

ASSEMBLY BILL NO. 86—ASSEMBLYMEN DALY, CARRILLO; ELLIOT  
ANDERSON, BENITEZ-THOMPSON, BOBZIEN, COHEN,  
HANSEN, HEALEY AND SPRINKLE

FEBRUARY 11, 2013

JOINT SPONSOR: SENATOR SMITH

Referred to Committee on Commerce and Labor

SUMMARY—Creates a system for verifying that licensed  
contractors are in compliance with certain provisions  
of law. (BDR 54-276)

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; requiring the State Contractors’  
Board to create a system for verifying that licensed  
contractors are in compliance with certain provisions  
governing workers’ compensation and unemployment;  
requiring the Board to suspend the license of a contractor  
who is not in compliance with such provisions; requiring  
the information in the system to be kept confidential  
except in certain circumstances; providing a penalty; and  
providing other matters properly relating thereto.

**Legislative Counsel’s Digest:**

1 With certain exceptions, each employer, including contractors, is required to  
2 contribute to the Unemployment Compensation Fund. (NRS 612.535) Each  
3 contractor who has employees, is a subcontractor for a principal contractor, or  
4 submits a bid on a job for a principal contractor or subcontractor is also required to:  
5 (1) maintain industrial insurance and insurance for occupational diseases; (2) obtain  
6 a certificate of qualification as a self-insured employer from the Commissioner of  
7 Insurance; or (3) maintain membership in an association of self-insured employers.  
8 (Chapters 616A-617 of NRS, NRS 624.256) Existing law requires: (1) the  
9 Administrator of the Division of Industrial Relations of the Department of Business  
10 and Industry to provide timely notice to the State Contractors’ Board if a  
11 contractor’s industrial insurance coverage has lapsed; and (2) the Commissioner of  
12 Insurance to provide timely notice to both the Administrator and the Board if a



\* A B 8 6 \*

contractor's certificate of qualification as a self-insured employer is cancelled or withdrawn, or the contractor is no longer a member of an association of self-insured public or private employers. (NRS 616B.630) **Section 2** of this bill requires the Board to create a system for verifying that contractors contribute to the Unemployment Compensation Fund or pay the required reimbursement, and maintain in full force the required industrial insurance and insurance for occupational diseases.

**Section 3** of this bill requires each insurer who has executed a contract of insurance with a contractor for a policy of industrial insurance and insurance for occupational diseases to maintain a record of each policy and allow the Board access to that record. **Section 4** of this bill provides that information maintained in the system created by the Board can be disclosed only in certain circumstances and makes a willful violation of the section a category D felony.

**Section 5** of this bill requires the Board, if applicable, to verify that each licensed contractor contributes to the Unemployment Compensation Fund and provides and maintains industrial insurance and insurance for occupational diseases. **Section 5** also requires that the Board suspend the license of any contractor who has failed to meet these requirements and authorizes the Board to reinstate a suspended license if the contractor whose license has been suspended demonstrates compliance with those requirements and all other requirements for the reinstatement of a suspended contractor's license. **Section 5** also authorizes the Board to rescind the suspension of a contractor's license which was suspended because the contractor failed to contribute to the Unemployment Compensation Fund or to maintain industrial insurance and insurance for occupational diseases if the contractor's failure to meet those requirements resulted from circumstances beyond his or her control.

**Section 6** of this bill exempts insurers and the Board from civil liability for actions taken under the provisions of this bill that are performed in good faith and without gross negligence.

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

**Section 1.** Chapter 624 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 6, inclusive, of this act.

**Sec. 2. 1. The Board:**

*(a) Shall, in cooperation with insurers, the Employment Security Division of the Department of Employment, Training and Rehabilitation and the Commissioner of Insurance, create a system for verifying through the secure transmission and receipt of information that, if applicable, a licensed contractor is in compliance with the provisions of chapters 612 and 616A to 617, inclusive, of NRS regarding contributions for unemployment compensation and the maintenance of industrial insurance and insurance for occupational diseases; and*

*(b) May enter into a contract with any person to provide services relating to the system.*



2. The Board shall adopt regulations to carry out the provisions of this section, including, without limitation, regulations for verifying that, if applicable, a licensed contractor is in compliance with the provisions of chapters 612 and 616A to 617, inclusive, of NRS regarding contributions for unemployment compensation and the maintenance of industrial insurance and insurance for occupational diseases.

