Amendment No. 487

Senate Ar	(BDR 28-394)									
Proposed by: Senate Committee on Government Affairs										
Amendment Box: Replaces Amendment No. 336.										
Amends:	Summary: No	Title: No	Preamble: No	Joint Sponsorship: No	Digest: Yes					

ASSEMBLY ACTION				Initial and Date	SENATE ACTION Initial and Date			
Adopted		Lost		I	Adopted	Lost		
Concurred In		Not			Concurred In	Not		
Receded		Not			Receded	Not		

EXPLANATION: Matter in (1) *blue bold italics* is new language in the original bill; (2) *green bold italic underlining* is new language proposed in this amendment; (3) red strikethrough is deleted language in the original bill; (4) purple double strikethrough is language proposed to be deleted in this amendment; (5) orange double underlining is deleted language in the original bill that is proposed to be retained in this amendment; and (6) green bold underlining is newly added transitory language.

SRT/HAC Date: 4/21/2011

S.B. No. 487—Revises provisions relating to the award of a contract for a public work to a specialty contractor. (BDR 28-394)



SENATE BILL NO. 487-COMMITTEE ON GOVERNMENT AFFAIRS

MARCH 28, 2011

Referred to Committee on Government Affairs

SUMMARY—Revises provisions relating to the award of a contract for a public work to a specialty contractor. (BDR 28-394)

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 public works; revising provisions relating to the award of a contract for a public work to a specialty contractor; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Under existing law, a specialty contractor, which is defined as a contractor whose operations consist of the performance of construction work requiring special skill and whose principal contracting business involves the use of specialized building trades or craft, is allowed to take and execute a contract involving the use of two or more crafts or trades if the work performed in the crafts or trades, other than the crafts or trades in which the specialty contractor is licensed, is incidental and supplemental to the performance of the work in the craft for which the specialty contractor is licensed. (NRS 624.215, 624.220) With respect to public works, existing law authorizes the State or a local government to award a contract for a public work to a specialty contractor if: (1) the majority of the work performed under the contract consists of the specialty contracting for which the specialty contractor is licensed; and (2) the public work is not part of a larger public work. However, any work to be performed under such a contract that is outside the scope of the license of the specialty contractor is required to be performed by an appropriate subcontractor. (NRS 338.139, 338.148) This bill limits the applicability of those provisions to public works for which the cost is less than \$250,000. This bill also prescribes the circumstances under which a public body may award a contract to a specialty contractor [that] for a public work for which the cost is \$250,000 or more and which involves the performance of work that is outside the scope of the specialty contractor's license. This bill also provides for the certification of specialty contractors by the State Contractors' Board with respect to such contracts.

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

Section 1. Chapter 338 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 and 3 of this act.

Sec. 2. <u>1.</u> Except as otherwise provided in this section, a public body or its authorized representative may award a contract for a public work for which the cost is \$250,000 or more pursuant to NRS 338.1375 to 338.13895, inclusive, to a

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specialty contractor if the public body or its authorized representative determines that:

(a) The majority of the work to be performed on the public work to which the contract pertains consists of specialty contracting for which the specialty contractor is licensed pursuant to chapter 624 of NRS; and

(b) The public work to which the contract pertains is not part of a larger public work.

2. If a public work for which the cost is \$250,000 or more involves the performance of work outside the scope of the specialty contractor's license, the public body or its authorized representative may not award a contract for the public work to the specialty contractor unless the public body or its authorized representative determines that:

(a) The work that is outside the scope of the specialty contractor's license is incidental and supplemental to the performance of the work that the specialty contractor is licensed to perform, as provided for in subsection 4 of NRS 624.220;

(b) The State Contractors' Board has issued a certification to the specialty contractor pursuant to subsection 3; or

(c) The specialty contractor is also licensed as a general building contractor pursuant to chapter 624 of NRS.

