF DESCRIPTION OF THE BASIS FOR ANY SAVINGS**
28 **ESTIMATE THAT WAS PROVIDED TO THE PURCHASER AT THE TIME THE CONTRACT IS**
29 **SIGNED, AS APPLICABLE. THE BRIEF DESCRIPTION MUST INCLUDE, AT A MINIMUM,**
30 **ALL OF THE FOLLOWING:**

31 (a) **ANY APPLICABLE UTILITY RATES.**

32 (b) **ANY ASSUMPTION FOR AN INCREASE IN FUTURE ELECTRICITY RATES.**

33 (c) **ANY ESTIMATED SYSTEM PRODUCTION.**

34 (d) **THE STATUS OF UTILITY COMPENSATION FOR EXPORTED ENERGY THAT IS**
35 **GENERATED BY THE DISTRIBUTED ENERGY GENERATION SYSTEM.**

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

43 C. ~~if~~ A document or sales presentation relating to a distributed
44 energy generation system ~~contains financial savings comparative estimates~~
45 ~~or utility rate comparative estimates, the document or sales presentation~~

1 ~~must include historical utility rates for the immediately preceding period~~
2 ~~of time that is of the same duration as the proposed financing or lease~~
3 ~~period for the same class of utility customer in the same utility service~~
4 ~~territory as the prospective buyer or lessee. These historical rates must~~
5 ~~be included in any comparative estimates.~~ MUST DISCLOSE TO WHAT EXTENT
6 SYSTEM MAINTENANCE AND REPAIRS ARE INCLUDED AND ESTIMATES FOR SYSTEM
7 MAINTENANCE COSTS THAT THE CUSTOMER IS RESPONSIBLE TO PAY.

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

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

25 ~~F.~~ E. Recurring payments under a distributed energy generation
26 system lease may not begin until the distributed energy generation system
27 is GRANTED PERMISSION TO OPERATE BY A LOCAL UTILITY AND energized and
28 interconnected BY THE LESSOR.

29 F. BEFORE ENTERING INTO A CONTRACT FOR THE PURCHASE OR LEASE OF A
30 RESIDENTIAL SOLAR ENERGY SYSTEM, THE LICENSED CONTRACTOR SHALL OBTAIN A
31 WRITTEN ACKNOWLEDGMENT FROM THE BUYER OR LESSEE STATING THAT THE BUYER OR
32 LESSEE UNDERSTANDS THAT THE ROOFING MATERIALS OR THE STRUCTURE MAY REQUIRE
33 REPAIR OR REPLACEMENT BEFORE THE PURCHASE OR LEASE AGREEMENT TERM EXPIRES.
34 THE WRITTEN ACKNOWLEDGMENT SHALL INCLUDE A CLEAR AND CONSPICUOUS
35 DISCLOSURE THAT STATES BOTH OF THE FOLLOWING:

36 1. UNLESS ROOF DAMAGE IS CAUSED AS THE RESULT OF THE
37 LICENSED CONTRACTOR'S INITIAL INSTALLATION OF THE SOLAR ENERGY
38 SYSTEM, ANY REPAIR OR REPLACEMENT OF ROOFING MATERIALS THAT
39 BECOMES NECESSARY MAY BE THE RESPONSIBILITY OF THE BUYER OR
40 LESSEE FOR ALL COSTS ASSOCIATED WITH THE REMOVAL AND
41 REINSTALLATION OF THE SOLAR ENERGY SYSTEM AND THE ROOF AND
42 ROOFING MATERIALS IF THE REPAIR OR REPLACEMENT IS NOT THE
43 RESULT OF A VIOLATION OF A LOCAL, STATE OR FEDERAL LAW.

44 2. THE REMOVAL AND REINSTALLATION OF THE SOLAR ENERGY
45 SYSTEM MAY VOID OR OTHERWISE AFFECT ANY MANUFACTURER OR

1 INSTALLER WARRANTY AND MAY LIMIT OR ELIMINATE THE LIABILITY OF
2 THE ORIGINAL INSTALLATION CONTRACTOR.

3 G. This section does not apply to an individual or company, acting
4 through its officers, employees or agents, that markets, sells, solicits,
5 negotiates or enters into an agreement for the sale, financing or lease of
6 a distributed energy generation system as part of a transaction involving
7 the sale or transfer of the real property to which the distributed energy
8 generation system is or will be affixed.