

(REPRINTED WITH ADOPTED AMENDMENTS)
SECOND REPRINT S.B. 202

SENATE BILL NO. 202—COMMITTEE ON GOVERNMENT AFFAIRS

(ON BEHALF OF NEVADA STATE CONTROLLER)

FEBRUARY 20, 2001

Referred to Committee on Government Affairs

SUMMARY—Makes various changes concerning state financial administration.
(BDR 18-170)

FISCAL NOTE: Effect on Local Government: No.
 Effect on the State: 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 state financial administration; revising the requirement of financial reporting by the state controller; changing the designation of certain funds and accounts; making various changes relating to warrants of the state controller; requiring the state controller to present funds in annual financial statements in conformity with generally accepted accounting principles; 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.** NRS 227.110 is hereby amended to read as follows:
2 227.110 1. The state controller shall *annually* digest, prepare and
3 report to the governor ~~I, not later than 60 days after the close of each fiscal~~
4 ~~year or 60 days after the latest date in the succeeding fiscal year fixed by~~
5 ~~the legislature for the closing of accounts and final disposition of~~
6 ~~unexpended funds, to be laid before the legislature at each regular session;~~
7 *and the legislature:*
8 (a) A complete statement of the condition of the revenue, taxable funds,
9 resources, income and property of the state, and the amount of the
10 expenditures for the preceding fiscal year.
11 (b) A full and detailed statement of the public debt.
12 (c) A tabular statement showing separately the whole amount of each
13 appropriation of money made by law, the amount paid under each of those
14 appropriations, and the balance unexpended.
15 (d) A tabular statement showing the amount of revenue collected from
16 each county for the preceding year.
17 2. ~~In his report the~~ *The* state controller ~~shall~~ *may* recommend such
18 plans as he deems expedient for the support of the public credit, for



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1 promoting frugality and economy, and for the better management and more
2 perfect understanding of the fiscal affairs of the state.

3 **Sec. 2.** NRS 227.160 is hereby amended to read as follows:

4 227.160 1. The state controller shall:

5 (a) Audit all claims against the state, for the payment of which an
6 appropriation or authorization has been made but of which the amount has
7 not been definitely fixed by law, which have been examined and passed
8 upon by the state board of examiners, or which have been presented to the
9 board and not examined and passed upon by it within 30 days from their
10 presentation.

11 (b) Allow of those claims mentioned in paragraph (a) as not having
12 been passed upon by the state board of examiners within 30 days after
13 presentation the whole, or such portion thereof as he deems just and legal;
14 and of claims examined and passed upon by the state board of examiners,
15 such an amount as he decrees just and legal not exceeding the amount
16 allowed by the board.

17 2. No claim for services rendered or advances made to the state or any
18 officer thereof may be audited or allowed unless the services or
19 advancement have been specially authorized by law and an appropriation
20 or authorization made for its payment.

21 3. For the purpose of satisfying himself of the justness and legality of
22 any claim, the state controller may examine witnesses under oath and
23 receive and consider documentary evidence in addition to that furnished
24 him by the state board of examiners. ~~Except as otherwise provided in NRS~~
25 ~~227.215, he~~ *The state controller* shall draw warrants on the state treasurer
26 for such amounts as ~~he~~ *the state controller* allows of claims of the
27 character described in this section, and also for all claims of which the
28 amount has been definitely fixed by law and for the payment of which an
29 appropriation or authorization has been made.

30 **Sec. 3.** NRS 227.200 is hereby amended to read as follows:

31 227.200 ~~Except as otherwise provided in NRS 227.215, the~~ *The* state
32 controller shall:

33 1. Draw a warrant in favor of any person or governmental payee
34 certified by an agency of state government to receive money from the
35 treasury and deliver or mail the warrant to the state treasurer who shall sign
36 the warrant and:

37 (a) Deliver or mail the countersigned warrant, if it is for an account
38 payable, directly to the payee or his representative;

39 (b) ~~Deliver the warrant, if~~ *If* it is for payment of an employee ~~it~~ :

40 *(1) Deliver or mail the warrant* to the employee or to the appropriate
41 state agency for distribution; or

42 *(2) Deposit the warrant to the credit of the employee by direct*
43 *deposit at a bank or credit union in which the employee has an account,*
44 *if the employee has authorized the direct deposit; or*

45 (c) Deposit the warrant to the credit of the payee through a funds
46 transfer.

47 2. Keep a warrant register, in which he shall enter all warrants drawn
48 by him. The arrangement of this book must be such as to show the bill and



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1 warrant number, the amount, out of which fund the warrants are payable,
2 and a distribution of the warrants under the various appropriations.

3 3. Credit the state treasurer with all warrants paid.

4 **Sec. 4.** NRS 232.355 is hereby amended to read as follows:

5 232.355 1. Except for gifts or grants specifically accounted for in
6 another fund, all gifts or grants of money or other property which the
7 divisions of the department of human resources are authorized to accept
8 must be accounted for in the department of human resources' gift fund,
9 *which is* hereby created as a ~~trust~~ *special revenue* fund. The fund is a
10 continuing fund without reversion. The department may establish such
11 accounts in the fund as are necessary to account properly for gifts received.
12 All *such* money received by the ~~division~~ *divisions* must be deposited in
13 the state treasury for credit to the fund. The money in the fund must be paid
14 out on claims as other claims against the state are paid. Unless otherwise
15 specifically provided by statute, claims against the fund must be approved
16 by the director or his delegate.

17 2. Gifts of property other than money may be sold or exchanged when
18 this is deemed by the head of the facility or agency responsible for the gift
19 to be in the best interest of the facility or agency. The sale price must not
20 be less than 90 percent of the value determined by a qualified appraiser
21 appointed by the head of the facility or agency. All money received from
22 the sale must be deposited in the state treasury to the credit of the
23 appropriate gift account in the department of human resources' gift fund.
24 The money may be spent only for the purposes of the facility or agency
25 named in the title of the account. The property may not be sold or
26 exchanged if to do so would violate the terms of the gift.

27 **Sec. 5.** NRS 232.960 is hereby amended to read as follows:

28 232.960 1. Except for gifts or grants specifically accounted for in
29 another fund, all gifts or grants of money or other property which the
30 rehabilitation division of the department is authorized to accept must be
31 accounted for in the department of employment, training and
32 rehabilitation's gift fund, which is hereby created as a ~~trust~~ *special*
33 *revenue* fund. The fund is a continuing fund without reversion. The
34 department may establish such accounts in the fund as are necessary to
35 account properly for gifts received. All *such* money received by the
36 division must be deposited in the state treasury for credit to the fund. The
37 money in the fund must be paid out on claims as other claims against the
38 state are paid. Unless otherwise specifically provided by statute, claims
39 against the fund must be approved by the director or his delegate.

40 2. Gifts of property other than money may be sold or exchanged when
41 it is deemed by the director to be in the best interest of the rehabilitation
42 division. The sale price must not be less than 90 percent of the value
43 determined by a qualified appraiser appointed by the director. All money
44 received from the sale must be deposited in the state treasury to the credit
45 of the fund. The money may be spent only for the purposes of the division.
46 The property may not be sold or exchanged if to do so would violate the
47 terms of the gift.



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1 **Sec. 6.** NRS 349.952 is hereby amended to read as follows:

2 349.952 1. Except as otherwise provided in subsection 3 and NRS
3 349.951, all amounts received by the director from an obligor in
4 connection with any financing undertaken pursuant to NRS 349.935 to
5 349.961, inclusive, must be deposited with the state treasurer for credit to
6 the account for the financing of water projects which is hereby created in
7 the fund for ~~the municipal bond bank~~ *natural resources, which is hereby*
8 *created as a special revenue fund.*

9 2. Any revenue from water projects financed with state securities
10 which is in the account must be applied in the following order of priority:

11 (a) Deposited into the consolidated bond interest and redemption fund
12 in amounts necessary to pay the principal of, interest on and redemption
13 premiums due in connection with state securities issued for water projects.

14 (b) Deposited into any reserve account created for the payment of the
15 principal of, interest on and redemption premiums due in connection with
16 state securities issued for water projects, in amounts and at times
17 determined to be necessary.

18 (c) Paid out for expenses of operation and maintenance.

19 3. Any revenue from water projects financed with revenue bonds may:

20 (a) Be deposited in the account for the financing of water projects and
21 subject to the provisions of subsection 2; or

22 (b) Subject to any agreement with the holders of the bonds, be invested,
23 deposited or held by the director in such funds or accounts as he deems
24 necessary or desirable. If the director is acting pursuant to this subsection,
25 he need not deposit the money in the state treasury and the provisions of
26 chapters 355 and 356 of NRS do not apply to any investments or deposits
27 made pursuant to this subsection.

28 **Sec. 7.** NRS 350A.190 is hereby amended to read as follows:

29 350A.190 1. All revenues from lending projects must be deposited in
30 the fund for the municipal bond bank in the state treasury, which is hereby
31 created as ~~a special revenue~~ *an enterprise* fund.

32 2. Any revenue from lending projects which is in the fund must be
33 applied in the following order of priority:

34 (a) Deposited into the consolidated bond interest and redemption fund
35 created pursuant to NRS 349.090 in amounts necessary to pay the principal
36 of, interest on and redemption premiums due in connection with state
37 securities issued pursuant to this chapter.