3. Upon application by a specialty contractor, the State Contractors' Board may issue to a qualified specialty contractor a certification which allows the specialty contractor to enter into contracts to be awarded pursuant to NRS 338.1375 to 338.13895, inclusive, for public works for which the cost is \$250,000 or more and which involve the performance of work which is outside the scope of the specialty contractor's license and which is more than incidental and supplemental to the performance of the work that the specialty contractor is licensed to perform. A specialty contractor is qualified to receive a certification pursuant to this subsection if:

(a) The specialty contractor is licensed for his or her specialty pursuant to chapter 624 of NRS; and

(b) The specialty contractor has successfully completed at least one public work in the State of Nevada pursuant to NRS 338.1375 to 338.13895, inclusive, which involved the use of two or more crafts or trades unrelated to his or her specialty.

4. Except as otherwise provided in this section, if a public body or its authorized representative awards a contract to a specialty contractor pursuant to NRS 338.1375 to 338.13895, inclusive, for a public work for which the cost is \$250,000 or more, all work to be performed on the public work that is outside the scope of the license of the specialty contractor must be performed by a subcontractor who:

(a) Is licensed to perform such work; and

(b) At the time of the performance of the work, is not on disqualified status with the State Public Works Board pursuant to NRS 338.1376.

5. If a specialty contractor is also licensed as a general building contractor pursuant to chapter 624 of NRS, nothing in this section shall be construed to prohibit the specialty contractor who is acting in the capacity of a prime contractor from performing work himself or herself on the public work that is outside the scope of the specialty contractor's license as otherwise allowed by subsection 3 of NRS 624.215.

<u>6. The State Contractors' Board shall adopt regulations prescribing the procedure for the certification of specialty contractors provided in subsection 3.</u>

Sec. 3. 1. Except as otherwise provided in this section, a local government or its authorized representative may award a contract for a public work for which

- the cost is \$250,000 or more pursuant to NRS 338.143 to 338.1475, inclusive, to a specialty contractor if the local government or its authorized representative determines that:
- (a) The majority of the work to be performed on the public work to which the contract pertains consists of specialty contracting for which the specialty contractor is licensed pursuant to chapter 624 of NRS; and
- (b) The public work to which the contract pertains is not part of a larger public work.
- 2. If a public work for which the cost is \$250,000 or more involves the performance of work outside the scope of the specialty contractor's license, the local government or its authorized representative may not award a contract for the public work to the specialty contractor unless the local government or its authorized representative determines that:
- (a) The work that is outside the scope of the specialty contractor's license is incidental and supplemental to the performance of the work that the specialty contractor is licensed to perform, as provided for in subsection 4 of NRS 624.220;
- (b) The State Contractors' Board has issued a certification to the specialty contractor pursuant to subsection 3; or
- (c) The specialty contractor is also licensed as a general building contractor pursuant to chapter 624 of NRS.
 - 3. Upon application by a specialty contractor, the State Contractors' Board may issue to a qualified specialty contractor a certification which allows the specialty contractor to enter into contracts to be awarded pursuant to NRS 338.143 to 338.1475, inclusive, for public works for which the cost is \$250,000 or more and which involve the performance of work which is outside the scope of the specialty contractor's license and which is more than incidental and supplemental to the performance of the work that the specialty contractor is licensed to perform. A specialty contractor is qualified to receive a certification pursuant to this subsection if:
 - (a) The specialty contractor is licensed for his or her specialty pursuant to chapter 624 of NRS; and
 - (b) The specialty contractor has successfully completed at least one public work in the State of Nevada pursuant to NRS 338.143 to 338.1475, inclusive, which involved the use of two or more crafts or trades unrelated to his or her specialty.
 - 4. Except as otherwise provided in this section, if a local government or its authorized representative awards a contract to a specialty contractor pursuant to NRS 338.143 to 338.1475, inclusive, for a public work for which the cost is \$250,000 or more, all work to be performed on the public work that is outside the scope of the license of the specialty contractor must be performed by a subcontractor who is licensed to perform such work.
 - 5. If a specialty contractor is also licensed as a general building contractor pursuant to chapter 624 of NRS, nothing in this section shall be construed to prohibit the specialty contractor who is acting in the capacity of a prime contractor from performing work himself or herself on the public work that is outside the scope of the specialty contractor's license as otherwise allowed by subsection 3 of NRS 624.215.
 - 6. The State Contractors' Board shall adopt regulations prescribing the procedure for the certification of specialty contractors provided in subsection 3.
 - Sec. 4. NRS 338.010 is hereby amended to read as follows:
 - 338.010 As used in this chapter:

