

REFERENCE TITLE: minors; artistic performers; contracts; trust

State of Arizona
House of Representatives
Fifty-sixth Legislature
Second Regular Session
2024

HB 2564

Introduced by
Representatives Gutierrez: Austin, Contreras L, Crews, De Los Santos,
Hernandez C, Mathis, Ortiz, Seaman, Stahl Hamilton, Travers, Villegas;
Senator Sundareshan

AN ACT

AMENDING TITLE 23, CHAPTER 2, ARIZONA REVISED STATUTES, BY ADDING ARTICLE
6.2; RELATING TO EMPLOYMENT.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Title 23, chapter 2, Arizona Revised Statutes, is
3 amended by adding article 6.2, to read:

4 ARTICLE 6.2. EMPLOYMENT CONTRACTS FOR MINORS

5 23-345. Definitions

6 IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

7 1. "ARTISTIC OR CREATIVE SERVICES":

8 (a) INCLUDES SERVICES:

9 (i) AS AN ACTOR, ACTRESS, DANCER, MUSICIAN, COMEDIAN, SINGER, STUNT
10 PERSON, VOICE-OVER ARTIST OR OTHER PERFORMER OR ENTERTAINER.

11 (ii) AS A SONGWRITER, MUSICAL PRODUCER OR ARRANGER, WRITER,
12 DIRECTOR, PRODUCER, PRODUCTION EXECUTIVE, CHOREOGRAPHER, COMPOSER,
13 CONDUCTOR OR DESIGNER.

14 (b) DOES NOT INCLUDE SERVICES AS AN EXTRA, A BACKGROUND PERFORMER
15 OR TEMPORARY WORK IN A SIMILAR CAPACITY.

16 2. "CUSTODY" MEANS A STATUS EMBODYING ALL OF THE FOLLOWING RIGHTS
17 AND RESPONSIBILITIES:

18 (a) THE RIGHT TO HAVE PHYSICAL POSSESSION OF THE CHILD.

19 (b) THE RIGHT AND THE DUTY TO PROTECT, TRAIN AND DISCIPLINE THE
20 CHILD.

21 (c) THE RESPONSIBILITY TO PROVIDE THE CHILD WITH ADEQUATE FOOD,
22 CLOTHING, SHELTER, EDUCATION AND MEDICAL CARE.

23 3. "FINANCIAL INSTITUTION":

24 (a) MEANS A FINANCIAL ENTITY THAT IS INSURED BY THE FEDERAL DEPOSIT
25 INSURANCE CORPORATION.

26 (b) INCLUDES:

27 (i) A STATE BANK.

28 (ii) A FEDERAL BANK.

29 (iii) A CREDIT UNION.

30 (iv) A SAVINGS AND LOAN ASSOCIATION.

31 (v) A TRUST COMPANY.

32 (vi) A SAVINGS BANK.

33 4. "GROSS EARNINGS" MEANS THE TOTAL COMPENSATION PAYABLE TO THE
34 MINOR UNDER THE CONTRACT OR, IF THE MINOR'S SERVICES ARE BEING PROVIDED
35 THROUGH A THIRD PARTY, THE TOTAL COMPENSATION PAYABLE TO THAT THIRD PARTY
36 FOR THE SERVICES OF THE MINOR.

37 5. "GUARDIAN":

38 (a) MEANS AN INDIVIDUAL WHO IS APPOINTED OR QUALIFIED BY A COURT AS
39 A GUARDIAN OF THE MINOR.

40 (b) INCLUDES A LIMITED GUARDIAN.

41 (c) DOES NOT INCLUDE A GUARDIAN AD LITEM.

42 6. "GUARDIAN AD LITEM" MEANS A NEUTRAL PERSON THE COURT APPOINTS TO
43 INVESTIGATE WHAT SOLUTIONS WOULD BE IN THE BEST INTERESTS OF THE CHILD.

44 7. "PARENT" MEANS THE NATURAL OR ADOPTIVE MOTHER OR FATHER OF THE
45 CHILD UNLESS PARENTAL RIGHTS WERE TERMINATED BY COURT ORDER.