38 (b) Deposited into any reserve account created for the payment of the
39 principal of, interest on and redemption premiums due in connection with
40 state securities issued pursuant to this chapter, in amounts and at times
41 determined to be necessary.

42 (c) Paid out for expenses of operation and maintenance.

43 (d) On July 1 of each odd-numbered year, to the extent of any
44 uncommitted balance in the fund, deposited in the state general fund.

45 **Sec. 8.** Chapter 353 of NRS is hereby amended by adding thereto a
46 new section to read as follows:

47 *“Generally accepted accounting principles” means generally accepted*
48 *accounting principles for government as prescribed by the Governmental*
49 *Accounting Standards Board.*



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1 **Sec. 9.** NRS 353.130 is hereby amended to read as follows:
2 353.130 All state controller's warrants issued in payment of claims
3 against the state become void if not presented for payment to the state
4 treasurer within 180 days after the date of issuance. All such warrants
5 remaining unpaid after the expiration of the 180 days ~~+, whether~~
6 ~~outstanding or uncalled for in the office of the state controller, +~~ must be
7 canceled by the state controller, and the state treasurer must be notified
8 immediately of the cancellation. The state treasurer shall not pay a warrant
9 presented for payment more than 180 days after the date of issuance.

10 **Sec. 10.** NRS 353.140 is hereby amended to read as follows:
11 353.140 1. The state controller shall establish an account for lost and
12 stale warrants in each fund and credit to it the amount of each warrant
13 canceled ~~+~~ *pursuant to NRS 353.130.*

14 2. If a state controller's warrant has been lost or destroyed, the person
15 in whose favor the warrant was drawn may, within ~~1+ year from~~ *6 years*
16 *after* the date of the original warrant, ~~file~~ *request another warrant in lieu*
17 *of the original warrant by:*

18 (a) *Filing* with the state controller an affidavit ~~setting~~ :
19 (1) *Providing sufficient information for the state controller to*
20 *identify the original warrant;*

21 (2) *Setting* forth the reasons for the failure to present the warrant for
22 payment ; and

23 (3) *Affirming* that the warrant is not , to the knowledge of *the* affiant
24 , held by any other person or persons ~~+~~ ; and

25 (b) *If he files the affidavit more than 180 days after the date of the*
26 *original warrant, renewing his claim against the state.*

27 If the state controller is satisfied that the original warrant is lost or
28 destroyed, and the claim has not been paid by the state, he may issue
29 another warrant in lieu of the original warrant . ~~and~~

30 3. *If the state controller issues another warrant in lieu of an original*
31 *warrant canceled pursuant to NRS 353.130, he shall, except as otherwise*
32 *provided by specific statute, charge the amount thereof to the account for*
33 lost and stale warrants in the fund upon which the original warrant was
34 drawn.

35 ~~3+~~ 4. In June of each year, as to each warrant whose original date is
36 at least ~~1+ year~~ *6 years* old and whose amount credited to the account for
37 lost and stale warrants has not been charged out as provided in subsection
38 ~~2,~~ 3, the state controller shall, except as otherwise ~~provided in subsection~~
39 ~~4, credit~~ *provided by specific statute, recognize as revenue in* the fund
40 upon which the original warrant was drawn ~~for~~ an amount equivalent to
41 the original warrant ~~+~~ and shall charge the account for lost and stale
42 warrants.

43 ~~4. The state controller shall credit the wildlife account in the state~~
44 ~~general fund for any such warrant drawn from that account.~~

45 **Sec. 11.** NRS 353.295 is hereby amended to read as follows:
46 353.295 As used in the State Accounting Procedures Law, unless the
47 context otherwise requires, and in all accounting procedures and reports
48 pursuant to this chapter, the words and terms defined in NRS 353.2961 to



1 353.3135, inclusive, *and section 8 of this act* have the meanings ascribed
2 to them in those sections.

3 **Sec. 12.** NRS 353.321 is hereby amended to read as follows:

4 353.321 1. The state controller shall report each fund ~~and account~~
5 ~~group~~ in one of the following categories for purposes of annual financial
6 statements:

- 7 (a) State general fund;
8 (b) Special revenue funds;
9 (c) ~~Funds for the construction of capital projects;~~ *Capital projects*
10 *funds;*
11 (d) ~~Internal service funds;~~
12 ~~(e) Enterprise funds;~~
13 ~~(f) Fiduciary funds;~~
14 ~~(g) Debt service funds;~~
15 ~~(h) General long term debt account group; or~~
16 ~~(i) General fixed assets account group.~~
17 (e) *Permanent funds;*
18 (f) *Enterprise funds;*
19 (g) *Internal service funds;*
20 (h) *Pension trust funds;*
21 (i) *Investment trust funds;*
22 (j) *Private purpose trust funds; or*
23 (k) *Agency funds.*

24 2. All resources and financial transactions of the state government
25 must be accounted for within a fund . ~~for account group.~~ The state
26 controller shall assign each existing fund ~~and account group~~ which is
27 created by statute to the proper category ~~unless the category is designated~~
28 ~~by statute.~~ *necessary to present the annual financial statements in*
29 *conformity with generally accepted accounting principles,*
30 *notwithstanding any statutory designation to the contrary.*

31 **Sec. 13.** NRS 385.095 is hereby amended to read as follows:

32 385.095 Except as otherwise provided in NRS 385.091:

33 1. All gifts of money which the state board is authorized to accept
34 must be deposited in a ~~permanent trust~~ *special revenue* fund in the state
35 treasury designated as the education gift fund.

36 2. The money available in the education gift fund must be used only
37 for the purpose specified by the donor, within the scope of the state board's
38 powers and duties, and no expenditure may be made until approved by the
39 legislature in an authorized expenditure act or by the interim finance
40 committee if the legislature is not in session.

41 3. If all or part of the money accepted by the state board from a donor
42 is not expended before the end of any fiscal year, the remaining balance of
43 the amount donated must remain in the education gift fund until needed for
44 the purpose specified by the donor.

45 **Sec. 14.** NRS 397.063 is hereby amended to read as follows:

46 397.063 1. All contributions from students must be accounted for in
47 the Western Interstate Commission for Higher Education's fund for student
48 loans which is hereby created as ~~a special revenue~~ *an enterprise* fund.



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1 2. The three commissioners from the State of Nevada, acting jointly,
2 shall administer the fund and the money in the fund must be used solely to
3 provide:

4 (a) Loans to; and
5 (b) Contractual arrangements for educational services and facilities
6 for,

7 residents of Nevada who are certified to attend graduate or professional
8 schools in accordance with the provisions of the Western Regional Higher
9 Education Compact.

10 3. Loans from the Western Interstate Commission for Higher
11 Education's fund for student loans, before July 1, 1985, and loans made to
12 students classified as continuing students before July 1, 1985, must be
13 made upon the following terms:

14 (a) All student loans must bear interest at 5 percent per annum from the
15 date when the student receives the loan.

16 (b) Each student receiving a loan must repay the loan with interest
17 following the termination of his education or completion of his internship
18 in accordance with the following schedule:

19 (1) Within 5 years for loans which total less than \$10,000.

20 (2) Within 8 years for loans which total \$10,000 or more but less than
21 \$20,000.

22 (3) Within 10 years for loans which total \$20,000 or more.

23 (c) No student loan may exceed 50 percent of the student fees for any
24 academic year.

25 **Sec. 15.** NRS 407.075 is hereby amended to read as follows:

26 407.075 1. The state park grant and gift fund is hereby created as a
27 ~~trust~~ *special revenue* fund for the use of the division.

28 2. All grants and gifts of money which the division is authorized to
29 accept must be deposited with the state treasurer for credit to the state park
30 grant and gift fund.

31 3. Expenditures from the state park grant and gift fund must be made
32 only for the purpose of carrying out the provisions of this chapter and other
33 programs or laws administered by the division.

34 **Sec. 16.** NRS 445A.120 is hereby amended to read as follows:

35 445A.120 1. The account to finance the construction of treatment
36 works and the implementation of pollution control projects is hereby
37 created in the fund for ~~the municipal bond bank~~ *water projects loans,*
38 *which is hereby created as an enterprise fund.*

39 2. The money in the account must be used only for the purposes set
40 forth in 33 U.S.C. §§ 1381 et seq.

41 3. All claims against the account must be paid as other claims against
42 the state are paid.

43 4. The faith of the state is hereby pledged that the money in the
44 account will not be used for purposes other than those authorized by 33
45 U.S.C. §§ 1381 et seq.

46 **Sec. 17.** NRS 445A.255 is hereby amended to read as follows:

47 445A.255 1. The account to finance the construction of projects, to
48 be known as the account for the revolving fund, is hereby created in the
49 fund for ~~the municipal bond bank~~ *water projects loans.*



1 2. The account to fund activities, other than projects, authorized by the
2 Safe Drinking Water Act, to be known as the account for set-aside
3 programs, is hereby created in the fund for the municipal bond bank.

4 3. The money in the account for the revolving fund and the account for
5 set-aside programs may be used only for the purposes set forth in the Safe
6 Drinking Water Act.