**Sec. 3.** 1. Each insurer that has executed a contract of insurance with a contractor for a policy which may be used to meet the requirements of chapters 616A to 617, inclusive, of NRS shall maintain a record of each policy in a format approved by the Board and provide the Board with access to the record.

2. The Board shall notify the Commissioner of Insurance if an insurer:

(a) Fails to comply with subsection 1; or

(b) In complying with subsection 1, provides to the Board information that is false, incomplete or misleading.

**Sec. 4.** 1. Except as otherwise provided in subsection 2 and NRS 239.0115, information which is maintained in the system created pursuant to section 2 of this act is confidential.

2. The Board may only disclose information which is maintained in the system to:

(a) A state or local governmental agency for the purpose of enforcing the provisions of chapters 612 and 616A to 617, inclusive, of NRS, including, without limitation, investigating or litigating a violation or alleged violation;

(b) An authorized insurer;

(c) A person:

(1) With whom the Board has contracted to provide services relating to the system created pursuant to section 2 of this act; and

(2) To whom information is disclosed only pursuant to a nondisclosure or confidentiality agreement which relates to the information;

(d) A contractor who requests information regarding his or her own status;

(e) A person who has a power of attorney from the contractor about whom the information is requested;

(f) A person who submits a notarized release from the contractor about whom the information is requested, which release is dated not more than 90 days before the date of the request; or

(g) A person who has suffered a loss or injury arising out of and in the course of employment for a contractor, or the person's authorized insurer or a representative of the authorized insurer, who requests;



1       (1) Information for use in an accident report; and  
2       (2) For each contractor involved in the project on which  
3 the person suffered the loss or injury:

4       (I) The name and address of each contractor;

5       (II) The name of the insurer; and

6       (III) The number of the policy of insurance, if  
7 applicable.

8       3. A person who knowingly violates the provisions of this  
9 section is guilty of a category D felony and shall be punished as  
10 provided in NRS 193.130.

11       4. As used in this section, "authorized insurer" has the  
12 meaning ascribed to it in NRS 679A.030.

13       **Sec. 5.** 1. The Board shall verify that each contractor who  
14 is licensed in this State has, if applicable, complied with the  
15 provisions of chapters 612 and 616A to 617, inclusive, of NRS  
16 regarding contributions for unemployment compensation and the  
17 maintenance of industrial insurance and insurance for  
18 occupational diseases.

19       2. The Board may use any information to verify whether a  
20 licensed contractor has, if applicable, complied with the provisions  
21 of chapters 612 and 616A to 617, inclusive, of NRS regarding  
22 contributions for unemployment compensation and the  
23 maintenance of industrial insurance and insurance for  
24 occupational diseases.

25       3. If the Board is unable to verify that a licensed contractor  
26 has, as applicable, complied with the provisions of chapters 612 or  
27 616A to 617, inclusive, of NRS regarding contributions for  
28 unemployment compensation or the maintenance of industrial  
29 insurance and insurance for occupational diseases, the Board  
30 shall send a request for information by first-class mail to the  
31 contractor. The contractor shall submit all the information which  
32 is requested to the Board within 15 days after the date on which  
33 the request for information was mailed by the Board. If the Board  
34 does not receive the requested information within 15 days after it  
35 mailed the request to the contractor, the Board shall send to the  
36 contractor a notice of suspension of license by certified mail. The  
37 notice must inform the contractor that unless the Board is able to  
38 verify that the contractor has, if applicable, complied with the  
39 provisions of chapters 612 and 616A to 617, inclusive, of NRS  
40 regarding contributions for unemployment compensation and the  
41 maintenance of industrial insurance and insurance for  
42 occupational diseases within 10 days after the date on which the  
43 notice of suspension was sent by the Board, the contractor's  
44 license will be suspended pursuant to subsection 4.



1     4. The Board shall suspend the license of any contractor  
2     whom the Board cannot verify has, if applicable, complied with  
3     the provisions of chapters 612 and 616A to 617, inclusive, of NRS  
4     regarding contributions for unemployment compensation and the  
5     maintenance of industrial insurance and insurance for  
6     occupational diseases. Upon the suspension of a contractor's  
7     license, the contractor may not perform any work on any project  
8     for which a contractor's license is required.

