

House Engrossed

State of Arizona  
House of Representatives  
Forty-sixth Legislature  
First Regular Session  
2003

CHAPTER 146

# HOUSE BILL 2273

AN ACT

AMENDING SECTION 32-2313, ARIZONA REVISED STATUTES; RELATING TO THE  
STRUCTURAL PEST CONTROL COMMISSION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 32-2313, Arizona Revised Statutes, is amended to  
3 read:

4 32-2313. Business license; business name; branch office  
5 registration; renewal; financial security;  
6 definition

7 A. A person who wishes to engage in the business of structural pest  
8 control shall first obtain a business license from the commission as provided  
9 in this article. A person who is not exempt under this article and who  
10 advertises for, solicits or holds himself out as willing to engage in the  
11 business of structural pest control is presumed to be in the business of  
12 structural pest control.

13 B. An application for a business license shall:

14 1. Be in a form prescribed by the commission.

15 2. Be accompanied by the prescribed fee.

16 3. Include the name and address of the qualifying party and written  
17 documentation of how the qualifying party will be active in the day-to-day  
18 management of the business licensee.

19 4. List all owners with more than a ten per cent ownership interest  
20 in the company, all corporate officers and members of the board of directors.

21 C. A business licensee shall register each primary and branch office  
22 with the commission before it opens for business.

23 D. An applicant shall furnish the following to the commission:

24 1. Proof of financial responsibility consisting of either a deposit  
25 of money, liability insurance, a surety bond or a certified check protecting  
26 persons who may suffer legal damages as a result of the operations of the  
27 applicant. The commission shall not accept a bond or liability insurance  
28 ~~except from companies authorized to do business~~ POLICY UNLESS ISSUED BY AN  
29 INSURER HOLDING A VALID CERTIFICATE OF AUTHORITY OR THAT IS PERMITTED TO  
30 TRANSACT SURPLUS LINES INSURANCE in this state. The amount of the deposit,  
31 insurance or bonds shall be at least one hundred thousand dollars for  
32 property damage and public liability insurance, each separately, and shall  
33 be maintained at not less than that amount at all times during the licensing  
34 period. The license of a business licensee who permits the security of  
35 either property damage or public liability insurance to fall below the sum  
36 of one hundred thousand dollars may be suspended by the commission and may  
37 remain suspended until the security meets the minimum financial requirement.  
38 The property damage and public liability insurance need only cover those  
39 particular operations in which the licensee is engaged at any time. If the  
40 financial security is in the form of liability insurance or a surety bond,  
41 the insurer or surety shall provide a certificate of coverage which indicates  
42 the coverages and endorsements required by this subsection.

43 2. Either of the following if the registered office performs termite  
44 treatments:

1 (a) Proof of a surety bond in the amount of fifty thousand dollars for  
2 each registered office to a maximum of one hundred thousand dollars per  
3 company for actual damages including reasonable costs of collection suffered  
4 by persons as a result of termite damage due to negligent treatment.

5 (b) Proof of a liability insurance policy rider in the amount of fifty  
6 thousand dollars for each registered office to a maximum of one hundred  
7 thousand dollars per company which covers termite damage due to negligent  
8 treatment.

9 3. If the registered office provides wood-destroying organism reports,  
10 proof of a surety bond or a liability insurance policy rider in the amount  
11 of fifty thousand dollars for each registered office to a maximum of one  
12 hundred thousand dollars per company for actual damages plus reasonable costs  
13 of collection suffered by persons as a result of errors and omissions  
14 contained in the reports.

15 4. If an insurance policy provides for a deductible, the deductible  
16 amount shall be limited to ten thousand dollars for each occurrence. If the  
17 deductible amount is in excess of ten thousand dollars for each occurrence,  
18 the business licensee shall provide other security as provided in this  
19 subsection or other evidence of financial security for the excess deductible  
20 amount.