7 4. All claims against the account for the revolving fund and the
8 account for set-aside programs must be paid as other claims against the
9 state are paid.

10 5. The faith of the state is hereby pledged that the money in the
11 account for the revolving fund and the account for set-aside programs will
12 not be used for purposes other than those authorized by the Safe Drinking
13 Water Act.

14 **Sec. 18.** NRS 463.331 is hereby amended to read as follows:

15 463.331 1. An investigative fund is hereby created as ~~fa-special~~
16 ~~revenue~~ *an enterprise* fund for the purposes of paying all expenses
17 incurred by the board and the commission for investigation of an
18 application for a license, finding of suitability or approval under the
19 provisions of this chapter. The special revenue of the investigative fund is
20 the money received by the state from the respective applicants. The amount
21 to be paid by each applicant is the amount determined by the board in each
22 case, but the board may not charge any amount to an applicant for a finding
23 of suitability to be associated with a gaming enterprise pursuant to
24 paragraph (a) of subsection 2 of NRS 463.167.

25 2. Expenses may be advanced from the investigative fund by the
26 chairman, and expenditures from the fund may be made without regard to
27 NRS 281.160. Any money received from the applicant in excess of the
28 costs and charges incurred in the investigation or the processing of the
29 application must be refunded pursuant to regulations adopted by the board
30 and the commission. At the conclusion of the investigation, the board shall
31 give to the applicant a written accounting of the costs and charges so
32 incurred.

33 3. Within 3 months after the end of a fiscal year, the amount of the
34 balance in the fund in excess of \$2,000 must be deposited in the state
35 general fund.

36 **Sec. 19.** NRS 616A.425 is hereby amended to read as follows:

37 616A.425 1. There is hereby established in the state treasury the fund
38 for workers' compensation and safety as ~~fa-special-revenue~~ *an enterprise*
39 fund. All money received from assessments levied on insurers and
40 employers by the administrator pursuant to NRS 232.680 must be
41 deposited in this fund.

42 2. All assessments, penalties, bonds, securities and all other properties
43 received, collected or acquired by the division for functions supported in
44 whole or in part from the fund must be delivered to the custody of the state
45 treasurer for deposit to the credit of the fund.

46 3. All money and securities in the fund must be used to defray all costs
47 and expenses of administering the program of workmen's compensation,
48 including the payment of:



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1 (a) All salaries and other expenses in administering the division of
2 industrial relations, including the costs of the office and staff of the
3 administrator.

4 (b) All salaries and other expenses of administering NRS 616A.435 to
5 616A.460, inclusive, the offices of the hearings division of the department
6 of administration and the programs of self-insurance and review of
7 premium rates by the commissioner.

8 (c) The salary and other expenses of a full-time employee of the
9 legislative counsel bureau whose principal duties are limited to conducting
10 research and reviewing and evaluating data related to industrial insurance.

11 (d) All salaries and other expenses of the fraud control unit for
12 industrial insurance established pursuant to NRS 228.420.

13 (e) Claims against uninsured employers arising from compliance with
14 NRS 616C.220 and 617.401.

15 (f) All salaries and expenses of the members of the legislative
16 committee on workers' compensation and any other expenses incurred by
17 the committee in carrying out its duties pursuant to NRS 218.5375 to
18 218.5378, inclusive.

19 (g) That portion of the salaries and other expenses of the office for
20 consumer health assistance established pursuant to NRS 223.550 that is
21 related to providing assistance to consumers and injured employees
22 concerning workers' compensation.

23 4. The state treasurer may disburse money from the fund only upon
24 written order of the controller.

25 5. The state treasurer shall invest money of the fund in the same
26 manner and in the same securities in which he is authorized to invest state
27 general funds which are in his custody. Income realized from the
28 investment of the assets of the fund must be credited to the fund.

29 6. The commissioner shall assign an actuary to review the
30 establishment of assessment rates. The rates must be filed with the
31 commissioner 30 days before their effective date. Any insurer or employer
32 who wishes to appeal the rate so filed must do so pursuant to NRS
33 679B.310.

34 **Sec. 20.** NRS 616A.430 is hereby amended to read as follows:

35 616A.430 1. There is hereby established ~~as a special revenue fund~~
36 in the state treasury the uninsured employers' claim ~~fund~~ *account in the*
37 *fund for workers' compensation and safety*, which may be used only for
38 the purpose of making payments in accordance with the provisions of NRS
39 616C.220 and 617.401. The administrator shall administer the ~~fund~~
40 *account* and shall credit any excess money toward the assessments of the
41 insurers for the succeeding years.

42 2. All assessments, penalties, bonds, securities and all other properties
43 received, collected or acquired by the administrator for the uninsured
44 employers' claim ~~fund~~ *account* must be delivered to the custody of the
45 state treasurer.

46 3. All money and securities in the ~~fund~~ *account* must be held by the
47 state treasurer as custodian thereof to be used solely for workers'
48 compensation.



1 4. The state treasurer may disburse money from the ~~fund~~ **account**
2 only upon written order of the state controller.

3 5. The state treasurer shall invest money of the ~~fund~~ **account** in the
4 same manner and in the same securities in which he is authorized to invest
5 money of the state general fund. Income realized from the investment of
6 the assets of the ~~fund~~ **account** must be credited to the ~~fund~~ **account**.

7 6. The administrator shall adopt regulations for the establishment and
8 administration of assessment rates, payments and penalties, based upon
9 expected annual expenditures for claims. Assessment rates must reflect the
10 relative hazard of the employments covered by the insurers, and must be
11 based upon expected annual expenditures for claims.

12 7. The commissioner shall assign an actuary to review the
13 establishment of assessment rates. The rates must be filed with the
14 commissioner 30 days before their effective date. Any insurer who wishes
15 to appeal the rate so filed must do so pursuant to NRS 679B.310.

16 **Sec. 21.** NRS 616B.368 is hereby amended to read as follows:

17 616B.368 1. The board of trustees of an association of self-insured
18 public or private employers is responsible for the money collected and
19 disbursed by the association.

20 2. The board of trustees shall:

21 (a) Establish a claims account in a financial institution in this state
22 which is approved by the commissioner and which is federally insured or
23 insured by a private insurer approved pursuant to NRS 678.755. Except as
24 otherwise provided in subsection 3, at least 75 percent of the annual
25 assessment collected by the association from its members must be
26 deposited in this account to pay:

27 (1) Claims;

28 (2) Expenses related to those claims;

29 (3) The costs associated with the association's policy of excess
30 insurance; and

31 (4) Assessments, payments and penalties related to the subsequent
32 injury ~~fund~~ **account** and the uninsured employers' claim ~~fund~~ **account**.

33 (b) Establish an administrative account in a financial institution in this
34 state which is approved by the commissioner and which is federally
35 insured or insured by a private insurer approved pursuant to NRS 678.755.
36 The amount of the annual assessment collected by the association that is
37 not deposited in its claims account must be deposited in this account to pay
38 the administrative expenses of the association.

39 3. The commissioner may authorize an association to deposit less than
40 75 percent of its annual assessment in its claims account if the association
41 presents evidence to the satisfaction of the commissioner that:

42 (a) More than 25 percent of the association's annual assessment is
43 needed to maintain its programs for loss control and occupational safety;
44 and

45 (b) The association's policy of excess insurance attaches at less than 75
46 percent.

47 4. The board of trustees may invest the money of the association not
48 needed to pay the obligations of the association pursuant to chapter 682A
49 of NRS.



1 5. The commissioner shall review the accounts of an association
2 established pursuant to this section at such times as he deems necessary to
3 ensure compliance with the provisions of this section.

4 **Sec. 22.** NRS 616B.545 is hereby amended to read as follows:

5 616B.545 As used in NRS 616B.545 to 616B.560, inclusive, unless
6 the context otherwise requires, "board" means the board for the
7 administration of the subsequent injury ~~fund~~ **account** for self-insured
8 employers created pursuant to NRS 616B.548.

9 **Sec. 23.** NRS 616B.548 is hereby amended to read as follows:

10 616B.548 1. There is hereby created the board for the administration
11 of the subsequent injury ~~fund~~ **account** for self-insured employers,
12 consisting of five members who are self-insured employers. The members
13 must be appointed by the governor.

14 2. The members of the board shall elect a chairman and vice chairman
15 from among the members appointed. After the initial election of a
16 chairman and vice chairman, each of those officers shall hold office for a
17 term of 2 years commencing on July 1 of each odd-numbered year. If a
18 vacancy occurs in the chairmanship or vice chairmanship, the members of
19 the board shall elect a replacement for the remainder of the unexpired term.

20 3. Vacancies on the board must be filled in the same manner as
21 original appointments.

22 4. The members of the board serve without compensation.

23 5. A legal counsel that has been appointed by or has contracted with
24 the division pursuant to NRS 232.660 shall serve as legal counsel of the
25 board.

