

Senate Engrossed
agencies; statutory authority

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

SENATE BILL 1501

AN ACT

AMENDING SECTIONS 41-1001.01 AND 41-1048, ARIZONA REVISED STATUTES;
RELATING TO ADMINISTRATIVE PROCEDURE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 41-1001.01, Arizona Revised Statutes, is amended
3 to read:

4 41-1001.01. Regulatory bill of rights; small businesses

5 A. To ensure fair and open regulation by state agencies, a person:

6 1. Is eligible for reimbursement of fees and other expenses if the
7 person prevails by adjudication on the merits against an agency in a court
8 proceeding regarding an agency decision as provided in section 12-348.

9 2. Is eligible for reimbursement of the person's costs and fees if
10 the person prevails against any agency in an administrative hearing as
11 provided in section 41-1007.

12 3. Is entitled to have an agency not charge the person a fee unless
13 the fee for the specific activity is expressly authorized as provided in
14 section 41-1008.

15 4. Is entitled to receive the information and notice regarding
16 inspections and audits prescribed in section 41-1009.

17 5. May review the full text or summary of all rulemaking activity,
18 the summary of substantive policy statements and the full text of
19 executive orders in the register as provided in article 2 of this chapter.

20 6. May participate in the rulemaking process as provided in
21 articles 3, 4, 4.1 and 5 of this chapter, including:

22 (a) Providing written comments or testimony on proposed rules to an
23 agency as provided in section 41-1023 and having the agency adequately
24 address those comments as provided in section 41-1052, subsection D,
25 including comments or testimony concerning the information contained in
26 the economic, small business and consumer impact statement.

27 (b) Filing an early review petition with the governor's regulatory
28 review council as provided in article 5 of this chapter.

29 (c) Providing written comments or testimony on rules to the
30 governor's regulatory review council during the mandatory sixty-day
31 comment period as provided in article 5 of this chapter.

32 7. Is entitled to have an agency not base a licensing decision in
33 whole or in part on licensing conditions or requirements that are not
34 specifically authorized by statute, rule or state tribal gaming compact as
35 provided in section 41-1030, subsection B.

36 8. Is entitled to have an agency not base a decision regarding any
37 filing or other matter submitted to an agency on a requirement or
38 condition that is not specifically authorized by a statute, rule, federal
39 law or regulation or state tribal gaming compact as provided in section
40 41-1030, subsection C.

41 9. Is entitled to have an agency not make a rule under a specific
42 grant of rulemaking authority that exceeds the subject matter areas listed
43 in the specific statute or not make a rule under a general grant of
44 rulemaking authority to supplement a more specific grant of rulemaking
45 authority as provided in section 41-1030, subsection D.

1 10. May allege that an existing agency practice or substantive
2 policy statement constitutes a rule and have that agency practice or
3 substantive policy statement declared void because the practice or
4 substantive policy statement constitutes a rule as provided in section
5 41-1033.

6 11. May file a complaint with the administrative rules oversight
7 committee concerning:

8 (a) A rule's, practice's or substantive policy statement's lack of
9 conformity with statute or legislative intent as provided in section
10 41-1047.

11 (b) An existing statute, rule, practice alleged to constitute a
12 rule or substantive policy statement that is alleged to be duplicative, ~~or~~
13 onerous **OR BEYOND AN AGENCY'S STATUTORY AUTHORITY** as provided in section
14 41-1048.

15 12. May have the person's administrative hearing on contested cases
16 and appealable agency actions heard by an independent administrative law
17 judge as provided in articles 6 and 10 of this chapter.

18 13. May have administrative hearings governed by uniform
19 administrative appeal procedures as provided in articles 6 and 10 of this
20 chapter and may appeal a final administrative decision by filing a notice
21 of appeal pursuant to title 12, chapter 7, article 6.

22 14. May have an agency approve or deny the person's license
23 application within a predetermined period of time as provided in article
24 7.1 of this chapter.

25 15. Is entitled to receive written notice from an agency on denial
26 of a license application:

27 (a) That justifies the denial with references to the statutes or
28 rules on which the denial is based as provided in section 41-1076.

29 (b) That explains the applicant's right to appeal the denial as
30 provided in section 41-1076.

31 16. Is entitled to receive information regarding the license
32 application process before or at the time the person obtains an
33 application for a license as provided in sections 41-1001.02 and 41-1079.