- "Authorized representative" means a person designated by a public body to be responsible for the development, solicitation, award or administration of contracts for public works pursuant to this chapter.
- "Contract" means a written contract entered into between a contractor and a public body for the provision of labor, materials, equipment or supplies for a public work.
 - "Contractor" means:
- (a) A person who is licensed pursuant to the provisions of chapter 624 of NRS or performs such work that the person is not required to be licensed pursuant to chapter 624 of NRS.
 - (b) A design-build team.
- "Day labor" means all cases where public bodies, their officers, agents or employees, hire, supervise and pay the wages thereof directly to a worker or workers employed by them on public works by the day and not under a contract in writing.
- "Design-build contract" means a contract between a public body and a design-build team in which the design-build team agrees to design and construct a public work.
 - 6. "Design-build team" means an entity that consists of:
- (a) At least one person who is licensed as a general engineering contractor or a general building contractor pursuant to chapter 624 of NRS; and
 - (b) For a public work that consists of:
- (1) A building and its site, at least one person who holds a certificate of registration to practice architecture pursuant to chapter 623 of NRS.
- (2) Anything other than a building and its site, at least one person who holds a certificate of registration to practice architecture pursuant to chapter 623 of NRS or landscape architecture pursuant to chapter 623A of NRS or who is licensed as a professional engineer pursuant to chapter 625 of NRS.
 - 7. "Design professional" means:
- (a) A person who is licensed as a professional engineer pursuant to chapter 625 of NRS;
- (b) A person who is licensed as a professional land surveyor pursuant to chapter 625 of NRS;
- (c) A person who holds a certificate of registration to engage in the practice of architecture, interior design or residential design pursuant to chapter 623 of NRS;
- (d) A person who holds a certificate of registration to engage in the practice of landscape architecture pursuant to chapter 623A of NRS; or
- (e) A business entity that engages in the practice of professional engineering, land surveying, architecture or landscape architecture.
 - "Eligible bidder" means a person who is:
- (a) Found to be a responsible and responsive contractor by a local government or its authorized representative which requests bids for a public work in accordance with paragraph (b) of subsection 1 of NRS 338.1373; or
- (b) Determined by a public body or its authorized representative which awarded a contract for a public work pursuant to NRS 338.1375 to 338.139, inclusive, <u>and section 2 of this act</u> to be qualified to bid on that contract pursuant to NRS 338.1379 or 338.1382.
- "General contractor" means a person who is licensed to conduct business in one, or both, of the following branches of the contracting business:
- (a) General engineering contracting, as described in subsection 2 of NRS
 - (b) General building contracting, as described in subsection 3 of NRS 624.215.