26 **Sec. 24.** NRS 616B.551 is hereby amended to read as follows:

27 616B.551 1. The members of the board may meet throughout each
28 year at the times and places specified by a call of the chairman or a
29 majority of the board. The board may prescribe rules and regulations for its
30 own management and government. Three members of the board constitute
31 a quorum, and a quorum may exercise all the power and authority
32 conferred on the board. If a member of the board submits a claim against
33 the subsequent injury ~~fund~~ **account** for self-insured employers, that
34 member shall not vote on or otherwise participate in the decision of the
35 board concerning that claim.

36 2. The board shall administer the subsequent injury ~~fund~~ **account** for
37 self-insured employers in accordance with the provisions of NRS
38 616B.554, 616B.557 and 616B.560.

39 **Sec. 25.** NRS 616B.554 is hereby amended to read as follows:

40 616B.554 1. There is hereby ~~established as a special revenue fund~~
41 **created in the fund for workers' compensation and safety** in the state
42 treasury the subsequent injury ~~fund~~ **account** for self-insured employers,
43 which may be used only to make payments in accordance with the
44 provisions of NRS 616B.557 and 616B.560. The board shall administer the
45 ~~fund~~ **account** based upon recommendations made by the administrator
46 pursuant to subsection 8.

47 2. All assessments, penalties, bonds, securities and all other properties
48 received, collected or acquired by the board for the subsequent injury



1 ~~fund~~ **account** for self-insured employers must be delivered to the custody
2 of the state treasurer.

3 3. All money and securities in the ~~fund~~ **account** must be held by the
4 state treasurer as custodian thereof to be used solely for workers'
5 compensation for employees of self-insured employers.

6 4. The state treasurer may disburse money from the ~~fund~~ **account**
7 only upon written order of the board.

8 5. The state treasurer shall invest money of the ~~fund~~ **account** in the
9 same manner and in the same securities in which he is authorized to invest
10 state general funds which are in his custody. Income realized from the
11 investment of the assets of the ~~fund~~ **account** must be credited to the fund.

12 6. The board shall adopt regulations for the establishment and
13 administration of assessment rates, payments and penalties. Assessment
14 rates must reflect the relative hazard of the employments covered by self-
15 insured employers, and must be based upon expected annual expenditures
16 for claims for payments from the subsequent injury ~~fund~~ **account** for self-
17 insured employers.

18 7. The commissioner shall assign an actuary to review the
19 establishment of assessment rates. The rates must be filed with the
20 commissioner 30 days before their effective date. Any self-insured
21 employer who wishes to appeal the rate so filed must do so pursuant to
22 NRS 679B.310.

23 8. The administrator shall:

24 (a) Evaluate any claim submitted to the board for payment or
25 reimbursement from the subsequent injury ~~fund~~ **account** for self-insured
26 employers and recommend to the board any appropriate action to be taken
27 concerning the claim; and

28 (b) Submit to the board any other recommendations relating to the
29 ~~fund~~ **account**.

30 **Sec. 26.** NRS 616B.557 is hereby amended to read as follows:

31 616B.557 Except as otherwise provided in NRS 616B.560:

32 1. If an employee of a self-insured employer has a permanent physical
33 impairment from any cause or origin and incurs a subsequent disability by
34 injury arising out of and in the course of his employment which entitles
35 him to compensation for disability that is substantially greater by reason of
36 the combined effects of the preexisting impairment and the subsequent
37 injury than that which would have resulted from the subsequent injury
38 alone, the compensation due must be charged to the subsequent injury
39 ~~fund~~ **account** for self-insured employers in accordance with regulations
40 adopted by the board.

41 2. If the subsequent injury of such an employee results in his death and
42 it is determined that the death would not have occurred except for the
43 preexisting permanent physical impairment, the compensation due must be
44 charged to the subsequent injury ~~fund~~ **account** for self-insured employers
45 in accordance with regulations adopted by the board.

46 3. As used in this section, "permanent physical impairment" means
47 any permanent condition, whether congenital or caused by injury or
48 disease, of such seriousness as to constitute a hindrance or obstacle to
49 obtaining employment or to obtaining reemployment if the employee is



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1 unemployed. For the purposes of this section, a condition is not a
2 "permanent physical impairment" unless it would support a rating of
3 permanent impairment of 6 percent or more of the whole man if evaluated
4 according to the American Medical Association's Guides to the Evaluation
5 of Permanent Impairment as adopted and supplemented by the division
6 pursuant to NRS 616C.110.

7 4. To qualify under this section for reimbursement from the
8 subsequent injury ~~fund~~ account for self-insured employers, the self-
9 insured employer must establish by written records that the self-insured
10 employer had knowledge of the "permanent physical impairment" at the
11 time the employee was hired or that the employee was retained in
12 employment after the self-insured employer acquired such knowledge.

13 5. A self-insured employer shall notify the board of any possible claim
14 against the subsequent injury ~~fund~~ account for self-insured employers as
15 soon as practicable, but not later than 100 weeks after the injury or death.

16 6. The board shall adopt regulations establishing procedures for
17 submitting claims against the subsequent injury ~~fund~~ account for self-
18 insured employers. The board shall notify the self-insured employer of his
19 decision on such a claim within 90 days after the claim is received.

20 7. An appeal of any decision made concerning a claim against the
21 subsequent injury ~~fund~~ account for self-insured employers must be
22 submitted directly to the district court.

23 **Sec. 27.** NRS 616B.560 is hereby amended to read as follows:

24 616B.560 1. A self-insured employer who pays compensation due to
25 an employee who has a permanent physical impairment from any cause or
26 origin and incurs a subsequent disability by injury arising out of and in the
27 course of his employment which entitles him to compensation for disability
28 that is substantially greater by reason of the combined effects of the
29 preexisting impairment and the subsequent injury than that which would
30 have resulted from the subsequent injury alone is entitled to be reimbursed
31 from the subsequent injury ~~fund~~ account for self-insured employers if:

32 (a) The employee knowingly made a false representation as to his
33 physical condition at the time he was hired by the self-insured employer;

34 (b) The self-insured employer relied upon the false representation and
35 this reliance formed a substantial basis of the employment; and

36 (c) A causal connection existed between the false representation and the
37 subsequent disability.

38 If the subsequent injury of the employee results in his death and it is
39 determined that the death would not have occurred except for the
40 preexisting permanent physical impairment, any compensation paid is
41 entitled to be reimbursed from the subsequent injury ~~fund~~ account for
42 self-insured employers.

43 2. A self-insured employer shall notify the board of any possible claim
44 against the subsequent injury ~~fund~~ account for self-insured employers
45 pursuant to this section no later than 60 days after the date of the
46 subsequent injury or the date the self-insured employer learns of the
47 employee's false representation, whichever is later.



1 **Sec. 28.** NRS 616B.563 is hereby amended to read as follows:
2 616B.563 As used in NRS 616B.563 to 616B.581, inclusive, unless
3 the context otherwise requires, "board" means the board for the
4 administration of the subsequent injury ~~fund~~ *account* for associations of
5 self-insured public or private employers created pursuant to NRS
6 616B.569.

7 **Sec. 29.** NRS 616B.569 is hereby amended to read as follows:
8 616B.569 1. There is hereby created the board for the administration
9 of the subsequent injury ~~fund~~ *account* for associations of self-insured
10 public or private employers, consisting of five members who are members
11 of an association of self-insured public or private employers. The members
12 of the board must be appointed by the governor.

13 2. The members of the board shall elect a chairman and vice chairman
14 from among the members appointed. After the initial election of a
15 chairman and vice chairman, each of those officers shall hold office for a
16 term of 2 years commencing on July 1 of each odd-numbered year. If a
17 vacancy occurs in the chairmanship or vice chairmanship, the members of
18 the board shall elect a replacement for the remainder of the unexpired term.

19 3. Vacancies on the board must be filled in the same manner as
20 original appointments.

21 4. The members of the board serve without compensation.

22 5. A legal counsel that has been appointed by or has contracted with
23 the division pursuant to NRS 232.660 shall serve as legal counsel of the
24 board.

25 **Sec. 30.** NRS 616B.572 is hereby amended to read as follows:

26 616B.572 1. The members of the board may meet throughout each
27 year at the times and places specified by a call of the chairman or a
28 majority of the board. The board may prescribe rules and regulations for its
29 own management and government. Three members of the board constitute
30 a quorum, and a quorum may exercise all the power and authority
31 conferred on the board. If a member of the board submits a claim against
32 the subsequent injury ~~fund~~ *account* for associations of self-insured public
33 or private employers, that member shall not vote on or otherwise
34 participate in the decision of the board concerning that claim.

35 2. The board shall administer the subsequent injury ~~fund~~ *account* for
36 associations of self-insured public or private employers in accordance with
37 the provisions of NRS 616B.575, 616B.578 and 616B.581.

38 **Sec. 31.** NRS 616B.575 is hereby amended to read as follows:

39 616B.575 1. There is hereby ~~established as a special revenue fund~~
40 *created in the fund for workers' compensation and safety* in the state
41 treasury the subsequent injury ~~fund~~ *account* for associations of self-
42 insured public or private employers, which may be used only to make
43 payments in accordance with the provisions of NRS 616B.578 and
44 616B.581. The board shall administer the ~~fund~~ *account* based upon
45 recommendations made by the administrator pursuant to subsection 8.

