

REFERENCE TITLE: contractor licensure; handyman exemption.

State of Arizona  
House of Representatives  
Fifty-sixth Legislature  
First Regular Session  
2023

## **HB 2727**

Introduced by  
Representatives Diaz: Biasiucci, Carter, Griffin

### 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.