



STATE OF ARIZONA
OFFICE OF THE GOVERNOR

DOUGLAS A. DUCEY
GOVERNOR

EXECUTIVE OFFICE

June 7, 2019

The Honorable Katie Hobbs
Secretary of State
1700 W. Washington, 7th Floor
Phoenix, AZ 85007

Re: House Bill 2146 (contracts; licensure requirements; exemption)

Dear Secretary Hobbs:

Today I signed H.B. 2146.

I have a record of being open to innovation in business – which is why I signed the FinTech and PropTech Sandbox bills. This bill gives small businesses the same opportunity to innovate before investing the time and money to become fully established.

After this bill reached my desk, I received concerns related to private postsecondary education. I would like to see robust discussions with stakeholders to ensure these concerns are addressed.

Sincerely,

Douglas A. Ducey
Governor
State of Arizona

cc: The Honorable Karen Fann
The Honorable Rusty Bowers
The Honorable Tony Rivero

Senate Engrossed House Bill

FILED
KATIE HOBBS
SECRETARY OF STATE

State of Arizona
House of Representatives
Fifty-fourth Legislature
First Regular Session
2019

CHAPTER 285
HOUSE BILL 2146

AN ACT

AMENDING TITLE 44, CHAPTER 1, ARIZONA REVISED STATUTES, BY ADDING
ARTICLE 6; RELATING TO CONTRACTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Title 44, chapter 1, Arizona Revised Statutes, is
3 amended by adding article 6, to read:

4 ARTICLE 6. EXEMPTION FROM LICENSURE REQUIREMENTS

5 44-171. Exemption from licensure, certification, registration
6 or other authorization to act

7 A. NOTWITHSTANDING ANY OTHER LAW, IF THE REQUIREMENTS PRESCRIBED BY
8 SUBSECTION B OF THIS SECTION ARE MET, A PERSON IS EXEMPT FROM STATE LAW
9 RELATING TO LICENSURE, CERTIFICATION, REGISTRATION OR OTHER AUTHORIZATION
10 TO ACT UNDER THE FOLLOWING:

11 1. TITLE 6, NOT INCLUDING TITLE 6, CHAPTER 9, EXCEPT THAT A PARTY
12 IS NOT EXEMPT FROM THE REQUIREMENTS PRESCRIBED IN SECTION 6-114, 6-632,
13 6-635 OR 6-637.

14 2. TITLE 9.

15 3. TITLE 10.

16 4. TITLE 11.

17 5. TITLE 23.

18 6. TITLE 32, CHAPTER 9, 30 OR 46.

19 7. THIS TITLE, EXCEPT THAT THIS PARAGRAPH DOES NOT APPLY TO A SALES
20 FINANCE COMPANY THAT IS LICENSED PURSUANT TO CHAPTER 2.1 OF THIS TITLE OR
21 A PARTY THAT IS SUBJECT TO CHAPTER 9, ARTICLE 6 OF THIS TITLE.

22 B. SUBSECTION A OF THIS SECTION APPLIES ONLY IF ALL OF THE
23 FOLLOWING APPLY:

24 1. THE PERSON IS A PARTY TO A CONTRACT BETWEEN TWO OR MORE PRIVATE
25 PARTIES.

26 2. THE SUBJECT OF THE CONTRACT IS SUBSTANTIALLY DELIVERED BY
27 ELECTRONIC MEANS.

28 3. THE CONTRACT SPECIFIES THE LAWS FROM WHICH THE PERSON IS EXEMPT.

29 4. THE SUBJECT OF THE CONTRACT IS LAWFUL.

30 5. THE EXEMPTION DOES NOT MATERIALLY AFFECT A THIRD PARTY.

31 6. THE EXEMPTION DOES NOT CLEARLY HARM OR DAMAGE PUBLIC HEALTH OR
32 SAFETY.

33 7. THE SUBJECT OF THE CONTRACT DOES NOT EXCEED \$6,000 PER
34 TRANSACTION BETWEEN ANY TWO PARTIES AND \$150,000 IN TOTAL AGGREGATE PROFIT
35 IN THE PREVIOUS CALENDAR YEAR FOR ALL PARTIES RELATED TO THE SERVICES
36 PROVIDED IN THE CONTRACT.

37 C. A PERSON IS NOT GUILTY OF FAILURE TO PROCURE OR EXHIBIT A
38 BUSINESS LICENSE PURSUANT TO SECTION 13-3706 IF THE PERSON IS EXEMPT FROM
39 THE BUSINESS LICENSE REQUIREMENT UNDER THIS SECTION.