46 2. All assessments, penalties, bonds, securities and all other properties
47 received, collected or acquired by the board for the subsequent injury
48 ~~fund~~ *account* for associations of self-insured public or private employers
49 must be delivered to the custody of the state treasurer.



1 3. All money and securities in the ~~fund~~ **account** must be held by the
2 state treasurer as custodian thereof to be used solely for workers'
3 compensation for employees of members of associations of self-insured
4 public or private employers.

5 4. The state treasurer may disburse money from the ~~fund~~ **account**
6 only upon written order of the board.

7 5. The state treasurer shall invest money of the ~~fund~~ **account** in the
8 same manner and in the same securities in which he is authorized to invest
9 state general funds which are in his custody. Income realized from the
10 investment of the assets of the ~~fund~~ **account** must be credited to the
11 ~~fund~~ **account**.

12 6. The board shall adopt regulations for the establishment and
13 administration of assessment rates, payments and penalties. Assessment
14 rates must reflect the relative hazard of the employments covered by
15 associations of self-insured public or private employers, and must be based
16 upon expected annual expenditures for claims for payments from the
17 subsequent injury ~~fund~~ **account** for associations of self-insured public or
18 private employers.

19 7. The commissioner shall assign an actuary to review the
20 establishment of assessment rates. The rates must be filed with the
21 commissioner 30 days before their effective date. Any association of self-
22 insured public or private employers that wishes to appeal the rate so filed
23 must do so pursuant to NRS 679B.310.

24 8. The administrator shall:

25 (a) Evaluate any claim submitted to the board for payment or
26 reimbursement from the subsequent injury ~~fund~~ **account** for associations
27 of self-insured public or private employers and recommend to the board
28 any appropriate action to be taken concerning the claim; and

29 (b) Submit to the board any other recommendations relating to the
30 ~~fund~~ **account**.

31 **Sec. 32.** NRS 616B.578 is hereby amended to read as follows:

32 616B.578 Except as otherwise provided in NRS 616B.581:

33 1. If an employee of a member of an association of self-insured public
34 or private employers has a permanent physical impairment from any cause
35 or origin and incurs a subsequent disability by injury arising out of and in
36 the course of his employment which entitles him to compensation for
37 disability that is substantially greater by reason of the combined effects of
38 the preexisting impairment and the subsequent injury than that which
39 would have resulted from the subsequent injury alone, the compensation
40 due must be charged to the subsequent injury ~~fund~~ **account** for
41 associations of self-insured public or private employers in accordance with
42 regulations adopted by the board.

43 2. If the subsequent injury of such an employee results in his death and
44 it is determined that the death would not have occurred except for the
45 preexisting permanent physical impairment, the compensation due must be
46 charged to the subsequent injury ~~fund~~ **account** for associations of self-
47 insured public or private employers in accordance with regulations adopted
48 by the board.



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1 3. As used in this section, "permanent physical impairment" means
2 any permanent condition, whether congenital or caused by injury or
3 disease, of such seriousness as to constitute a hindrance or obstacle to
4 obtaining employment or to obtaining reemployment if the employee is
5 unemployed. For the purposes of this section, a condition is not a
6 "permanent physical impairment" unless it would support a rating of
7 permanent impairment of 6 percent or more of the whole man if evaluated
8 according to the American Medical Association's Guides to the Evaluation
9 of Permanent Impairment as adopted and supplemented by the division
10 pursuant to NRS 616C.110.

11 4. To qualify under this section for reimbursement from the
12 subsequent injury ~~fund~~ account for associations of self-insured public or
13 private employers, the association of self-insured public or private
14 employers must establish by written records that the employer had
15 knowledge of the "permanent physical impairment" at the time the
16 employee was hired or that the employee was retained in employment after
17 the employer acquired such knowledge.

18 5. An association of self-insured public or private employers shall
19 notify the board of any possible claim against the subsequent injury ~~fund~~
20 account for associations of self-insured public or private employers as
21 soon as practicable, but not later than 100 weeks after the injury or death.

22 6. The board shall adopt regulations establishing procedures for
23 submitting claims against the subsequent injury ~~fund~~ account for
24 associations of self-insured public or private employers. The board shall
25 notify the association of self-insured public or private employers of its
26 decision on such a claim within 90 days after the claim is received.

27 7. An appeal of any decision made concerning a claim against the
28 subsequent injury ~~fund~~ account for associations of self-insured public or
29 private employers must be submitted directly to the district court.

30 **Sec. 33.** NRS 616B.581 is hereby amended to read as follows:

31 616B.581 1. An association of self-insured public or private
32 employers that pays compensation due to an employee who has a
33 permanent physical impairment from any cause or origin and incurs a
34 subsequent disability by injury arising out of and in the course of his
35 employment which entitles him to compensation for disability that is
36 substantially greater by reason of the combined effects of the preexisting
37 impairment and the subsequent injury than that which would have resulted
38 from the subsequent injury alone is entitled to be reimbursed from the
39 subsequent injury ~~fund~~ account for associations of self-insured public or
40 private employers if:

41 (a) The employee knowingly made a false representation as to his
42 physical condition at the time he was hired by the member of the
43 association of self-insured public or private employers;

44 (b) The employer relied upon the false representation and this reliance
45 formed a substantial basis of the employment; and

46 (c) A causal connection existed between the false representation and the
47 subsequent disability.

48 If the subsequent injury of the employee results in his death and it is
49 determined that the death would not have occurred except for the



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1 preexisting permanent physical impairment, any compensation paid is
2 entitled to be reimbursed from the subsequent injury ~~fund~~ *account* for
3 associations of self-insured public or private employers.

4 2. An association of self-insured public or private employers shall
5 notify the board of any possible claim against the subsequent injury ~~fund~~
6 *account* for associations of self-insured public or private employers
7 pursuant to this section no later than 60 days after the date of the
8 subsequent injury or the date the employer learns of the employee's false
9 representation, whichever is later.

10 **Sec. 34.** NRS 616B.584 is hereby amended to read as follows:

11 616B.584 1. There is hereby ~~established as a special revenue fund~~
12 *created in the fund for workers' compensation and safety* in the state
13 treasury the subsequent injury ~~fund~~ *account* for private carriers, which
14 may be used only to make payments in accordance with the provisions of
15 NRS 616B.587 and 616B.590. The administrator shall administer the
16 ~~fund~~ *account*.

17 2. All assessments, penalties, bonds, securities and all other properties
18 received, collected or acquired by the administrator for the subsequent
19 injury ~~fund~~ *account* for private carriers must be delivered to the custody
20 of the state treasurer.

21 3. All money and securities in the ~~fund~~ *account* must be held by the
22 state treasurer as custodian thereof to be used solely for workers'
23 compensation for employees whose employers are insured by private
24 carriers.

25 4. The state treasurer may disburse money from the ~~fund~~ *account*
26 only upon written order of the state controller.

27 5. The state treasurer shall invest money of the ~~fund~~ *account* in the
28 same manner and in the same securities in which he is authorized to invest
29 state general funds which are in his custody. Income realized from the
30 investment of the assets of the ~~fund~~ *account* must be credited to the
31 ~~fund~~ *account*.

32 6. The administrator shall adopt regulations for the establishment and
33 administration of assessment rates, payments and penalties. Assessment
34 rates must reflect the relative hazard of the employments covered by
35 private carriers and must be based upon expected annual expenditures for
36 claims for payments from the subsequent injury ~~fund~~ *account* for private
37 carriers.

38 7. The commissioner shall assign an actuary to review the
39 establishment of assessment rates. The rates must be filed with the
40 commissioner 30 days before their effective date. Any private carrier who
41 wishes to appeal the rate so filed must do so pursuant to NRS 679B.310.

42 **Sec. 35.** NRS 616B.587 is hereby amended to read as follows:

43 616B.587 Except as otherwise provided in NRS 616B.590:

44 1. If an employee of an employer who is insured by a private carrier
45 has a permanent physical impairment from any cause or origin and incurs a
46 subsequent disability by injury arising out of and in the course of his
47 employment which entitles him to compensation for disability that is
48 substantially greater by reason of the combined effects of the preexisting
49 impairment and the subsequent injury than that which would have resulted



1 from the subsequent injury alone, the compensation due must be charged to
2 the subsequent injury ~~fund~~ account for private carriers in accordance
3 with regulations adopted by the administrator.

4 2. If the subsequent injury of such an employee results in his death and
5 it is determined that the death would not have occurred except for the
6 preexisting permanent physical impairment, the compensation due must be
7 charged to the subsequent injury ~~fund~~ account for private carriers in
8 accordance with regulations adopted by the administrator.

9 3. As used in this section, "permanent physical impairment" means
10 any permanent condition, whether congenital or caused by injury or
11 disease, of such seriousness as to constitute a hindrance or obstacle to
12 obtaining employment or to obtaining reemployment if the employee is
13 unemployed. For the purposes of this section, a condition is not a
14 "permanent physical impairment" unless it would support a rating of
15 permanent impairment of 6 percent or more of the whole man if evaluated
16 according to the American Medical Association's Guides to the Evaluation
17 of Permanent Impairment as adopted and supplemented by the division
18 pursuant to NRS 616C.110.