1 TRUSTEE'S WRITTEN STATEMENT, THE EMPLOYER SHALL PROVIDE THE PARENT OR
2 GUARDIAN WITH A WRITTEN ACKNOWLEDGMENT OF RECEIPT OF THE TRUSTEE'S WRITTEN
3 STATEMENT.

4 D. WHEN MAKING THE INITIAL DEPOSIT OF MONIES PURSUANT TO SUBSECTION
5 B, PARAGRAPH 1 OF THIS SECTION, THE MINOR'S EMPLOYER SHALL PROVIDE WRITTEN
6 NOTIFICATION TO THE FINANCIAL INSTITUTION THAT THE MONIES ARE SUBJECT TO
7 THIS ARTICLE.

8 E. ONCE THE MINOR'S EMPLOYER DEPOSITS THE MONIES INTO THE TRUST,
9 THE MINOR'S EMPLOYER SHALL HAVE NO FURTHER OBLIGATION OR DUTY TO MONITOR
10 OR ACCOUNT FOR THE MONIES. THE TRUSTEE OF THE TRUST SHALL BE THE ONLY
11 INDIVIDUAL OR ENTITY WITH THE OBLIGATION OR DUTY TO MONITOR AND ACCOUNT
12 FOR THE MONIES ONCE THE MONIES HAVE BEEN DEPOSITED BY THE MINOR'S
13 EMPLOYER. THE TRUSTEE OF THE TRUST SHALL CONDUCT AN ANNUAL ACCOUNTING OF
14 THE MONIES HELD IN TRUST IN ACCORDANCE WITH GENERALLY RECOGNIZED
15 PROFESSIONAL ACCOUNTING AND AUDITING PRINCIPLES.

16 F. AT ANY TIME, A PARENT, A GUARDIAN, THE TRUSTEE OR THE MINOR,
17 THROUGH THE MINOR'S GUARDIAN AD LITEM, ON A SHOWING OF GOOD CAUSE MAY
18 REQUEST THAT THE COURT AMEND OR TERMINATE THE TRUST, NOTWITHSTANDING ANY
19 PROVISION IN THE DECLARATION OF TRUST. THE COURT MAY ONLY AMEND OR
20 TERMINATE THE TRUST AFTER THE COURT PROVIDES THE PARTIES WITH REASONABLE
21 NOTICE AND AN OPPORTUNITY TO BE HEARD.

22 G. A PARENT OR GUARDIAN SHALL PROMPTLY NOTIFY THE MINOR'S EMPLOYER,
23 IN WRITING, OF ANY CHANGE IN FACTS THAT AFFECT THE EMPLOYER'S OBLIGATION
24 OR ABILITY TO SET ASIDE THE MONIES IN ACCORDANCE WITH THE ORDER THAT
25 INCLUDES A CHANGE OF FINANCIAL INSTITUTION OR ACCOUNT NUMBER OR THE
26 EXISTENCE OF A NEW OR AMENDED COURT ORDER. THE WRITTEN NOTIFICATION SHALL
27 INCLUDE A TRUE AND ACCURATE COPY OF THE TRUSTEE'S WRITTEN STATEMENT
28 PURSUANT TO SECTION 23-345.03 AND A CERTIFIED COPY OF ANY NEW OR AMENDED
29 ORDER, AS APPLICABLE.

30 H. FOR A MINOR'S CONTRACT TO PERFORM ARTISTIC OR CREATIVE SERVICES
31 THAT IS NOT SUBMITTED TO THE COURT FOR APPROVAL PURSUANT TO SECTION
32 23-345.01 OR IF THE COURT DENIED APPROVAL, ALL OF THE FOLLOWING APPLY:

33 1. THE EMPLOYER SHALL SET ASIDE AND DEPOSIT FIFTEEN PERCENT OF THE
34 MINOR'S GROSS EARNINGS PURSUANT TO THE CONTRACT IN A TRUST ACCOUNT FOR THE
35 BENEFIT OF THE MINOR.

