

# Arizona Registrar of Contractors Licensing Requirements

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November 19, 2015

*Courtesy of the Arizona Registrar of Contractors*

Just as an individual working unlicensed as a real estate agent negatively impacts the livelihoods of licensed agents and poses untold financial and safety risks for the public, contracting work performed by unlicensed entities poses devastating effects on the safety and welfare of the public and livelihoods of Arizona's licensed contracting professionals.

The Arizona Registrar of Contractors is a state agency and serves two core functions; licensing and regulation of the licensing of contractors.

Currently, there are approximately 38,000 licensed contracting entities in the State of Arizona with 106 classifications ranging from landscaping and painting to general contracting and carpentry, remodeling and repairs.

The importance of a residential buyer or seller using a licensed contracting professional begins with the assurance that the work will be completed by an individual with the knowledge and experience required to perform the work and ends with their potential access to a restitution fund, known as the Registrar's Residential Recovery Fund, if the contracted-for work fails to meet professional industry standards.

As one can imagine, Arizona Revised Statutes and Rules related to contracting can intimately relate to the work encountered by Arizona's licensed real estate agents on a daily basis.

Though certainly not an exhaustive list, the Arizona real estate industry likely comes into contact with work impacted by ROC contracting licensure requirements, including ARS 32-1121(A)(14); ARS 32-1121(A)(5) & (A)(6); ARS 32-1151; and ARS 32-1169.

The term *handyman* is one many use to generally mean an individual who can fix many, if not all, small projects around the home. In Arizona, however, statute dictates the work allowed to be done by an unlicensed individual acting as a handyman. The so-called "handyman exemption," is as follows:

§32-1121. Persons not required to be licensed; penalties

A. This chapter shall not be construed to apply to:

14. **Any person other than a licensed contractor engaging in any work or operation on one undertaking or project by one or more contracts, for which the aggregate contract price, including labor, materials and all other items**, but excluding any electrical fixture or appliance that was designed by the manufacturer, that is unaltered, unchanged or unmodified by any person, that can be plugged into a common household electrical outlet utilizing a two pronged or three pronged electrical connector and that does not use any other form of energy, including natural gas, propane or other petroleum or gaseous fuel, to operate or is attached by a nail, screw or other fastening device to the frame or foundation of any residential structure, **is less than one thousand dollars**. The work or operations that are exempt under this paragraph shall be of a casual or minor nature. This exemption does not apply:

(a) In any case in which the **performance of the work requires a local building permit**.

(b) **In any case in which the work or construction is only a part of a larger or major operation, whether undertaken by the same or a different contractor, or in which a division of the operation is made in contracts of amounts less than one thousand dollars**, excluding any electrical fixture or appliance that was designed by the manufacturer, that is unaltered, unchanged or unmodified by any person, that can be plugged into a common household electrical outlet utilizing a two pronged or three pronged electrical connector and that does not use any other form of energy, including natural gas, propane or other petroleum or gaseous fuel, to operate or is attached by a nail, screw or other fastening device to the frame or foundation of any residential structure, for the purpose of evasion of this chapter or otherwise.

(c) To a person who utilizes any form of advertising to the public in which the person's unlicensed status is not disclosed by including the words "**not a licensed contractor**" in the advertisement. **(emphasis added)**

According to the *Arizona Republic*, more homes were flipped in Maricopa County, AZ than anywhere else in the nation between April 2013 and March 2014. Did you know there are specific licensure and statutory requirements addressing a property owner attempting to sell such property after improving or building structures or appurtenances with the intent to sell. The specific statutes are as follows:



§32-1121. Persons not required to be licensed; penalties

A. This chapter shall not be construed to apply to:

5. Owners of property who improve such property or who build or improve structures or appurtenances on such property and who do the work themselves, with their own employees or with duly licensed contractors, if the structure, group of structures or appurtenances, including the improvements thereto, are intended for occupancy solely by the owner and are not intended for occupancy by members of the public as the owner's employees or business visitors **and the structures or appurtenances are not intended for sale or for rent. In all actions brought under this chapter, except an action against an owner-occupant as defined in section 33-1002, proof of the sale or rent or the offering for sale or rent of any such structure by the owner-builder within one year after completion or issuance of a certificate of occupancy is prima facie evidence that such project was undertaken for the purpose of sale or rent.** For the purposes of this paragraph, "sale" or "rent" includes any arrangement by which the owner receives compensation in money, provisions, chattels or labor from the occupancy or the transfer of the property or the structures on the property.