9     5. Except as otherwise provided in subsection 6, the Board  
10    shall reinstate the contractor's license only upon verification of  
11    current compliance with chapters 612 and 616A to 617, inclusive,  
12    of NRS, if applicable, and with the requirements for reinstatement  
13    of a contractor's license prescribed in subsection 4 of  
14    NRS 624.283.

15    6. If the Board suspends the license of a contractor pursuant  
16    to subsection 4 because the contractor has failed, as applicable, to  
17    comply with the provisions of chapters 612 or 616A to 617,  
18    inclusive, of NRS regarding contributions for unemployment  
19    compensation or the maintenance of industrial insurance and  
20    insurance for occupational diseases on the date specified in the  
21    request for information sent pursuant to subsection 3, and if the  
22    contractor, in accordance with regulations adopted by the Board,  
23    proves to the satisfaction of the Board that the contractor was  
24    unable to comply with the applicable provisions of chapters 612 or  
25    616A to 617, inclusive, of NRS on that date:

26    (a) Because of extenuating circumstances beyond the control  
27    of the contractor; or

28    (b) For other good cause shown,  
29    ↪ the Board may rescind the suspension of the license.

30    7. The Board shall adopt regulations to carry out the  
31    provisions of subsection 6.

32    **Sec. 6.** *An insurer, its agents, the Board and its members and*  
33    *employees who act pursuant to sections 2 to 6, inclusive, of this act*  
34    *in good faith and without gross negligence are immune from civil*  
35    *liability for those acts.*

36    **Sec. 7.** NRS 624.110 is hereby amended to read as follows:

37    624.110 1. The Board may maintain offices in as many  
38    localities in the State as it finds necessary to carry out the provisions  
39    of this chapter, but it shall maintain one office in which there must  
40    be at all times open to public inspection a complete record of  
41    applications, licenses issued, licenses renewed and all revocations,  
42    cancellations and suspensions of licenses.

43    2. Except as otherwise required in NRS 239.0115 and 624.327,  
44    and section 4 of this act, credit reports, references, financial



1 information and data pertaining to a licensee's net worth are  
2 confidential and not open to public inspection.

3 **Sec. 8.** NRS 624.256 is hereby amended to read as follows:

4 624.256 1. Before granting an original or renewal of a  
5 contractor's license to any applicant, the Board shall require that the  
6 applicant submit to the Board:

7 (a) Proof of industrial insurance and insurance for occupational  
8 diseases which covers the applicant's employees;

9 (b) A copy of the applicant's certificate of qualification as a self-  
10 insured employer which was issued by the Commissioner of  
11 Insurance;

12 (c) If the applicant is a member of an association of self-insured  
13 public or private employers, a copy of the certificate issued to the  
14 association by the Commissioner of Insurance; or

15 (d) An affidavit signed by the applicant affirming that he or she  
16 is not subject to the provisions of chapters 616A to 616D, inclusive,  
17 or chapter 617 of NRS because the applicant:

18 (1) Has no employees;

19 (2) Is not or does not intend to be a subcontractor for a  
20 principal contractor; and

21 (3) Has not or does not intend to submit a bid on a job for a  
22 principal contractor or subcontractor.

23 2. The Board shall notify the Fraud Control Unit for Industrial  
24 Insurance established pursuant to NRS 228.420 whenever the Board  
25 learns that an applicant or holder of a contractor's license has  
26 engaged in business as or acted in the capacity of a contractor within  
27 this State without having obtained industrial insurance or insurance  
28 for occupational diseases in violation of the provisions of chapters  
29 616A to 617, inclusive, of NRS.

30 3. Failure by an applicant or holder of a contractor's license to  
31 file or maintain in full force the required industrial insurance and  
32 insurance for occupational diseases constitutes cause for the Board  
33 to deny, revoke, suspend, refuse to renew or otherwise discipline the  
34 person, unless the person has complied with the provisions set forth  
35 in paragraph (d) of subsection 1.

36 *4. The provisions of this section are in addition to and not in*  
37 *lieu of the provisions of sections 2 to 6, inclusive, of this act.*

38 **Sec. 9.** This act becomes effective:

39 1. Upon passage and approval for the purpose of adopting  
40 regulations and performing any other preparatory administrative  
41 tasks; and

42 2. On January 1, 2014, for all other purposes.