36 2. AT LEAST ONE PARENT OR GUARDIAN SHALL SERVE AS THE TRUSTEE OF
37 THE TRUST ACCOUNT. A PARENT, GUARDIAN OR TRUSTEE OR THE MINOR THROUGH THE
38 MINOR'S GUARDIAN AD LITEM MAY PETITION A COURT OF COMPETENT JURISDICTION
39 TO APPOINT ANOTHER INDIVIDUAL OR ENTITY TO SERVE AS TRUSTEE OF THE TRUST.
40 THE COURT MAY APPOINT ANOTHER INDIVIDUAL OR ENTITY TO SERVE AS THE TRUSTEE
41 OF THE TRUST IF THE COURT BELIEVES IT IS IN THE BEST INTERESTS OF THE
42 CHILD.

43 3. THE MINOR'S EMPLOYER SHALL PROVIDE WRITTEN NOTIFICATION TO THE
44 FINANCIAL INSTITUTION THAT THE MONIES ARE SUBJECT TO THIS ARTICLE.

1 I. THE RELATIONSHIP BETWEEN THE PARENT OR GUARDIAN AND THE MINOR IS
2 A FIDUCIARY RELATIONSHIP PURSUANT TO TITLE 14, IRRESPECTIVE OF WHETHER A
3 COURT HAS ISSUED A FORMAL ORDER TO THAT EFFECT. THE PARENT OR GUARDIAN
4 SERVING IN A FIDUCIARY RELATIONSHIP SHALL PAY ALL LIABILITIES INCURRED BY
5 THE MINOR UNDER THE CONTRACT WITH THE EARNINGS OF THE MINOR, WHICH
6 INCLUDES:

- 7 1. TAXES.
- 8 2. PAYMENTS FOR PERSONAL SERVICES RENDERED TO THE MINOR.
- 9 3. PAYMENTS FOR PROFESSIONAL SERVICES RENDERED TO THE MINOR.
- 10 4. OTHER REASONABLE BUSINESS-RELATED EXPENSES.

11 J. THIS SECTION DOES NOT ALTER ANY OTHER EXISTING RESPONSIBILITY OF
12 A PARENT OR LEGAL GUARDIAN TO PROVIDE FOR THE SUPPORT OF A MINOR CHILD.

13 23-345.03. Trust account; withdrawals; trustee's written
14 statement; notification; requirements

15 A. THE TRUSTEE SHALL ESTABLISH A TRUST ACCOUNT PURSUANT TO THIS
16 SECTION AT A FINANCIAL INSTITUTION THAT IS LOCATED IN THIS STATE WITHIN
17 SEVEN BUSINESS DAYS AFTER THE MINOR'S CONTRACT IS EXECUTED.

18 B. WITHDRAWALS FROM THE TRUST ARE PROHIBITED UNLESS:

19 1. THE BENEFICIARY ATTAINS EIGHTEEN YEARS OF AGE AND SUBMITS A
20 CERTIFIED COPY OF THE MINOR'S BIRTH CERTIFICATE TO THE FINANCIAL
21 INSTITUTION WHERE THE TRUST IS LOCATED.

22 2. THE MINOR BENEFICIARY IS EMANCIPATED BY THE COURT AND SUBMITS A
23 CERTIFIED COPY OF THE COURT'S EMANCIPATION ORDER TO THE FINANCIAL
24 INSTITUTION WHERE THE TRUST IS LOCATED.

25 3. ORDERED BY THE COURT.