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- "Governing body" means the board, council, commission or other body in which the general legislative and fiscal powers of a local government are vested.
- "Local government" means every political subdivision or other entity which has the right to levy or receive money from ad valorem or other taxes or any mandatory assessments, and includes, without limitation, counties, cities, towns, boards, school districts and other districts organized pursuant to chapters 244A, 309, 318, 379, 474, 538, 541, 543 and 555 of NRS, NRS 450.550 to 450.750, inclusive, and any agency or department of a county or city which prepares a budget separate from that of the parent political subdivision. The term includes a person who has been designated by the governing body of a local government to serve as its authorized representative.
 - "Offense" means failing to:
 - (a) Pay the prevailing wage required pursuant to this chapter;
- (b) Pay the contributions for unemployment compensation required pursuant to chapter 612 of NRS;
- (c) Provide and secure compensation for employees required pursuant to chapters 616A to 617, inclusive, of NRS; or
 - (d) Comply with subsection 4 or 5 of NRS 338.070.
 - "Prime contractor" means a contractor who:
 - (a) Contracts to construct an entire project;
 - (b) Coordinates all work performed on the entire project;
- (c) Uses his or her own workforce to perform all or a part of the public work; and
- (d) Contracts for the services of any subcontractor or independent contractor or is responsible for payment to any contracted subcontractors or independent contractors.
- → The term includes, without limitation, a general contractor or a specialty contractor who is authorized to bid on a project pursuant to NRS 338.139 or
- 338.148 *ightherapped or 3 of this act.*14. "Public body" means the State, county, city, town, school district or any public agency of this State or its political subdivisions sponsoring or financing a public work.
- 15. "Public work" means any project for the new construction, repair or reconstruction of:
 - (a) A project financed in whole or in part from public money for:
 - (1) Public buildings;
 - (2) Jails and prisons;
 - (3) Public roads;
 - (4) Public highways;
 - (5) Public streets and alleys;
 - (6) Public utilities;
 - (7) Publicly owned water mains and sewers;
 - (8) Public parks and playgrounds;
- (9) Public convention facilities which are financed at least in part with public money; and
 - (10) All other publicly owned works and property.
- (b) A building for the Nevada System of Higher Education of which 25 percent or more of the costs of the building as a whole are paid from money appropriated by this State or from federal money.
- 16. "Specialty contractor" means a person who is licensed to conduct business as described in subsection 4 of NRS 624.215.
- 17. "Stand-alone underground utility project" means an underground utility project that is not integrated into a larger project, including, without limitation:

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- of water, including facilities appurtenant thereto; and (b) A project for the construction or installation of a storm drain, including
 - facilities appurtenant thereto, → that is not located at the site of a public work for the design and construction of which a public body is authorized to contract with a design-build team pursuant to subsection 2 of NRS 338.1711.
 - "Subcontract" means a written contract entered into between:
 - (a) A contractor and a subcontractor or supplier; or
 - (b) A subcontractor and another subcontractor or supplier,
 - → for the provision of labor, materials, equipment or supplies for a construction project.

(a) An underground sewer line or an underground pipeline for the conveyance

- "Subcontractor" means a person who:
- (a) Is licensed pursuant to the provisions of chapter 624 of NRS or performs such work that the person is not required to be licensed pursuant to chapter 624 of NRS; and
- (b) Contracts with a contractor, another subcontractor or a supplier to provide labor, materials or services for a construction project.
- "Supplier" means a person who provides materials, equipment or supplies for a construction project.
 - "Wages" means:
 - (a) The basic hourly rate of pay; and
- (b) The amount of pension, health and welfare, vacation and holiday pay, the cost of apprenticeship training or other similar programs or other bona fide fringe benefits which are a benefit to the worker.
- "Worker" means a skilled mechanic, skilled worker, semiskilled mechanic, semiskilled worker or unskilled worker in the service of a contractor or subcontractor under any appointment or contract of hire or apprenticeship, express or implied, oral or written, whether lawfully or unlawfully employed. The term does not include a design professional.
 - NRS 338.1373 is hereby amended to read as follows:
- A local government or its authorized representative shall award a contract for a public work pursuant to the provisions of:
 - (a) NRS 338.1377 to 338.139, inclusive [+], and section 2 of this act; (b) NRS 338.143 to 338.148, inclusive [+], and section 3 of this act;

 - (c) NRS 338.169 to 338.1699, inclusive; or
 - (d) NRS 338.1711 to 338.1727, inclusive.
- 2. The provisions of NRS 338.1375 to 338.1382, inclusive, 338.1386, 338.13864, 338.1389, 338.142, 338.169 to 338.1699, inclusive, and 338.1711 to 338.1727, inclusive, do not apply with respect to contracts for the construction, reconstruction, improvement and maintenance of highways that are awarded by the Department of Transportation pursuant to NRS 408.313 to 408.433, inclusive.
 - [Section 1.] Sec. 6. NRS 338.139 is hereby amended to read as follows:
- 338.139 1. A public body or its authorized representative may award a contract for a public work *for which the cost is less than \$250,000* pursuant to NRS 338.1375 to 338.13895, inclusive, to a specialty contractor if H the public body or its authorized representative determines that:
- (a) The majority of the work to be performed on the public work to which the contract pertains consists of specialty contracting for which the specialty contractor is licensed [;] pursuant to chapter 624 of NRS; and
- (b) The public work to which the contract pertains is not part of a larger public work.