19 4. To qualify under this section for reimbursement from the
20 subsequent injury ~~fund~~ account for private carriers, the private carrier
21 must establish by written records that the employer had knowledge of the
22 "permanent physical impairment" at the time the employee was hired or
23 that the employee was retained in employment after the employer acquired
24 such knowledge.

25 5. A private carrier shall notify the administrator of any possible claim
26 against the subsequent injury ~~fund~~ account for private carriers as soon as
27 practicable, but not later than 100 weeks after the injury or death.

28 6. The administrator shall adopt regulations establishing procedures
29 for submitting claims against the subsequent injury ~~fund~~ account for
30 private carriers. The administrator shall notify the private carrier of his
31 decision on such a claim within 90 days after the claim is received.

32 7. An appeal of any decision made concerning a claim against the
33 subsequent injury ~~fund~~ account for private carriers must be submitted
34 directly to the appeals officer. The appeals officer shall hear such an appeal
35 within 45 days after the appeal is submitted to him.

36 **Sec. 36.** NRS 616B.590 is hereby amended to read as follows:

37 616B.590 1. A private carrier who pays compensation due to an
38 employee who has a permanent physical impairment from any cause or
39 origin and incurs a subsequent disability by injury arising out of and in the
40 course of his employment which entitles him to compensation for disability
41 that is substantially greater by reason of the combined effects of the
42 preexisting impairment and the subsequent injury than that which would
43 have resulted from the subsequent injury alone is entitled to be reimbursed
44 from the subsequent injury ~~fund~~ account for private carriers if:

45 (a) The employee knowingly made a false representation as to his
46 physical condition at the time he was hired by the employer insured by a
47 private carrier;

48 (b) The employer relied upon the false representation and this reliance
49 formed a substantial basis of the employment; and



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1 (c) A causal connection existed between the false representation and the
2 subsequent disability.

3 If the subsequent injury of the employee results in his death and it is
4 determined that the death would not have occurred except for the
5 preexisting permanent physical impairment, any compensation paid is
6 entitled to be reimbursed from the subsequent injury ~~fund~~ **account** for
7 private carriers.

8 2. A private carrier shall notify the administrator of any possible claim
9 against the subsequent injury ~~fund~~ **account** for private carriers pursuant
10 to this section no later than 60 days after the date of the subsequent injury
11 or the date the employer learns of the employee's false representation,
12 whichever is later.

13 **Sec. 37.** NRS 616C.215 is hereby amended to read as follows:

14 616C.215 1. If an injured employee or, in the event of his death, his
15 dependents, bring an action in tort against his employer to recover payment
16 for an injury which is compensable pursuant to the provisions of chapters
17 616A to 616D, inclusive, or chapter 617 of NRS and, notwithstanding the
18 provisions of NRS 616A.020, receive payment from the employer for that
19 injury:

20 (a) The amount of compensation the injured employee or his dependents
21 are entitled to receive pursuant to the provisions of chapters 616A to 616D,
22 inclusive, or chapter 617 of NRS, including any future compensation, must
23 be reduced by the amount paid by the employer.

24 (b) The insurer, or in the case of claims involving the uninsured
25 employer's claim ~~fund~~ **account** or a subsequent injury ~~fund~~ **account** the
26 administrator, has a lien upon the total amount paid by the employer if the
27 injured employee or his dependents receive compensation pursuant to the
28 provisions of chapters 616A to 616D, inclusive, or chapter 617 of
29 NRS.

30 This subsection is applicable whether the money paid to the employee or
31 his dependents by the employer is classified as a gift, a settlement or
32 otherwise. The provisions of this subsection do not grant to an injured
33 employee any right of action in tort to recover damages from his employer
34 for his injury.

35 2. When an employee receives an injury for which compensation is
36 payable pursuant to the provisions of chapters 616A to 616D, inclusive, or
37 chapter 617 of NRS and which was caused under circumstances creating a
38 legal liability in some person, other than the employer or a person in the
39 same employ, to pay damages in respect thereof:

40 (a) The injured employee, or in case of death his dependents, may take
41 proceedings against that person to recover damages, but the amount of the
42 compensation the injured employee or his dependents are entitled to
43 receive pursuant to the provisions of chapters 616A to 616D, inclusive, or
44 chapter 617 of NRS, including any future compensation, must be reduced
45 by the amount of the damages recovered, notwithstanding any act or
46 omission of the employer or a person in the same employ which was a
47 direct or proximate cause of the employee's injury.

48 (b) If the injured employee, or in case of death his dependents, receive
49 compensation pursuant to the provisions of chapters 616A to 616D,



1 inclusive, or chapter 617 of NRS, the insurer, or in case of claims involving
2 the uninsured employers' claim ~~fund~~ account or a subsequent injury
3 ~~fund~~ account the administrator, has a right of action against the person so
4 liable to pay damages and is subrogated to the rights of the injured
5 employee or of his dependents to recover therefor.

6 3. When an injured employee incurs an injury for which compensation
7 is payable pursuant to the provisions of chapters 616A to 616D, inclusive,
8 or chapter 617 of NRS and which was caused under circumstances entitling
9 him, or in the case of death his dependents, to receive proceeds under his
10 employer's policy of uninsured or underinsured vehicle coverage:

11 (a) The injured employee, or in the case of death his dependents, may
12 take proceedings to recover those proceeds, but the amount of
13 compensation the injured employee or his dependents are entitled to
14 receive pursuant to the provisions of chapters 616A to 616D, inclusive, or
15 chapter 617 of NRS, including any future compensation, must be reduced
16 by the amount of proceeds received.

17 (b) If an injured employee, or in the case of death his dependents,
18 receive compensation pursuant to the provisions of chapters 616A to 616D,
19 inclusive, or chapter 617 of NRS, the insurer, or in the case of claims
20 involving the uninsured employers' claim ~~fund~~ account or a subsequent
21 injury ~~fund~~ account the administrator, is subrogated to the rights of the
22 injured employee or his dependents to recover proceeds under the
23 employer's policy of uninsured or underinsured vehicle coverage. The
24 insurer and the administrator are not subrogated to the rights of an injured
25 employee or his dependents under a policy of uninsured or underinsured
26 vehicle coverage purchased by the employee.

27 4. In any action or proceedings taken by the insurer or the
28 administrator pursuant to this section, evidence of the amount of
29 compensation, accident benefits and other expenditures which the insurer,
30 the uninsured employers' claim ~~fund~~ account or a subsequent injury
31 ~~fund~~ account have paid or become obligated to pay by reason of the
32 injury or death of the employee is admissible. If in such action or
33 proceedings the insurer or the administrator recovers more than those
34 amounts, the excess must be paid to the injured employee or his
35 dependents.

36 5. In any case where the insurer or the administrator is subrogated to
37 the rights of the injured employee or of his dependents as provided in
38 subsection 2 or 3, the insurer or the administrator has a lien upon the total
39 proceeds of any recovery from some person other than the employer,
40 whether the proceeds of such recovery are by way of judgment, settlement
41 or otherwise. The injured employee, or in the case of his death his
42 dependents, are not entitled to double recovery for the same injury,
43 notwithstanding any act or omission of the employer or a person in the
44 same employ which was a direct or proximate cause of the employee's
45 injury.

46 6. The lien provided for pursuant to subsection 1 or 5 includes the total
47 compensation expenditure incurred by the insurer, the uninsured
48 employers' claim ~~fund~~ account or a subsequent injury ~~fund~~ account
49 for the injured employee and his dependents.



1 7. An injured employee, or in the case of death his dependents, or the
2 attorney or representative of the injured employee or his dependents, shall
3 notify the insurer, or in the case of claims involving the uninsured
4 employers' claim ~~fund~~ **account** or a subsequent injury ~~fund~~ **account** the
5 administrator, in writing before initiating a proceeding or action pursuant
6 to this section.

7 8. Within 15 days after the date of recovery by way of actual receipt of
8 the proceeds of the judgment, settlement or otherwise:

9 (a) The injured employee or his dependents, or the attorney or
10 representative of the injured employee or his dependents; and

11 (b) The third-party insurer,
12 shall notify the insurer, or in the case of claims involving the uninsured
13 employers' claim ~~fund~~ **account** or a subsequent injury ~~fund~~ **account** the
14 administrator, of the recovery and pay to the insurer or the administrator,
15 respectively, the amount due pursuant to this section together with an
16 itemized statement showing the distribution of the total recovery. The
17 attorney or representative of the injured employee or his dependents and
18 the third-party insurer are jointly and severally liable for any amount to
19 which an insurer is entitled pursuant to this section if the attorney,
20 representative or third-party insurer has knowledge of the lien provided for
21 in this section.

22 9. An insurer shall not sell its lien to a third-party insurer unless the
23 injured employee or his dependents, or the attorney or representative of the
24 injured employee or his dependents, refuses to provide to the insurer
25 information concerning the action against the third party.