40 D. IF A STATE AGENCY NOTIFIES A PERSON DESCRIBED IN SUBSECTION A OF
41 THIS SECTION THAT THE PERSON IS IN VIOLATION OF A STATE LAW RELATING TO
42 LICENSURE, CERTIFICATION OR REGISTRATION OR OTHER AUTHORIZATION TO ACT,
43 WITHIN SIX MONTHS AFTER RECEIVING THE NOTICE THE PERSON SHALL DO EITHER OF
44 THE FOLLOWING:

1 1. BECOME LICENSED, CERTIFIED OR REGISTERED OR RECEIVE ANOTHER
2 AUTHORIZATION TO ACT, AS APPLICABLE.

3 2. AMEND THE CONTRACT DESCRIBED IN SUBSECTION B OF THIS SECTION TO
4 EXEMPT THE PERSON FROM THE STATE LAW RELATING TO LICENSURE, CERTIFICATION
5 OR REGISTRATION OR OTHER AUTHORIZATION TO ACT.

6 E. IF THE TOTAL AGGREGATE PROFIT RELATED TO SERVICES PROVIDED IN A
7 CONTRACT PURSUANT TO SUBSECTION B OF THIS SECTION EXCEEDS \$150,000, THE
8 PARTIES MAY AGREE TO AMEND THE CONTRACT TO COMPLY WITH STATE LAW RELATING
9 TO LICENSURE, CERTIFICATION OR REGISTRATION OR OTHER AUTHORIZATION TO ACT,
10 AS APPLICABLE. AFTER EXCEEDING \$150,000 IN TOTAL AGGREGATE PROFIT, THE
11 PARTIES SHALL HAVE UNTIL JULY 1 OF THE FOLLOWING CALENDAR YEAR TO AMEND
12 THE CONTRACT OR BECOME LICENSED, CERTIFIED, OR REGISTERED OR TO RECEIVE
13 ANOTHER AUTHORITY TO ACT BEFORE THE STATE AGENCY MAY COMMENCE OR TAKE
14 DISCIPLINARY ACTION AGAINST ANY PARTY TO THE CONTRACT.

15 F. IF A STATE AGENCY NOTIFIES A PARTY TO A CONTRACT OF A VIOLATION
16 OF A STATE LAW PURSUANT TO SUBSECTION D OF THIS SECTION, THE STATE AGENCY
17 MAY NOT COMMENCE OR TAKE DISCIPLINARY ACTION AGAINST THE PARTY DURING
18 EITHER OF THE FOLLOWING TIME PERIODS:

19 1. THE SIX-MONTH PERIOD IN WHICH THE PARTY IS WORKING EITHER TO
20 BECOME LICENSED, CERTIFIED OR REGISTERED OR TO RECEIVE ANOTHER
21 AUTHORIZATION TO ACT, AS APPLICABLE, OR TO AMEND THE CONTRACT TO EXEMPT
22 THE PARTY FROM THE STATE LAW RELATING TO LICENSURE, CERTIFICATION OR
23 REGISTRATION OR THE OTHER AUTHORIZATION TO ACT.

24 2. THE TIME PERIOD AFTER THE PARTY HAS SUBMITTED AN APPLICATION TO
25 BECOME LICENSED, CERTIFIED OR REGISTERED OR TO RECEIVE ANOTHER
26 AUTHORIZATION TO ACT AND BEFORE THE STATE AGENCY HAS APPROVED OR DENIED
27 THE APPLICATION.

28 G. A VIOLATION OF THIS SECTION IS AN UNLAWFUL PRACTICE PURSUANT TO
29 SECTION 44-1522. THE ATTORNEY GENERAL MAY INVESTIGATE AND TAKE
30 APPROPRIATE ACTION AS PRESCRIBED BY CHAPTER 10, ARTICLE 7 OF THIS TITLE.

APPROVED BY THE GOVERNOR JUNE 7, 2019.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JUNE 7, 2019.

Passed the House February 26, 20 19

Passed the Senate May 24, 20 19

by the following vote: 32 Ayes,

by the following vote: 16 Ayes,

28 Nays, 0 Not Voting

10 Nays, 4 Not Voting

[Signature]
Speaker of the House

[Signature]
President of the Senate

[Signature]
Chief Clerk of the House

[Signature]
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

_____ day of _____, 20____

at _____ o'clock _____ M.

Secretary to the Governor

Approved this _____ day of

at _____ o'clock _____ M.

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this _____ day of _____, 20____

at _____ o'clock _____ M.

Secretary of State

H.B. 2146

HOUSE CONCURS IN SENATE
AMENDMENTS AND FINAL PASSAGE

May 27, 2019,

by the following vote: 31 Ayes,

29 Nays, — Not Voting

W. R. Boyce
Speaker of the House

Jim Drake
Chief Clerk of the House

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

27th day of May, 2019,

at 9:25 o'clock P M.

[Signature]
Secretary to the Governor

Approved this 7th day of

June, 2019,

at 3:08 o'clock P M.

Joseph G. Ivey
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 7 day of June, 2019,

at 6:01 o'clock P. M.

[Signature]
Secretary of State

H.B. 2146