34 17. May receive public notice and participate in the adoption or
35 amendment of agreements to delegate agency functions, powers or duties to
36 political subdivisions as provided in section 41-1026.01 and article 8 of
37 this chapter.

38 18. May inspect all rules and substantive policy statements of an
39 agency, including a directory of documents, in the office of the agency
40 director as provided in section 41-1091.

41 19. May file a complaint with the office of the ombudsman-citizens
42 aide to investigate administrative acts of agencies as provided in chapter
43 8, article 5 of this title.

44 20. Unless specifically authorized by statute, may expect state
45 agencies to avoid duplication of other laws that do not enhance regulatory

1 clarity and to avoid dual permitting to the extent practicable as
2 prescribed in section 41-1002.

3 21. May have the person's administrative hearing on contested cases
4 pursuant to title 23, chapter 2 or 4 heard by an independent
5 administrative law judge as prescribed by title 23, chapter 2 or 4.

6 22. Pursuant to section 41-1009, subsection E, may correct
7 deficiencies identified during an inspection unless otherwise provided by
8 law.

9 B. The enumeration of the rights listed in subsection A of this
10 section does not grant any additional rights that are not prescribed in
11 the sections referenced in subsection A of this section.

12 C. Each state agency that conducts audits, inspections or other
13 regulatory enforcement actions pursuant to section 41-1009 shall create
14 and clearly post on the agency's website a small business bill of rights.
15 The agency shall create the small business bill of rights by selecting the
16 applicable rights prescribed in this section and section 41-1009 and any
17 other agency-specific statutes and rules. The agency shall provide a
18 written document of the small business bill of rights to the authorized
19 on-site representative of the regulated small business. In addition to
20 the rights listed in this section and section 41-1009, the agency notice
21 of the small business bill of rights shall include the process by which a
22 small business may file a complaint with the agency employees who are
23 designated to assist members of the public or regulated community pursuant
24 to section 41-1006. The notice must provide the contact information of
25 the agency's designated employees. The agency notice must also state that
26 if the regulated person has already made a reasonable effort with the
27 agency to resolve the problem and still has not been successful, the
28 regulated person may contact the office of ombudsman-citizens aide.

29 Sec. 2. Section 41-1048, Arizona Revised Statutes, is amended to
30 read:

31 41-1048. Committee review; duplicative, onerous or beyond
32 authority; rules, practices alleged to constitute
33 rules and substantive policy statements

34 A. The committee shall receive complaints concerning statutes,
35 rules, agency practices alleged to constitute rules and substantive policy
36 statements that are alleged to be duplicative, ~~or~~ onerous OR BEYOND AN
37 AGENCY'S STATUTORY AUTHORITY. The committee may review any statutes,
38 rules, agency practices alleged to constitute rules or substantive policy
39 statements alleged to be duplicative, ~~or~~ onerous OR BEYOND AN AGENCY'S
40 STATUTORY AUTHORITY and may hold hearings regarding the allegations. The
41 committee may comment to an agency, the attorney general, the council or
42 the legislature on whether the statutes, rules, agency practices alleged
43 to constitute rules or substantive policy statements are duplicative, ~~or~~
44 onerous OR BEYOND THE AGENCY'S STATUTORY AUTHORITY. The comments may
45 include committee recommendations for alleviating the duplicative or

1 onerous aspects of the statutes, rules, agency practices alleged to
2 constitute rules and substantive policy statements OR ANY ASPECTS BEYOND
3 THE AGENCY'S STATUTORY AUTHORITY.

4 B. The committee shall prepare a report to the legislature by
5 December 1 of each year recommending legislation to alleviate the effects
6 of duplicative or onerous statutes, rules, agency practices alleged to
7 constitute rules and substantive policy statements OR STATUTES, RULES,
8 AGENCY PRACTICES ALLEGED TO CONSTITUTE RULES AND SUBSTANTIVE POLICY
9 STATEMENTS THAT ARE BEYOND AN AGENCY'S STATUTORY AUTHORITY.

10 C. This section applies to all statutes, rules, agency practices
11 alleged to constitute rules and substantive policy statements, regardless
12 of whether the statutes, rules, agency practices alleged to constitute
13 rules or substantive policy statements were enacted or made before or
14 after January 1, 1996.