26 10. In any trial of an action by the injured employee, or in the case of
27 his death by his dependents, against a person other than the employer or a
28 person in the same employ, the jury must receive proof of the amount of all
29 payments made or to be made by the insurer or the administrator. The court
30 shall instruct the jury substantially as follows:

31 Payment of workmen's compensation benefits by the insurer, or in
32 the case of claims involving the uninsured employers' claim ~~fund~~
33 **account** or a subsequent injury ~~fund~~ **account** the administrator, is
34 based upon the fact that a compensable industrial accident occurred,
35 and does not depend upon blame or fault. If the plaintiff does not
36 obtain a judgment in his favor in this case, he is not required to repay
37 his employer, the insurer or the administrator any amount paid to him
38 or paid on his behalf by his employer, the insurer or the administrator.

39 If you decide that the plaintiff is entitled to judgment against the
40 defendant, you shall find his damages in accordance with the court's
41 instructions on damages and return your verdict in the plaintiff's favor
42 in the amount so found without deducting the amount of any
43 compensation benefits paid to or for the plaintiff. The law provides a
44 means by which any compensation benefits will be repaid from your
45 award.

46 11. To calculate an employer's premium, the employer's account with
47 the private carrier must be credited with an amount equal to that recovered
48 by the private carrier from a third party pursuant to this section, less the
49 private carrier's share of the expenses of litigation incurred in obtaining the



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1 recovery, except that the total credit must not exceed the amount of
2 compensation actually paid or reserved by the private carrier on the injured
3 employee's claim.

4 12. As used in this section, "third-party insurer" means an insurer that
5 issued to a third party who is liable for damages pursuant to subsection 2, a
6 policy of liability insurance the proceeds of which are recoverable pursuant
7 to this section. The term includes an insurer that issued to an employer a
8 policy of uninsured or underinsured vehicle coverage.

9 **Sec. 38.** NRS 616C.220 is hereby amended to read as follows:

10 616C.220 1. The division shall designate one:

11 (a) Third-party administrator who has a valid certificate issued by the
12 commissioner pursuant to NRS 683A.085; or

13 (b) Insurer, other than a self-insured employer or association of self-
14 insured public or private employers,
15 to administer claims against the uninsured employers' claim ~~fund~~
16 **account**. The designation must be made pursuant to reasonable competitive
17 bidding procedures established by the administrator.

18 2. An employee may receive compensation from the uninsured
19 employers' claim ~~fund~~ **account** if:

20 (a) He was hired in this state or he is regularly employed in this state;

21 (b) He suffers an accident or injury in this state which arises out of and
22 in the course of his employment;

23 (c) He files a claim for compensation with the division; and

24 (d) He makes an irrevocable assignment to the division of a right to be
25 subrogated to the rights of the injured employee pursuant to NRS
26 616C.215.

27 3. If the division receives a claim pursuant to subsection 2, the division
28 shall immediately notify the employer of the claim.

29 4. For the purposes of this section, the employer has the burden of
30 proving that he provided mandatory industrial insurance coverage for the
31 employee or that he was not required to maintain industrial insurance for
32 the employee.

33 5. Any employer who has failed to provide mandatory coverage
34 required by the provisions of chapters 616A to 616D, inclusive, of NRS is
35 liable for all payments made on his behalf, including any benefits,
36 administrative costs or attorney's fees paid from the uninsured employers'
37 claim ~~fund~~ **account** or incurred by the division.

38 6. The division:

39 (a) May recover from the employer the payments made by the division
40 that are described in subsection 5 and any accrued interest by bringing a
41 civil action in district court.

42 (b) In any civil action brought against the employer, is not required to
43 prove that negligent conduct by the employer was the cause of the
44 employee's injury.

45 (c) May enter into a contract with any person to assist in the collection
46 of any liability of an uninsured employer.

47 (d) In lieu of a civil action, may enter into an agreement or settlement
48 regarding the collection of any liability of an uninsured employer.

49 7. The division shall:



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1 (a) Determine whether the employer was insured within 30 days after
2 receiving notice of the claim from the employee.

3 (b) Assign the claim to the third-party administrator or insurer
4 designated pursuant to subsection 1 for administration and payment of
5 compensation.

6 Upon determining whether the claim is accepted or denied, the designated
7 third-party administrator or insurer shall notify the injured employee, the
8 named employer and the division of its determination.

9 8. Upon demonstration of the:

10 (a) Costs incurred by the designated third-party administrator or insurer
11 to administer the claim or pay compensation to the injured employee; or

12 (b) Amount that the designated third-party administrator or insurer will
13 pay for administrative expenses or compensation to the injured employee
14 and that such amounts are justified by the circumstances of the claim,
15 the division shall authorize payment from the uninsured employers' claim
16 ~~fund-~~ **account.**

17 9. Any party aggrieved by a determination regarding the
18 administration of an assigned claim or a determination made by the
19 division or by the designated third-party administrator or insurer regarding
20 any claim made pursuant to this section may appeal that determination
21 within 60 days after the determination is rendered to the hearings division
22 of the department of administration in the manner provided by NRS
23 616C.305 and 616C.315 to 616C.385, inclusive.

24 10. All insurers shall bear a proportionate amount of a claim made
25 pursuant to chapters 616A to 616D, inclusive, of NRS, and are entitled to a
26 proportionate amount of any collection made pursuant to this section as an
27 offset against future liabilities.

28 11. An uninsured employer is liable for the interest on any amount
29 paid on his claims from the uninsured employers' claim ~~fund-~~ **account.**
30 The interest must be calculated at a rate equal to the prime rate at the
31 largest bank in Nevada, as ascertained by the commissioner of financial
32 institutions, on January 1 or July 1, as the case may be, immediately
33 preceding the date of the claim, plus 3 percent, compounded monthly, from
34 the date the claim is paid from the ~~fund-~~ **account** until payment is received
35 by the division from the employer.

36 12. Attorney's fees recoverable by the division pursuant to this section
37 must be:

38 (a) If a private attorney is retained by the division, paid at the usual and
39 customary rate for that attorney.

40 (b) If the attorney is an employee of the division, paid at the rate
41 established by regulations adopted by the division.

42 Any money collected must be deposited to the uninsured employers' claim
43 ~~fund-~~ **account.**

44 13. In addition to any other liabilities provided for in this section, the
45 administrator may impose an administrative fine of not more than \$10,000
46 against an employer if the employer fails to provide mandatory coverage
47 required by the provisions of chapters 616A to 616D, inclusive, of NRS.



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1 **Sec. 39.** NRS 616D.200 is hereby amended to read as follows:
2 616D.200 1. If the administrator finds that an employer within the
3 provisions of NRS 616B.633 has failed to provide and secure
4 compensation as required by the terms of chapters 616A to 616D,
5 inclusive, or chapter 617 of NRS or that the employer has provided and
6 secured that compensation but has failed to maintain it, he shall make a
7 determination thereon and may charge the employer an amount equal to the
8 sum of:

9 (a) The premiums that would otherwise have been owed to a private
10 carrier pursuant to the terms of chapters 616A to 616D, inclusive, or
11 chapter 617 of NRS, as determined by the administrator based upon the
12 manual rates adopted by the commissioner, for the period that the employer
13 was doing business in this state without providing, securing or maintaining
14 that compensation, but not to exceed 6 years; and

15 (b) Interest at a rate determined pursuant to NRS 17.130 computed from
16 the time that the premiums should have been paid.
17 The money collected pursuant to this subsection must be paid into the
18 uninsured employers' claim ~~fund~~ **account**.

19 2. The administrator shall deliver a copy of his determination to the
20 employer. An employer who is aggrieved by the determination of the
21 administrator may appeal from the determination pursuant to subsection 2
22 of NRS 616D.220.

23 3. Any employer within the provisions of NRS 616B.633 who fails to
24 provide, secure or maintain compensation as required by the terms of
25 chapters 616A to 616D, inclusive, or chapter 617 of NRS, shall be
26 punished as follows:

27 (a) Except as otherwise provided in paragraph (b), if it is a first offense,
28 for a misdemeanor.

29 (b) If it is a first offense and, during the period the employer was doing
30 business in this state without providing, securing or maintaining
31 compensation, one of his employees suffers an injury arising out of and in
32 the course of his employment that results in substantial bodily harm to the
33 employee or the death of the employee, for a category C felony punishable
34 by imprisonment in the state prison for a minimum term of not less than 1
35 year and a maximum term of not more than 5 years and by a fine of not
36 less than \$1,000 nor more than \$50,000.

37 (c) If it is a second or subsequent offense committed within 7 years after
38 the previous offense, for a category C felony punishable by imprisonment
39 in the state prison for a minimum term of not less than 1 year and a
40 maximum term of not more than 5 years and by a fine of not less than
41 \$1,000 nor more than \$50,000.

42 4. In addition to any other penalty imposed pursuant to paragraph (b)
43 or (c) of subsection 3, the court shall order the employer to:

44 (a) Pay restitution to an insurer who has incurred costs as a result of the
45 violation in an amount equal to the costs that have been incurred minus any
46 costs incurred that have otherwise been recovered; and

47 (b) Reimburse the uninsured employers' claim ~~fund~~ **account** for all
48 payments made from the ~~fund~~ **account** on the employer's behalf,
49 including any benefits, administrative costs or attorney's fees paid from the



1 ~~fund,~~ **account**, that have not otherwise been recovered pursuant to NRS
2 616C.220.

3 5. Any criminal penalty imposed pursuant to subsections 3 and 4 must
4 be in addition to the amount charged pursuant to subsection 1.

