
ASSEMBLY BILL NO. 633—COMMITTEE ON COMMERCE AND LABOR

(ON BEHALF OF CONTRACTORS' BOARD)

MARCH 22, 1999

Referred to Committee on Commerce and Labor

SUMMARY—Makes various changes to provisions concerning contractors. (BDR 54-761)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State or on Industrial Insurance: No.

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EXPLANATION – Matter in ***bolded italics*** is new; matter between brackets ~~[omitted material]~~ is material to be omitted.

AN ACT relating to contractors; establishing a program for the issuance of a license in an expedited manner; establishing a fee; establishing an inactive status for a contractor's license; authorizing the state contractors' board to prescribe a fee; increasing the amount of certain fees that the board may charge; providing for notification to the board by a surety within a certain time after an action is commenced by or against the surety; providing for service of process and notice of certain actions; amending certain requirements for a hearing if the board summarily suspends the license of a contractor; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE
AND ASSEMBLY, DO ENACT AS FOLLOWS:

- 1 **Section 1.** Chapter 624 of NRS is hereby amended by adding thereto
2 the provisions set forth as sections 2, 3 and 4 of this act.
3 **Sec. 2.** *The board may establish a program for the issuance of a*
4 *license in an expedited manner. The board shall not allow the operation*
5 *of the program for the issuance of a license in an expedited manner to*
6 *affect adversely the amount of time the board requires to issue any other*
7 *contractor's license.*
8 **Sec. 3. 1.** *If an applicant wishes to have his license issued in an*
9 *expedited manner, he must pay a fee for an application equal to four*
10 *times the amount of the fee regularly paid for an application pursuant to*
11 *subsection 1 of NRS 624.280.*
12 **2.** *The applicant who wishes to have his license issued in an*
13 *expedited manner must pay one-half of the fee required pursuant to*

1 subsection 1 when he submits the application and the other one-half of
2 the fee when the board issues the license.

3 **Sec. 4. 1. A contractor may apply to the board to have his license**
4 **be placed on inactive status on a form provided by the board. The board**
5 **may grant the application if the applicant is in good standing and has**
6 **met all requirements for the issuance or renewal of a contractor's license**
7 **as of the date of the application.**

8 **2. If the application is granted, the applicant shall not engage in any**
9 **work or activities that require a contractor's license in this state unless he**
10 **is returned to active status.**

11 **3. A person whose license has been placed on inactive status**
12 **pursuant to this section is exempt from:**

13 **(a) The requirement to execute a bond pursuant to NRS 624. 270; and**
14 **(b) The requirement to qualify in regard to his experience and**
15 **knowledge pursuant to NRS 624.260.**

16 **4. The inactive status of a license is valid for 5 years after the date**
17 **that the inactive status is granted.**

18 **5. The board shall not refund any portion of the renewal fee of a**
19 **contractor's license that was paid before the license was placed on**
20 **inactive status.**

21 **6. The board shall adopt regulations prescribing the:**

22 **(a) Procedures for making an application pursuant to this section;**

23 **(b) Procedures and terms upon which a person whose license has**
24 **been placed on inactive status may resume work or activities that require**
25 **a contractor's license; and**

26 **(c) Fees for the renewal of the inactive status of a license.**

27 **Sec. 5. NRS 624.273 is hereby amended to read as follows:**

28 624.273 1. Each bond or deposit required by NRS 624.270 must be
29 in favor of the State of Nevada for the benefit of any person who:

30 (a) As owner of the property to be improved entered into a construction
31 contract with the contractor and is damaged by failure of the contractor to
32 perform the contract or to remove liens filed against the property;

33 (b) As an employee of the contractor performed labor on or about the
34 site of the construction covered by the contract;

35 (c) As a supplier or materialman furnished materials or equipment for
36 the construction covered by the contract; or

37 (d) Is injured by any unlawful act or omission of the contractor in the
38 performance of a contract.

39 2. Any person claiming against the bond or deposit may bring an
40 action in a court of competent jurisdiction on the bond or against the board
41 on the deposit for the amount of damage he has suffered to the extent
42 covered by the bond or deposit. ~~[A person who brings action on a bond~~

43 ~~shall notify the board in writing upon filing the action.]~~ No action may be

1 commenced on the bond or deposit 2 years after the commission of the act
2 on which the action is based. *If an action is commenced on the bond, the*
3 *surety that executed the bond shall notify the board of the action within*
4 *30 days after the date that:*

- 5 *(a) The surety is served with a complaint and summons; or*
6 *(b) The action is commenced,*
7 *whichever occurs first.*

8 3. Upon receiving a request from a person for whose benefit a bond or
9 deposit is required, the board shall notify him that:

10 (a) A bond is in effect or that a deposit has been made, and the amount
11 of either;

12 (b) There is an action against a bond, if that is the case, and the court,
13 the title and number of the action and the amount sought by the plaintiff;
14 and

15 (c) There is an action against the board, if that is the case, and the
16 amount sought by the plaintiff.