26 C. WITHIN TEN BUSINESS DAYS AFTER THE MINOR'S CONTRACT IS EXECUTED,
27 THE TRUSTEE SHALL PREPARE A WRITTEN STATEMENT UNDER THE PENALTY OF PERJURY
28 AND PROVIDE A COPY TO THE PARENT, GUARDIAN, GUARDIAN AD LITEM, THE MINOR'S
29 EMPLOYER AND THE COURT, AS APPLICABLE, AND THAT INCLUDES THE FOLLOWING
30 ACCOUNT INFORMATION:

- 31 1. THE NAME.
- 32 2. THE ADDRESS.
- 33 3. THE TELEPHONE NUMBER.
- 34 4. THE NAME OF THE ACCOUNT.
- 35 5. THE ACCOUNT NUMBER.
- 36 6. THE NAME OF THE MINOR BENEFICIARY.
- 37 7. THE NAME OF THE TRUSTEE OF THE ACCOUNT.
- 38 8. ANY RELATED INFORMATION NEEDED BY THE MINOR'S EMPLOYER TO
39 DEPOSIT MONIES INTO THE ACCOUNT.
- 40 9. A TRUE AND ACCURATE COPY OF THE DOCUMENTS THAT CREATED THE
41 TRUST, WHICH MAY INCLUDE A DECLARATION OF TRUST, DEED OF SETTLEMENT,
42 ACCOUNT AGREEMENT, PASSBOOK OR SIMILAR DOCUMENTATION.

43 D. ON APPLICATION BY THE TRUSTEE TO THE FINANCIAL INSTITUTION, THE
44 FINANCIAL INSTITUTION MAY HANDLE THE MONIES IN ONE OR MORE OF THE
45 FOLLOWING METHODS:

1 1. TRANSFER MONIES TO ANOTHER ACCOUNT AT THE SAME FINANCIAL
2 INSTITUTION, IF THE MONIES TRANSFERRED SHALL CONTINUE TO BE HELD IN TRUST.
3 2. TRANSFER MONIES TO ANOTHER FINANCIAL INSTITUTION IF THE MONIES
4 TRANSFERRED CONTINUE TO BE HELD IN TRUST AND THE TRANSFERRING FINANCIAL
5 INSTITUTION HAS PROVIDED WRITTEN NOTIFICATION TO THE FINANCIAL INSTITUTION
6 TO WHICH THE MONIES WILL BE TRANSFERRED.
7 3. USE ALL OR PART OF THE MONIES TO PURCHASE AND HOLD IN TRUST FOR
8 THE BENEFIT OF THE MINOR THE FOLLOWING:
9 (a) INVESTMENT FUNDS OFFERED BY A COMPANY REGISTERED UNDER THE
10 INVESTMENT COMPANY ACT OF 1940 (54 STAT. 789) IF:
11 (i) THE UNDERLYING INVESTMENTS ARE EQUITY SECURITIES.
12 (ii) THE INVESTMENT FUND IS A BROAD-BASED INDEX FUND.
13 (iii) THE INVESTMENT FUND INVESTS BROADLY ACROSS THE DOMESTIC OR A
14 FOREIGN REGIONAL ECONOMY, IS NOT A SECTOR FUND AND HAS ASSETS UNDER
15 MANAGEMENT OF AT LEAST \$250,000,000.
16 (b) GOVERNMENT SECURITIES AND BONDS, CERTIFICATES OF DEPOSIT, MONEY
17 MARKET INSTRUMENTS, MONEY MARKET ACCOUNTS OR MUTUAL FUNDS INVESTING SOLELY
18 IN THOSE GOVERNMENT SECURITIES AND BONDS, CERTIFICATES, INSTRUMENTS AND
19 ACCOUNTS THAT ARE AVAILABLE AT THE FINANCIAL INSTITUTION WHERE THE TRUST
20 FUND IS HELD.
21 E. THE PURCHASES MADE PURSUANT TO THIS SECTION SHALL HAVE THE
22 MATURITY DATE ON OR BEFORE THE BENEFICIARY ATTAINS EIGHTEEN YEARS OF AGE.
23 F. ANY PROCEEDS GENERATED FROM THE TRUST ACCOUNT SHALL BE
24 REDEPOSITED INTO THE ACCOUNT OR USED TO MAKE FURTHER INVESTMENT PURCHASES.
25 Sec. 2. Applicability
26 This act applies to contracts that are entered into between an
27 unemancipated minor and any party or third party on or after January 1,
28 2025.