5 **Sec. 40.** NRS 616D.220 is hereby amended to read as follows:

6 616D.220 1. If the administrator finds that any employer or any
7 employee, officer or agent of any employer has knowingly:

8 (a) Made a false statement or has knowingly failed to report a material
9 fact concerning the amount of payroll upon which a premium is based; or

10 (b) Misrepresented the classification or duties of an employee,
11 he shall make a determination thereon and charge the employer's account
12 an amount equal to the amount of the premium that would have been due
13 had the proper information been submitted. The administrator shall deliver
14 a copy of his determination to the employer. The money collected pursuant
15 to this subsection must be paid into the uninsured employers' claim ~~fund,~~
16 **account**.

17 2. An employer who is aggrieved by the determination of the
18 administrator may appeal from the determination by filing a request for a
19 hearing. The request must be filed within 30 days after the date on which a
20 copy of the determination was delivered to the employer. The administrator
21 shall hold a hearing within 30 days after he receives the request. The
22 determination of the administrator made pursuant to a hearing is a final
23 decision for the purposes of judicial review. The amount of the
24 determination as finally decided by the administrator becomes due within
25 30 days after the determination is served on the employer.

26 3. A person who knowingly:

27 (a) Makes a false statement or representation or who knowingly fails to
28 report a material fact concerning the amount of payroll upon which a
29 premium is based; or

30 (b) Misrepresents the classification or duties of an employee,
31 is guilty of a gross misdemeanor. Any criminal penalty imposed must be in
32 addition to the amount charged pursuant to subsection 1.

33 **Sec. 41.** NRS 616D.230 is hereby amended to read as follows:

34 616D.230 1. An employer who fails to pay an amount of money
35 charged to him pursuant to the provisions of NRS 616D.200 or 616D.220
36 is liable in a civil action commenced by the attorney general for:

37 (a) Any amount charged to the employer by the administrator pursuant
38 to NRS 616D.200 or 616D.220;

39 (b) Not more than \$10,000 for each act of willful deception;

40 (c) An amount equal to three times the total amount of the reasonable
41 expenses incurred by the state in enforcing this section; and

42 (d) Payment of interest on the amount charged at the rate fixed pursuant
43 to NRS 99.040 for the period from the date upon which the amount
44 charged was due to the date upon which the amount charged is paid.

45 2. A criminal action need not be brought against an employer
46 described in subsection 1 before civil liability attaches under this section.

47 3. Any payment of money charged pursuant to the provisions of NRS
48 616D.200 or 616D.220 and collected pursuant to paragraph (a) or (d) of



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1 subsection 1 must be paid into the uninsured employers' claim ~~fund~~
2 **account**.

3 4. Any penalty collected pursuant to paragraph (b) or (c) of subsection
4 1 must be used to pay the salaries and other expenses of the fraud control
5 unit for industrial insurance established pursuant to the provisions of NRS
6 228.420. Any money remaining at the end of any fiscal year does not revert
7 to the state general fund.

8 **Sec. 42.** NRS 617.401 is hereby amended to read as follows:

9 617.401 1. The division shall designate one:

10 (a) Third-party administrator who has a valid certificate issued by the
11 commissioner pursuant to NRS 683A.085; or

12 (b) Insurer, other than a self-insured employer or association of self-
13 insured public or private employers,
14 to administer claims against the uninsured employers' claim ~~fund~~
15 **account**. The designation must be made pursuant to reasonable competitive
16 bidding procedures established by the administrator.

17 2. An employee may receive compensation from the uninsured
18 employers' claim ~~fund~~ **account** if:

19 (a) He was hired in this state or he is regularly employed in this state;

20 (b) He contracts an occupational disease as a result of work performed
21 in this state;

22 (c) He files a claim for compensation with the division; and

23 (d) He makes an irrevocable assignment to the division of a right to be
24 subrogated to the rights of the employee pursuant to NRS 616C.215.

25 3. If the division receives a claim pursuant to subsection 2, the division
26 shall immediately notify the employer of the claim.

27 4. For the purposes of this section, the employer has the burden of
28 proving that he provided mandatory coverage for occupational diseases for
29 the employee or that he was not required to maintain industrial insurance
30 for the employee.

31 5. Any employer who has failed to provide mandatory coverage
32 required by the provisions of this chapter is liable for all payments made on
33 his behalf, including, but not limited to, any benefits, administrative costs
34 or attorney's fees paid from the uninsured employers' claim ~~fund~~ **account**
35 or incurred by the division.

36 6. The division:

37 (a) May recover from the employer the payments made by the division
38 that are described in subsection 5 and any accrued interest by bringing a
39 civil action in district court.

40 (b) In any civil action brought against the employer, is not required to
41 prove that negligent conduct by the employer was the cause of the
42 occupational disease.

43 (c) May enter into a contract with any person to assist in the collection
44 of any liability of an uninsured employer.

45 (d) In lieu of a civil action, may enter into an agreement or settlement
46 regarding the collection of any liability of an uninsured employer.

47 7. The division shall:

48 (a) Determine whether the employer was insured within 30 days after
49 receiving the claim from the employee.



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1 (b) Assign the claim to the third-party administrator or insurer
2 designated pursuant to subsection 1 for administration and payment of
3 compensation.

4 Upon determining whether the claim is accepted or denied, the designated
5 third-party administrator or insurer shall notify the injured employee, the
6 named employer and the division of its determination.

7 8. Upon demonstration of the:

8 (a) Costs incurred by the designated third-party administrator or insurer
9 to administer the claim or pay compensation to the injured employee; or

10 (b) Amount that the designated third-party administrator or insurer will
11 pay for administrative expenses or compensation to the injured employee
12 and that such amounts are justified by the circumstances of the claim,
13 the division shall authorize payment from the uninsured employers' claim
14 ~~fund.~~ **account.**

15 9. Any party aggrieved by a determination regarding the
16 administration of an assigned claim or a determination made by the
17 division or by the designated third-party administrator or insurer regarding
18 any claim made pursuant to this section may appeal that determination
19 within 60 days after the determination is rendered to the hearings division
20 of the department of administration in the manner provided by NRS
21 616C.305 and 616C.315 to 616C.385, inclusive.

22 10. All insurers shall bear a proportionate amount of a claim made
23 pursuant to this chapter, and are entitled to a proportionate amount of any
24 collection made pursuant to this section as an offset against future
25 liabilities.

26 11. An uninsured employer is liable for the interest on any amount
27 paid on his claims from the uninsured employers' claim ~~fund.~~ **account.**
28 The interest must be calculated at a rate equal to the prime rate at the
29 largest bank in Nevada, as ascertained by the commissioner of financial
30 institutions, on January 1 or July 1, as the case may be, immediately
31 preceding the date of the claim, plus 3 percent, compounded monthly, from
32 the date the claim is paid from the ~~fund.~~ **account** until payment is received
33 by the division from the employer.

34 12. Attorney's fees recoverable by the division pursuant to this section
35 must be:

36 (a) If a private attorney is retained by the division, paid at the usual and
37 customary rate for that attorney.

38 (b) If the attorney is an employee of the division, paid at the rate
39 established by regulations adopted by the division.

40 Any money collected must be deposited to the uninsured employers' claim
41 ~~fund.~~ **account.**

42 13. In addition to any other liabilities provided for in this section, the
43 administrator may impose an administrative fine of not more than \$10,000
44 against an employer if the employer fails to provide mandatory coverage
45 required by the provisions of this chapter.

46 **Sec. 43.** NRS 227.215 and 353.145 are hereby repealed.

47 **Sec. 44.** 1. The state controller shall, as he determines necessary to
48 carry out the provisions of this act, cause the transfer of any money



1 between funds and accounts whose designations are changed by the
2 provisions of this act.

3 2. All rights and liabilities of a fund or account whose designation is
4 changed by the provisions of this act are not affected by the change in
5 designation and remain the rights and liabilities of the fund or account as
6 newly designated.

7 **Sec. 45.** This act becomes effective on July 1, 2001.

8 **Sec. 46.** The legislative counsel shall:

9 1. In preparing the reprint and supplements to the Nevada Revised
10 Statutes, with respect to any section that is not amended by this act or is
11 further amended by another act, appropriately change any reference to any
12 fund or account whose designation is changed by the provisions of this act.

13 2. In preparing supplements to the Nevada Administrative Code,
14 appropriately change any reference to any fund or account whose
15 designation is changed by the provisions of this act.

TEXT OF REPEALED SECTIONS

227.215 Minimum amount for drawing warrant; exceptions.

Unless the state controller determines that earlier payment is necessary, he shall not draw a warrant for less than \$25, but shall accumulate claims for less than \$25 until:

1. The claims of a particular claimant amount to \$25 or more; or
2. The end of the fiscal year.

353.145 Renewal of claim by presentation to state board of examiners; payment.

1. If a state controller's warrant has been canceled pursuant to the provisions of NRS 353.130, after a period of 1 year from the date of the original warrant, the person in whose favor the warrant was drawn may renew his claim against the state, in the amount of the warrant which was canceled, by presenting it to the state board of examiners.

2. If approved by the state board of examiners, payment may be made out of the stale claims account as provided in NRS 353.097.

