



ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature
Second Regular Session

HB 2594: TPT; prime contracting; exemption; alterations

Sponsor: Representative Carbone, LD 25

Committee on Ways & Means

Overview

Modifies the definitions of *alteration* and *modification* under the prime contracting classification.

History

[A.R.S. § 42-5075](#) defines *alteration* as an activity or action that causes a direct physical change to existing property. For residential property, the definition of alteration does not apply if the contract amount is more than 25% of the most recent full cash value (FCV) as of the date of any bid for the work or the date of the contract, whichever value is higher. *Modification* is defined as construction, grading and leveling ground, wreckage or demolition.

Provisions

1. Defines *alteration* as an activity or action that causes a direct physical change to existing property and that does not increase the square footage of the existing residential structure. (Sec. 1)
2. Limits the contract amount of existing property that is not under the roof of the existing residential structure to be defined as an alteration to 15% of the most recent FMV as of the date of any bid for the work or the date of the contract. (Sec. 1)
3. Limits the contract amount for all existing property other than existing residential property to be defined as an alteration to \$750,000. (Sec. 1)
4. Defines *modification* as construction, grading and leveling grand, wreckage, demolition or other activities or actions that increase the square footage of the existing residential structure under the roof. (Sec. 1)
5. Defines *residential* as property that is properly classified as class two property and that is used for residential purposes, class three property or class four property. (Sec. 1)
6. Applies to contracts, bids or other binding obligations entered beginning January 1, 2025. (Sec. 2)
7. Makes technical and conforming changes. (Sec. 1)

Prop 105 (45 votes)

Prop 108 (40 votes)

Emergency (40 votes)

Fiscal Note