

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON COMMERCE AND LABOR**

**Eightieth Session
May 8, 2019**

The Committee on Commerce and Labor was called to order by Chair Ellen B. Spiegel at 1:35 p.m. on Wednesday, May 8, 2019, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4406 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/App/NELIS/REL/80th2019.

COMMITTEE MEMBERS PRESENT:

Assemblywoman Ellen B. Spiegel, Chair
Assemblywoman Maggie Carlton
Assemblyman Skip Daly
Assemblyman Chris Edwards
Assemblywoman Melissa Hardy
Assemblywoman Sandra Jauregui
Assemblyman Al Kramer
Assemblywoman Susie Martinez
Assemblyman William McCurdy II
Assemblywoman Dina Neal
Assemblywoman Jill Tolles
Assemblyman Steve Yeager

COMMITTEE MEMBERS ABSENT:

Assemblyman Jason Frierson, Vice Chair (excused)

GUEST LEGISLATORS PRESENT:

Senator Chris Brooks, Senate District No. 3
Senator David R. Parks, Senate District No. 7

STAFF MEMBERS PRESENT:

Kelly Richard, Committee Policy Analyst
Wil Keane, Committee Counsel
Earlene Miller, Committee Secretary
Olivia Lloyd, Committee Assistant

OTHERS PRESENT:

Matthew Walker, representing Manufactured Home Community Owners Association
Jeanne Parrett, Manager, El Dorado Estates, Las Vegas, Nevada
Nicole Willis-Grimes, representing State Contractors' Board
Stephen Aichroth, Administrator, Housing Division, Department of Business and Industry
Joshua J. Hicks, representing Nevada Home Builders Association
Tyson K. Falk, representing Self Storage Association
Joseph L. Doherty, Senior Vice President, Legal and Legislative Counsel, Self Storage Association, Alexandria, Virginia

Chair Spiegel:

[Roll was taken and Committee rules and protocol were reviewed.] I will open the hearing on Senate Bill 371 (1st Reprint).

Senate Bill 371 (1st Reprint): Revises provisions relating to maintenance of manufactured home parks and repairs of manufactured homes. (BDR 10-303)

Senator Chris Brooks, Senate District No. 3:

Timely maintenance to any home is critical to prevent costly repairs or code violations, especially in rural areas of the state. The cost and delay associated with the current system of repairing mobile homes under *Nevada Revised Statutes* (NRS) Chapter 118B is not meeting the needs of manufactured home community residents. The changes proposed to NRS Chapter 118B by Senate Bill 371 (1st Reprint) would allow community owners and manufactured home owners to perform routine maintenance critical for maintaining property values, safety, and aesthetic standards of the community. The changes will ensure work that impacts life and safety continues to be performed by contractors who are qualified to perform work on a manufactured home.

Matthew Walker, representing Manufactured Home Community Owners Association:

There is a document on the Nevada Electronic Legislative Information System (NELIS) which provides common examples of how repairs typically work under current statute and how we hope they will work should S.B. 371 (R1) be enacted ([Exhibit C](#)). There is a friendly amendment proposed by the State Contractors' Board that closes an important loophole in the current draft of the bill ([Exhibit D](#)).

The bill is seeking to accomplish three things. We are hoping to copy the tried and true handyman exemption in NRS Chapter 624 into NRS Chapter 118B so manufactured home owners and manufactured community owners have the ability to have a maintenance person do nonpermitted work under \$1,000 that is similar to a homeowner for a stick-built home. We are hoping to have NRS Chapter 624 licensees who are licensed by the State Contractors' Board and who are certified to do work on stick-built homes to do certain types of work in manufactured homes. This is permitted nonstructural work that does not impact fuel and gas systems and other critical specialty-licensed applications in NRS Chapter 188B, such as setting a trailer. If a homeowner needs drywall replaced, that is a permitted job, but they should be able to find any licensed drywall contractor to do that work. Should this bill pass, the owners would be able to do that. It would provide more timely, more economically viable repairs, especially in our rural communities. We think this is an important thing for this Committee to consider.

Regarding the State Contractors' Board amendment, it is important that if NRS Chapter 624 licensees are going to perform work in manufactured homes, we do not create a loophole. We do not want NRS Chapter 624 contractors doing shoddy work or walking away with people's money. They may get cited by the Housing Division, Manufactured Housing, Department of Business and Industry, but their license is not impacted. We want to make sure that anytime the Division conducts an investigation, finds an issue, and issues a citation or any other discipline, they immediately report it to the State Contractors' Board so the Board is aware of the issue and can take appropriate action.

[Assemblywoman Carlton assumed the Chair.]

Acting Chair Carlton:

This has been an issue that has come up in both houses over numerous years. I remember previous discussions, and one of the components that gives me pause is that a manufactured home is not like a stick-built home. There are things you can and cannot do because of the structure. There are some manufactured homes that cannot handle the weight of drywall, because it is much heavier than the insulation and the vinyl walls that are installed in a manufactured home. How would we know that a person hired to do work under a handyman's license would understand the ramifications of work that is done on a manufactured home?