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- [If a contract to which subsection I applies involves the performance of work outside the scope of the specialty contractor's license, the public body or it's authorized representative may not award a contract to the specialty contractor unless the public body or its authorized representative determines that:
- (a) The work that is outside the scope of the specialty contractor's license is incidental and supplemental to the performance of the work that the specialty contractor is licensed to perform, as provided for in subsection 4 of NRS 624.220; (b) The State Contractors' Board has issued a certification to the specialty contractor pursuant to subsection 3; or
- (e) The specialty contractor is also licensed as a general building contractor pursuant to chapter 624 of NRS.
- 3. Upon application by a specialty contractor, the State Contractors' Board may issue to a qualified specialty contractor a certification which allows the specialty contractor to enter into contracts to be awarded pursuant to NRS 338.1375 to 338.13895, inclusive, that involve the performance of work which is outside the scope of the specialty contractor's license and which is more than incidental and supplemental to the performance of the work that the specialty contractor is licensed to perform. A specialty contractor is qualified to receive a certification pursuant to this subsection if:
- (a) The specialty contractor is licensed for his or her specialty pursuant to chapter 624 of NRS; and
- (b) The specialty contractor has successfully completed at least one public work in the State of Nevada pursuant to NRS 338.1375 to 338.13895, inclusive, which involved the use of two or more crafts or trades unrelated to his or her specialty.
- 4. Except as otherwise provided in this section, if a public body or its authorized representative awards a contract to a specialty contractor pursuant to NRS 338.1375 to 338.13895, inclusive, all work to be performed on the public work to which the contract pertains that is outside the scope of the license of the specialty contractor must be performed by a subcontractor who:
 - (a) Is licensed to perform such work; and
- (b) At the time of the performance of the work, is not on disqualified status with the State Public Works Board pursuant to NRS 338.1376.
- [5. Nothing in this section shall be construed to prohibit a specialty contractor who is also licensed as a general building contractor pursuant to chapter 624 of NRS from entering into a contract for a public work or performing work himself or herself on a public work as allowed by subsection 3 of NRS 624.215.
- 6. The State Contractors' Board shall adopt regulations prescribing the procedure for the certification of specialty contractors.]
- 3. If a specialty contractor is also licensed as a general building contractor pursuant to chapter 624 of NRS, nothing in this section shall be construed to prohibit the specialty contractor who is acting in the capacity of a prime contractor from performing work himself or herself on the public work that is outside the scope of the specialty contractor's license as otherwise allowed by subsection 3 of NRS 624.215.
 - [Sec. 2.] Sec. 7. NRS 338.148 is hereby amended to read as follows:
- 338.148 1. A local government or its authorized representative may award a contract for a public work for which the cost is less than \$250,000 to a specialty contractor pursuant to NRS 338.143 to 338.1475, inclusive, if : the local government or its authorized representative determines that:

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- (a) The majority of the work to be performed on the public work to which the contract pertains consists of specialty contracting for which the specialty contractor is licensed [;] pursuant to chapter 624 of NRS; and
- (b) The public work to which the contract pertains is not part of a larger public work.
- [If a contract to which subsection 1 applies involves the performance of work outside the scope of the specialty contractor's license, the local government or its authorized representative may not award a contract to the specialty contractor unless the local government or its authorized representative determines that:
- (a) The work that is outside the scope of the specialty contractor's license is incidental and supplemental to the performance of the work that the specialty contractor is licensed to perform, as provided for in subsection 4 of NRS 624.220; (b) The State Contractors' Board has issued a certification to the specialty contractor pursuant to subsection 3; or
- (c) The specialty contractor is also licensed as a general building contractor
- pursuant to chapter 624 of NRS.