21 5. If the financial security is in the form of liability insurance,  
22 a licensee shall maintain the following coverage endorsement for its  
23 applicable licenses:

24 License

Endorsement

- |   |  |
|---|--|
| 25 (a) General pest control,<br>26 excluding control of wood-<br>27 destroying insects or organisms,<br>28 preconstruction pest control,<br>29 weed control, fumigation, turf<br>30 and ornamental horticulture<br>31 pest control and golf course<br>32 pest control | Pesticide and herbicide<br>endorsement.  |
| 33 (b) Control of wood-destroying<br>34 pests or organisms  | Pesticide and herbicide<br>endorsement.  |
| 35 (c) Weed control   | Pesticide and herbicide<br>endorsement.  |
| 36<br>37 (d) Fumigation   | Pesticide and herbicide<br>endorsement; fumigation<br>endorsement; care custody<br>38 and control endorsement. |
| 39<br>40<br>41 (e) Turf and ornamental<br>42 horticulture pest control  | Pesticide and herbicide<br>endorsement.  |
| 43 (f) Preconstruction pest<br>44 control   | Pesticide and herbicide<br>endorsement.  |

- |   |                       |                         |
|---|-----------------------|-------------------------|
| 1 | (g) Golf course pest  | Pesticide and herbicide |
| 2 | control               | endorsement.            |
| 3 | (h) Rights-of-way     | Pesticide and herbicide |
| 4 |                       | endorsement.            |
| 5 | (i) Public health     | Pesticide and herbicide |
| 6 |                       | endorsement.            |
| 7 | (j) Provision of wood | Wood infestation report |
| 8 | infestation reports   | errors and omissions    |
| 9 |                       | coverage.               |

10 E. A business licensee shall maintain a surety bond or liability  
11 insurance policy rider as provided in subsection D, paragraphs 2 and 3 for  
12 at least two years after the business licensee stops practicing in the  
13 category of control of wood-destroying pests or organisms.

14 F. The business license is automatically suspended until a current  
15 certificate of insurance or proof of financial responsibility is furnished  
16 to the commission.

17 G. The commission may refuse to issue a business license in a name  
18 that is any of the following:

19 1. The same as or unreasonably similar to one used by another business  
20 licensee.

21 2. A fictitious name that has not been registered with the secretary  
22 of state or filed with the Arizona corporation commission.

23 3. Likely to be confused with any governmental agency or trade  
24 association.

25 4. Likely to be misleading or to imply any distorted representation  
26 about the business.

27 5. Likely to be confused with any business licensee whose license has  
28 been suspended or revoked.

29 H. A business licensee shall notify the commission in writing within  
30 ten days after the termination of employment of a qualifying party or a  
31 certified applicator.

32 I. Each business licensee shall annually renew the business license  
33 and each office registration on or before January 1 by filing renewal forms  
34 prescribed by the commission, paying the prescribed renewal fees and  
35 furnishing proof satisfactory to the commission that the qualifying party has  
36 completed at least six hours of continuing education within the preceding  
37 year or has successfully completed the qualifying party examination.  
38 Qualifying parties who are certified applicators are exempt from reporting  
39 additional continuing education requirements if they have renewed their  
40 application certificate within the preceding year. If a business licensee  
41 fails to renew the business license and office registrations as required by  
42 this subsection, the commission may require payment of a late renewal penalty  
43 fee and completion of the continuing education requirement or successful  
44 completion of the qualifying party examination. If a business licensee fails  
45 to renew the business license and office registrations as required by this

1 subsection, the licensee shall not engage in the business of structural pest  
2 control.

3 J. After a hearing the commission may refuse to renew a business  
4 license if the commission finds that since the issuance of the license or the  
5 last renewal of the license the business licensee or the qualifying party has  
6 violated a pesticide statute of this state or any rule or written order of  
7 the commission and the nature or time of the violation of the statute, rule  
8 or written order shows an inability to safely and lawfully engage in the  
9 business of structural pest control.

10 K. Each branch office of a business licensee shall be supervised by  
11 a certified applicator or qualifying party who is certified or qualified in  
12 all categories in which the branch office operates.

13 L. For THE purposes of this section, "financial security" means  
14 liability insurance, a deposit of cash or certified monies, a surety bond or  
15 other equivalent item.

~~APPROVED BY THE GOVERNOR MAY 5, 2003.~~

~~FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 5, 2003.~~

Passed the House February 18, 2003

Passed the Senate April 28, 2003

by the following vote: 59 Ayes,

by the following vote: 30 Ayes,

0 Nays, 1 Not Voting

0 Nays, 0 Not Voting

Jake Flake  
Speaker of the House

Ken Bennett  
President of the Senate

Norman L. Fyone  
Chief Clerk of the House

Norma Chastain  
Asst. Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill was received by the Governor this

29 day of April, 2003

at 11:00 o'clock A M.

Sandra James  
Secretary to the Governor

Approved this 5 day of

May, 2003,

at 10:50 o'clock A M.

J. N. Noyes  
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 5 day of May, 2003

at 3:59 o'clock P M.

James K. Brewer  
Secretary of State