17 4. If a surety, or in the case of a deposit, the board, desires to make
18 payment without awaiting court action, the amount of the bond or deposit
19 must be reduced to the extent of any payment made by the surety or the
20 board in good faith under the bond or deposit. Any payment must be based
21 on written claims received by the surety or board before the court action.

22 5. The surety or the board may bring an action for interpleader against
23 all claimants upon the bond or deposit. If ~~it does so, it must~~ *an action for*
24 *interpleader is commenced, the surety or the board must serve each*
25 *known claimant and* publish notice of the action at least once each week
26 for 2 weeks in a newspaper of general circulation in the county where the
27 contractor has his principal place of business. The surety ~~for the board~~ is
28 entitled to deduct its costs of the action, including ~~attorney's fees and~~
29 publication, from its liability under the bond . ~~for~~ *The board is entitled to*
30 *deduct its costs of the action, including attorney's fees and publication,*
31 *from the deposit.*

32 6. A claim of any employee of the contractor for labor is a preferred
33 claim against a bond or deposit. If any bond or deposit is insufficient to
34 pay all claims for labor in full, the sum recovered must be distributed
35 among all claimants for labor in proportion to the amounts of their
36 respective claims. Partial payment of claims is not full payment, and the
37 claimants may bring actions against the contractor for the unpaid balances.

38 7. Claims, other than claims for labor, against a bond or deposit have
39 equal priority, except where otherwise provided by law, and if the bond or
40 deposit is insufficient to pay all of those claims in full, they must be paid
41 pro rata. Partial payment of claims is not full payment, and the claimants
42 may bring actions against the contractor for the unpaid balances.

1 **Sec. 6.** NRS 624.280 is hereby amended to read as follows:

2 624.280 The board may adopt regulations fixing the fee for an
3 application, the fee for an examination and the annual fee for a license to
4 be paid by applicants and licensees . ~~[-, but no such fee may]~~ **The fee for:**

5 **1. An application must not exceed \$700.**

6 **2. A license must not exceed \$500 annually.**

7 **3. An examination must not** exceed \$300.

8 **Sec. 7.** NRS 624.3015 is hereby amended to read as follows:

9 624.3015 The following acts, among others, constitute cause for
10 disciplinary action under NRS 624.300:

11 1. Acting in the capacity of a contractor beyond the scope of the
12 license.

13 2. Bidding to contract or contracting for a sum for one construction
14 contract or project in excess of the limit placed on the license by the board.

15 3. Knowingly entering into a contract with a contractor while that
16 contractor is not licensed, or bidding to contract or entering into a contract
17 with a contractor for work in excess of his limit or beyond the scope of his
18 license.

19 4. Constructing or repairing a mobile home, manufactured home or
20 commercial coach, unless the contractor:

21 (a) Is licensed pursuant to NRS 489.311; or

22 (b) Owns, leases or rents the mobile home, manufactured home or
23 commercial coach.

24 **5. Engaging in any work or activities that require a contractor's**
25 **license while the license is placed on inactive status pursuant to section 4**
26 **of this act.**

27 **Sec. 8.** NRS 624.310 is hereby amended to read as follows:

28 624.310 1. Except as otherwise provided in subsection 4, if the board
29 refuses to issue or renew a license, suspends or revokes a license or
30 imposes an administrative fine pursuant to NRS 624.235, the board shall
31 hold a hearing. The time and place for the hearing must be fixed by the
32 board, and notice of the time and place of the hearing must be personally
33 served on the applicant or accused or mailed to the last known address of
34 the applicant or accused at least 30 days before the date fixed for the
35 hearing.

36 2. The testimony taken pursuant to NRS 624.170 to 624.210,
37 inclusive, must be considered a part of the record of the hearing before the
38 board.

39 3. The hearing must be public if a request is made therefor.

40 4. The board may suspend the license of a contractor without a hearing
41 if the board finds, based upon evidence in its possession, that the public
42 health, safety or welfare imperatively requires summary suspension of the
43 license of the contractor and incorporates that finding in its order. If the

1 board summarily suspends the license of the contractor, ~~and~~ *the board must*
2 *notify the contractor by certified mail. A* hearing must be held within 30
3 days after the suspension ~~and~~ *if the contractor submits a written request for*
4 *a hearing to the board within 20 days after the board summarily*
5 *suspends his license.*

6 **Sec. 9.** This act becomes effective upon passage and approval.

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