

ASSEMBLY BILL NO. 56—COMMITTEE ON COMMERCE AND LABOR

PREFILED FEBRUARY 1, 2007

Referred to Committee on Commerce and Labor

SUMMARY—Revises the administrative penalties that may be imposed against contractors for certain offenses. (BDR 54-880)

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 contractors; revising the administrative penalties that may be imposed against a contractor who knowingly enters into a contract with an unlicensed contractor; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 Existing law provides that a contractor who knowingly enters into a contract
2 with an unlicensed contractor may be punished by the imposition of an
3 administrative fine of not more than \$50,000. (NRS 624.300, 624.3015) This bill
4 revises the administrative penalties that may be imposed against a contractor who
5 enters into such a contract by requiring the imposition of an administrative fine and
6 providing for the suspension or revocation of his license.

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

1 **Section 1.** NRS 624.300 is hereby amended to read as follows:
2 624.300 1. Except as otherwise provided in subsections 3 and
3 ~~4,4~~ 5, the Board may:
4 (a) Suspend or revoke licenses already issued;
5 (b) Refuse renewals of licenses;
6 (c) Impose limits on the field, scope and monetary limit of the
7 license;
8 (d) Impose an administrative fine of not more than \$10,000;



(e) Order a licensee to repay to the account established pursuant to NRS 624.470, any amount paid out of the account pursuant to NRS 624.510 as a result of an act or omission of that licensee;

(f) Order the licensee to take action to correct a condition resulting from an act which constitutes a cause for disciplinary action, at the licensee's cost, that may consist of requiring the licensee to:

(1) Perform the corrective work himself;

(2) Hire and pay another licensee to perform the corrective work; or

(3) Pay to the owner of the construction project a specified sum to correct the condition; or

(g) Issue a public reprimand or take other less severe disciplinary action, including, without limitation, increasing the amount of the surety bond or cash deposit of the licensee,

➔ if the licensee commits any act which constitutes a cause for disciplinary action.

2. If the Board suspends or revokes the license of a contractor for failure to establish financial responsibility, the Board may, in addition to any other conditions for reinstating or renewing the license, require that each contract undertaken by the licensee for a period to be designated by the Board, not to exceed 12 months, be separately covered by a bond or bonds approved by the Board and conditioned upon the performance of and the payment of labor and materials required by the contract.

3. If a licensee violates ~~the~~:

(a) The provisions of NRS 624.3014, subsection 2 or 3 of NRS 624.3015, subsection 1 of NRS 624.302 or subsection 1 of NRS 624.305, the Board may impose for each violation an administrative fine in an amount that is not more than \$50,000.

(b) The provisions of subsection 4 of NRS 624.3015:

(1) For a first offense, the Board shall impose an administrative fine of not less than \$1,000 and not more than \$50,000, and may suspend the license of the licensee for 6 months;

(2) For a second offense, the Board shall impose an administrative fine of not less than \$5,000 and not more than \$50,000, and may suspend the license of the licensee for 1 year; and

(3) For a third or subsequent offense, the Board shall impose an administrative fine of not less than \$10,000 and not more than \$50,000, and may revoke the license of the licensee.

4. The Board shall, by regulation, establish standards for use by the Board in determining the amount of an administrative fine imposed pursuant to ~~this subsection.~~ *subsection 3.* The standards



1 must include, without limitation, provisions requiring the Board to
2 consider:

3 (a) The gravity of the violation;

4 (b) The good faith of the licensee; and

5 (c) Any history of previous violations of the provisions of this
6 chapter committed by the licensee.

7 ~~[4-]~~ 5. If a licensee is prohibited from being awarded a
8 contract for a public work pursuant to NRS 338.017, the Board may
9 suspend the license of the licensee for the period of the prohibition.

10 ~~[5-]~~ 6. If a licensee commits a fraudulent act which is a cause
11 for disciplinary action under NRS 624.3016, the correction of any
12 condition resulting from the act does not preclude the Board from
13 taking disciplinary action.

14 ~~[6-]~~ 7. If the Board finds that a licensee has engaged in
15 repeated acts that would be cause for disciplinary action, the
16 correction of any resulting conditions does not preclude the Board
17 from taking disciplinary action pursuant to this section.

18 ~~[7-]~~ 8. The expiration of a license by operation of law or by
19 order or decision of the Board or a court, or the voluntary surrender
20 of a license by a licensee, does not deprive the Board of jurisdiction
21 to proceed with any investigation of, or action or disciplinary
22 proceeding against, the licensee or to render a decision suspending
23 or revoking the license.

24 ~~[8-]~~ 9. The Board shall not issue a private reprimand to a
25 licensee.

26 ~~[9-]~~ 10. An order that imposes discipline and the findings of
27 fact and conclusions of law supporting that order are public records.

28 ~~[10-]~~ 11. An administrative fine imposed pursuant to this
29 section, NRS 624.341 or 624.710 plus interest at a rate that is equal
30 to the prime rate at the largest bank in this State, as determined by
31 the Commissioner of Financial Institutions on January 1 or July 1,
32 as appropriate, immediately preceding the date of the order
33 imposing the administrative fine, plus 4 percent, must be paid to the
34 Board before the issuance or renewal of a license to engage in the
35 business of contracting in this State. The interest must be collected
36 from the date of the order until the date the administrative fine is
37 paid.

38 ~~[11-]~~ 12. All fines and interest collected pursuant to this
39 section must be deposited with the State Treasurer for credit to the
40 Construction Education Account created pursuant to NRS 624.580.

41 **Sec. 2.** NRS 624.3015 is hereby amended to read as follows:

42 624.3015 The following acts, among others, constitute cause
43 for disciplinary action under NRS 624.300:

44 1. Acting in the capacity of a contractor beyond the scope of
45 the license.



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

3. *Knowingly bidding to contract or entering into a contract with a contractor for work in excess of his limit or beyond the scope of his license.*

4. Knowingly entering into a contract with a contractor while that contractor is not licensed. ~~5. or bidding to contract or entering into a contract with a contractor for work in excess of his limit or beyond the scope of his license.~~

~~4.1~~ 5. Constructing or repairing a mobile home, manufactured home or commercial coach, unless the contractor:

(a) Is licensed pursuant to NRS 489.311; or

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

~~5.1~~ 6. Engaging in any work or activities that require a contractor's license while the license is placed on inactive status pursuant to NRS 624.282.

