

ASSEMBLY BILL NO. 34—COMMITTEE ON COMMERCE AND LABOR

PREFILED FEBRUARY 4, 2005

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions governing Recovery Fund administered by State Contractors' Board. (BDR 54-834)

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 residential contractors; revising provisions governing the Recovery Fund administered by the State Contractors' Board; increasing the maximum amounts that the Board may pay from the Recovery Fund for individual claims and for multiple claims made against a single contractor; providing for retroactive application with regard to certain claims; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 Existing law establishes a Recovery Fund that is administered by the State
2 Contractors' Board. Money collected from annual assessments paid to the Board by
3 residential contractors is deposited into the Recovery Fund to be used to pay claims
4 made by owners of single-family residences who are damaged by the failure of
5 residential contractors to perform certain services adequately. (NRS 624.470) An
6 owner of a single-family residence who suffers damages as a result of a residential
7 contractor's acts or omissions may recover up to \$30,000 from the Fund for actual
8 damages suffered. If more than one owner is damaged by a single contractor,
9 existing law limits to \$200,000 the amount the Board may pay from the Fund for all
10 claims made against that contractor. (NRS 624.510) The Board may order a
11 contractor to repay to the Fund any amount that has been paid out of the Fund for
12 claims against the contractor. (NRS 624.300)

13 This bill increases to \$35,000 the amount that an owner of a single-family
14 residence may recover from the Fund for actual damages suffered. This bill also
15 increases to \$400,000 the total amount of money that may be paid from the Fund
16 for claims made against a single contractor. The provisions of this bill apply
17 retroactively to claims arising from acts or omissions occurring on or after
18 January 1, 2004. Because this bill increases the maximum amount that may be



19 recovered from the Fund, the maximum amount that a contractor may be required
20 to repay to the Fund also increases to \$400,000.

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

1 **Section 1.** NRS 624.510 is hereby amended to read as follows:
2 624.510 1. Except as otherwise provided in NRS 624.490
3 and subsection 2, an injured person is eligible for recovery from the
4 account if the Board or its designee finds that the injured person
5 suffered actual damages as a result of an act or omission of a
6 residential contractor that is in violation of this chapter or the
7 regulations adopted pursuant thereto.
8 2. An injured person is not eligible for recovery from the
9 account if:
10 (a) The injured person is the spouse of the licensee, or a personal
11 representative of the spouse of the licensee;
12 (b) The injured person was associated in a business relationship
13 with the licensee other than the contract at issue; or
14 (c) At the time of contracting with the residential contractor, the
15 license of the residential contractor was suspended or revoked
16 pursuant to NRS 624.300.
17 3. If the Board or its designee determines that an injured person
18 is eligible for recovery from the account pursuant to this section or
19 NRS 624.490, the Board or its designee may pay out of the account:
20 (a) The amount of actual damages suffered, but not to exceed
21 ~~[\$30,000;]~~ **\$35,000;** or
22 (b) If a judgment was obtained as set forth in NRS 624.490, the
23 amount of actual damages included in the judgment and remaining
24 unpaid, but not to exceed ~~[\$30,000;]~~ **\$35,000.**
25 4. The decision of the Board or its designee regarding
26 eligibility for recovery and all related issues is final and not subject
27 to judicial review.
28 5. If the injured person has recovered a portion of his loss from
29 sources other than the account, the Board shall deduct the amount
30 recovered from the other sources from the amount payable upon the
31 claim and direct the difference to be paid from the account.
32 6. To the extent of payments made from the account, the Board
33 is subrogated to the rights of the injured person, including, without
34 limitation, the right to collect from a surety bond or a cash bond.
35 The Board and the Attorney General shall promptly enforce all
36 subrogation claims.



1 7. The amount of recovery from the account based upon claims
2 made against any single contractor must not exceed ~~[\$200,000.]~~
3 **\$400,000.**

4 8. As used in this section, "actual damages" includes attorney's
5 fees or costs in contested cases appealed to the Supreme Court of
6 this State. The term does not include any other attorney's fees or
7 costs.

8 **Sec. 2.** The provisions of this act become effective on July 1,
9 2005, and apply retroactively to claims arising from the failure of a
10 residential contractor adequately to perform qualified services, as
11 that term is defined in NRS 624.440, on or after January 1, 2004.



