

# LOCAL LEARNING LAB

## ARIZONA CONTRACTOR LICENSING GUIDE

This guide is designed to simplify the process of obtaining and maintaining a contractor's license, ensuring contractors comply with state regulations while building trust and credibility in their communities. Whether you are starting out or expanding your contracting business, this guide supports your journey to success.

Please note that Local First Arizona cannot provide tax or legal advice and is not liable for such matters. This guide is solely a resource for informational purposes.

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### WHAT IS A CONTRACTOR'S LICENSE?

A contractor's license is required for businesses or individuals involved in construction-related activities in Arizona. It ensures that contractors meet the necessary standards of experience, skill and financial stability to perform work legally and professionally.

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### WHO NEEDS A CONTRACTOR'S LICENSE?

A contractor's license is required for any business or individual that:

- Contracts or offers to build, alter, repair, add to, or demolish a structure.
- Provides services such as scaffolding, utility connections or sewer line installations.
- Performs mechanical or structural work, including supervision and management of construction projects.

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### EXAMPLES OF WORK REQUIRING A LICENSE:

- General construction
- Plumbing, electrical and HVAC
- Landscaping and hardscaping
- Flooring installation
- Specialty subcontracting

**Note:** Contractors must be properly licensed before submitting bids or engaging in any of the above activities.

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### WHO CAN APPLY FOR A CONTRACTOR'S LICENSE?

- Sole proprietors, partnerships, limited liability companies (LLCs) or corporations can apply

for a contractor's license. To learn more about these designations check out [Local First's Legal Business Structure Guide](#).

- Businesses must have a designated **qualifying party** who has the necessary experience, skills and knowledge to meet licensing requirements.
- Corporations or LLCs must be registered with the [Arizona Corporation Commission](#) and remain in good standing to apply and renew their licenses.

**Key Responsibility:** All persons listed on the license (owners, partners, members, officers) are accountable for the contracting activities of the business.

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## STEPS TO OBTAIN A CONTRACTOR'S LICENSE

### 1. Determine [License Classification](#):

Research the specific license type that fits your scope of work (e.g., residential, commercial, specialty).

### 2. Meet Experience and Skill Requirements:

Ensure the qualifying party has adequate experience and knowledge for the classification. Each type of exam requires its own minimum years of experience. [Click here](#) to learn more.

### 3. Prepare Required Documentation:

Include details such as business registration, financial stability, work history and [bonding/insurance information](#).

### 4. Pass Required Exams:

The qualifying party may need to pass a Business Management Exam and a Trade Exam, depending on the [license classification](#).

### 5. Submit the Application:

Applications must be completed accurately to avoid delays. Even small errors can cause rejections.

File the application through the [Arizona Registrar of Contractors \(ROC\)](#).

Fees are based on classification of license. [Click here](#) to learn more.

### 6. Obtain Bonding and Insurance:

Meet the [bond](#) requirements based on your license classification to ensure financial security.

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## MAINTAINING YOUR CONTRACTOR'S LICENSE

- **Renew Annually:** Ensure your license remains valid by renewing it on time each year. Renewals are based on type of classification. [Click here](#) to learn more.
- **Update Information:** If your business name, ownership or legal structure changes, update your license promptly.
- **File Tax Numbers:** Ensure compliance with all applicable tax requirements.

- **Remain in Good Standing:** Keep your business registered with the Arizona Corporation Commission and maintain bonding and insurance coverage.

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## COMMON LICENSING MISTAKES TO AVOID

- Failing to submit complete and accurate applications.
- Misreporting work history or qualifications.
- Not maintaining required bonding and insurance.
- Starting work or submitting bids before obtaining a license.

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## ADDITIONAL RESOURCES

- Arizona Registrar of Contractors: [ROC Website](#)
- Bonding and Insurance Providers: [Bond Information](#)
- License Classifications and Exams: [ROC Licensing Exam Requirements](#)
- FAQs on Contractor Licensing: [ROC FAQ](#)

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## FINAL TIPS

- **Start Early:** Begin the licensing process as soon as possible since it involves multiple steps, such as exams, bonding and business registration. Review experience requirements for license type to determine if you are ready.
- **Work with Licensing Professionals:** If you're unsure about the process, consider consulting experts to ensure your application is complete and accurate.
- **Keep Records:** Maintain detailed records of your projects, compliance activities and any updates to your license to protect your business during audits or disputes.
- **Stay Up to Date:** Regularly check your license status to ensure it is active and compliant. You can verify your license publicly through the Arizona Registrar of Contractors License Search Tool ([License Check](#)).
- **Update Information:** Promptly update your license if there are changes in your business name, ownership, or legal structure to avoid compliance issues.
- **Understand TPT for Construction:** Contractors must understand how the [Transaction Privilege Tax \(TPT\)](#) applies to revenue streams under prime contracting or speculative builder classifications. It's also essential to know how TPT applies to materials used during construction to stay compliant.

## FINAL NOTES

The information provided in this guide is for general educational purposes only and should not be considered legal, financial, or professional advice. Every business is unique, and we strongly recommend consulting with a qualified professional, such as an accountant, attorney, or business advisor, for guidance tailored to your specific situation. For additional support, we encourage you to explore Local First Arizona's Business Coalition Directory to connect with trusted local experts. You can also reach out to us at [info@localfirstaz.com](mailto:info@localfirstaz.com) for further resources and assistance.