 3. Upon application by a specialty contractor, the State Contractors' Board may issue to a qualified specialty contractor a certification which allows the specialty contractor to enter into contracts to be awarded pursuant to NRS 338.143 to 338.1475, inclusive, that involve the performance of work which is outside the scope of the specialty contractor's license and which is more than incidental and supplemental to the performance of the work that the specialty contractor is licensed to perform. A specialty contractor is qualified to receive a certification pursuant to this subsection if:
- (a) The specialty contractor is licensed for his or her specialty pursuant to chapter 624 of NRS; and
- (b) The specialty contractor has successfully completed at least one public work in the State of Nevada pursuant to NRS 338.143 to 338.1475, inclusive, which involved the use of two or more crafts or trades unrelated to his or her specialty.
- **4.** Except as otherwise provided in this section, if a local government or its authorized representative awards a contract to a specialty contractor pursuant to NRS 338.143 to 338.1475, inclusive, all work to be performed on the public work to which the contract pertains that is outside the scope of the license of the specialty contractor must be performed by a subcontractor who is licensed to perform such work.
- Nothing in this section shall be construed to prohibit a specialty contractor who is also licensed as a general building contractor pursuant to chapter 624 of NRS from entering into a contract for a public work or performing work himself or herself on a public work as allowed by subsection 3 of NRS 624.215.
- 6. The State Contractors' Board shall adopt regulations prescribing the procedure for the certification of specialty contractors.
- 3. If a specialty contractor is also licensed as a general building contractor pursuant to chapter 624 of NRS, nothing in this section shall be construed to prohibit the specialty contractor who is acting in the capacity of a prime contractor from performing work himself or herself on the public work that is outside the scope of the specialty contractor's license as otherwise allowed by subsection 3 of NRS 624.215.
 - Sec. 8. NRS 624.220 is hereby amended to read as follows:
- 1. The Board shall adopt regulations necessary to effect the classification and subclassification of contractors in a manner consistent with

established usage and procedure as found in the construction business, and may limit the field and scope of the operations of a licensed contractor to those in which the contractor is classified and qualified to engage as defined by NRS 624.215 and the regulations of the Board.

- 2. The Board shall limit the field and scope of the operations of a licensed contractor by establishing a monetary limit on a contractor's license, and the limit must be the maximum contract a licensed contractor may undertake on one or more construction contracts on a single construction site or subdivision site for a single client. The Board may take any other action designed to limit the field and scope of the operations of a contractor as may be necessary to protect the health, safety and general welfare of the public. The limit must be determined after consideration of the factors set forth in NRS 624.260 to 624.265, inclusive.
- 3. A licensed contractor may request that the Board increase the monetary limit on his or her license, either on a permanent basis or for a single construction project. A request submitted to the Board pursuant to this subsection must be in writing on a form prescribed by the Board and accompanied by such supporting documentation as the Board may require. If a request submitted pursuant to this section is for a single construction project, the request must be submitted to the Board at least 2 working days before the date on which the licensed contractor intends to submit a bid for the project.
- 4. [Subject] Except as otherwise provided in NRS 338.139 and 338.148 and sections 2 and 3 of this act, and subject to the provisions of regulations adopted pursuant to subsection 5, nothing contained in this section prohibits a specialty contractor from taking and executing a contract involving the use of two or more crafts or trades, if the performance of the work in the crafts or trades, other than in which the specialty contractor is licensed, is incidental and supplemental to the performance of work in the craft for which the specialty contractor is licensed.
- 5. The Board shall adopt regulations establishing a specific limit on the amount of asbestos that a licensed contractor with a license that is not classified for the abatement or removal of asbestos may abate or remove pursuant to subsection 4.
- [Sec. 4.] Sec. 9. This act becomes effective [on July 1, 2011.] upon passage and approval for the purpose of adopting regulations and on January 1, 2012, for all other purposes.