6. Owners of property who are acting as developers and who build structures or appurtenances to structures on their property for the purpose of sale or rent and who contract for such a project with a general contractor licensed pursuant to this chapter and owners of property who are acting as developers, who improve structures or appurtenances to structures on their property for the purpose of sale or rent and who contract for such a project with a general contractor or specialty contractors licensed pursuant to this chapter. **To qualify for the exemption under this paragraph, the licensed contractors' names and license numbers shall be included in all sales documents. (emphasis added).**

Finally, licensed real estate agents often encounter questions surrounding the permitting of projects and whether a seller secured them and whether a buyer needs to secure one for a project.

AZROC would recommend real estate agents be familiar with ARS 32-1121(A)(14)(a)<sup>1</sup>, ARS 32-1151<sup>2</sup> and ARS 32-1169<sup>3</sup> as they relate to the need for a licensed contractor to perform work requiring a permit, the prima facie evidence of the existence of a contract when permits are secured, and the need to list a licensed contractor when pulling a permit.

Just as for real estate, requirements for contractors are detailed, extensive and explicit in rule and by statute. If you have specific questions regarding involvement you may have in any of the activities listed above, AZ ROC recommends consulting with an attorney.

If you have questions regarding which licensed contractor you would suggest a buyer or seller to hire to complete a project, you can refer them to the Contractor Search at [AZROC.gov](http://AZROC.gov) or call 877.692.9762.

<sup>1</sup>§32-1121.A.14 Any person other than a licensed contractor engaging in any work or operation on one undertaking or project by one or more contracts, for which the aggregate contract price, including labor, materials and all other items, but excluding any electrical fixture or appliance that was designed by the manufacturer, that is unaltered, unchanged or unmodified by any person, that can be plugged into a common household electrical outlet utilizing a two pronged or three pronged electrical connector and that does not use any other form of energy, including

natural gas, propane or other petroleum or gaseous fuel, to operate or is attached by a nail, screw or other fastening device to the frame or foundation of any residential structure, is less than one thousand dollars. The work or operations that are exempt under this paragraph shall be of a casual or minor nature. This exemption does not apply:

(a) In any case in which the performance of the work requires a local building permit.

<sup>2</sup>§32-1151. Engaging in contracting without license prohibited

It is unlawful for any person, firm, partnership, corporation, association or other organization, or a combination of any of them, to engage in the business of, submit a bid or respond to a request for qualification or a request for proposals for construction services as, act or offer to act in the capacity of or purport to have the capacity of a contractor without having a contractor's license in good standing in the name of the person, firm, partnership, corporation, association or other organization as provided in this chapter, unless the person, firm, partnership, corporation, association or other organization is exempt as provided in this chapter. Evidence of securing a permit from a governmental agency or the employment of a person on a construction project shall be accepted in any court as prima facie evidence of existence of a contract.

<sup>3</sup>§32-1169. Local proof of valid license; violation; penalty

A. Each county, city or other political subdivision or authority of this state or any agency, department, board or commission of this state which requires the issuance of a building permit as a condition precedent to the construction, alteration, improvement, demolition or repair of a building, structure or other improvement to real property for which a license is required under this chapter, as part of the application procedures which it utilizes, shall require that each applicant for a building permit file a signed statement that the applicant is currently licensed under this chapter with the applicant's license number. If the applicant purports to be exempt from the licensing requirements of this chapter, the statement shall contain the basis of the asserted exemption and the name and license number of any general, mechanical, electrical or plumbing contractor who will be employed on the work. The local issuing authority

may require from the applicant a statement signed by the registrar to verify any purported exemption.

B. The filing of an application containing false or incorrect information concerning an applicant's

contractor's license with the intent to avoid the licensing requirements of

this chapter is unsworn falsification pursuant to section 13-2704.