Matthew Walker:

We are talking about two different provisions of the bill. One provision would be the NRS Chapter 624 drywall contractor doing permitted work. The handyman would never be replacing drywall because that is a permitted job. A handyman should not be doing electrical work or drywall work. It is really important that the handyman is similar to someone you might see doing apartment maintenance such as cosmetic repainting and things of that nature. I want to make it clear that a handyman should be doing handyman-appropriate work that does not require a permit under any circumstances. To your original question regarding the unique specifications of a manufactured home, we think it is very important that the

NRS Chapter 624 licensee who does not have a corresponding license with the Housing Division is not doing fuel-gas systems or any structural work. You can find common scenarios where a heating, ventilation, and air conditioning repair person might have to cut into the exterior of the trailer or do some sort of alteration to perform their work. If they do not have the specialty license, they are going to have to walk away from that job. We are counting on the Housing Division to adopt regulations to better define what is and is not structural work. If they want people replacing a shingle on a roof versus not repairing the roof, we hope that can be better defined through regulation. As new technologies become available and as things change, we feel the regulations could probably live and breathe better than locking all of that into statute.

Acting Chair Carlton:

Going back to the actual contractor, there is no provision in there that they have any training or any knowledge or any backup on a manufactured home. We are just going to let them work on the manufactured home. The things I would be concerned about would be the shower, the toilet, and things along that line. You cannot put a typical shower in a manufactured home. It has to be a special shower and it has to be hooked up the right way. Toilets have changed. As far as kitchen remodeling, you have to be careful of how you remodel a kitchen because the home is balanced and is not like a stick-built home. It has to sit on the footings with the skirt around it so it has to have a balancing mechanism in it to make sure you are not putting more weight on one side than the other, especially if it is a single-wide. I would be concerned that without any actual experience or knowledge of a manufactured home, someone could hire a contractor, pay them, think they are getting a good job, and end up having a bigger problem because the contractor did not realize the ramifications of that home versus a stick-built home.

Matthew Walker:

We are happy to work with you and the Housing Division to put a finer point on the scope of application of NRS Chapter 624 licensees to this type of work. Our intention is to open the marketplace to make repairs more readily available, especially for people who live in the rural areas of the state where specialty licensees might not be available. We understand this is not a one size fits all and we will be happy to follow up with you offline to see if we can put a finer point on that. The main thrust of the bill is to be able to access the handyman provisions of the bill. There is maintenance that is required by community owners to be performed under NRS Chapter 118B. Being able to perform these minor repairs along the way will help save money and prevent the need for major repairs to be done. This is not a hill to die on in terms of having the full breadth of NRS Chapter 624 being available. We are happy to dial in the scope to make sure we are striking the appropriate balance.

Acting Chair Carlton:

I am more concerned about the residents and what they get, especially if the owner is doing something and how it impacts the individual resident. This was one of the concerns that was brought forward a couple of sessions ago when we placed manufactured housing into the Housing Division, Department of Business and Industry. The concern was that the homeowner would not get the same level of oversight and protections that they needed

because it is a totally different residence. There are special needs and special considerations. I had one person in my district where somebody convinced him that they could get a huge refrigerator in their manufactured home and they ended up having the kitchen floor buckle. There are some intricacies of manufactured homes. I want to make sure everybody is protected.

Are there any questions from the Committee?

Assemblywoman Neal:

Can you give any examples of what these owners would be trying to repair that is less than \$1,000?

Matthew Walker:

Examples include painting a fence, painting an address on a curb, or other repairs that would be appropriate for a handyman. If you think of something a maintenance employee might be doing inside of an apartment complex, that is probably the same type of common area maintenance that we are talking about. As you are thinking about this bill, more and more manufactured community homeowners are becoming landlords. They own more units through attrition of homeowners. People turn the keys over because there is no longer a healthy financial and dealership network. We are seeing more maintenance issues within homes which you might think of in an apartment complex that these owners are taking on. We are now talking about painting the eaves and other common repairs and upkeep.

Assemblywoman Neal:

You say maintenance, but the amendment submitted by the State Contractors' Board changes it to repairs ([Exhibit D](#)). I have a question in section 2 which talks about the complaints that are filed and the language there says "may." The structure of the bill and what you have as exceptions in sections 4 and 5 allows the owners who own, lease, or rent to do authorized work pursuant to subsection 4 of NRS Chapter 118B. Then it seems as if something happens. I am not comfortable with this permissiveness and wonder why it is permissive. If the owner does it for himself and the tenant does not like it, what is their recourse? Why does this not say "shall"?

Matthew Walker:

The State Contractors' Board tried to tighten up that language and I think they successfully did so. In section 2, subsection 5, paragraph (a), the "may" is that the complaint may be filed with the Division if the homeowner is not happy with the workmanship or the repair for which they paid or was not done. They can file a complaint with the Division. If the Division establishes that there were acts or omission or a violation of NRS 489.416, they shall forward that information to the State Contractors' Board.

Senator Brooks:

To clarify for Assemblywoman Neal, section 2 is referring to NRS Chapter 624, not NRS Chapter 118B. It is specifically addressing the contractors licensed under NRS Chapter 624 where they would have two levels of supervision—the Division as well as

the State Contractors' Board. You may contact the Division and they can contact the Contractors' Board or an individual can contact the Contractors' Board directly. That is different from NRS Chapter 118B where the homeowner would contact the Division, not the Contractors' Board because it would not be dealing with the contractors who are regulated by NRS Chapter 624.

Assemblywoman Neal:

What if the homeowner does not want the owner to do the work and they want a licensed person?

Matthew Walker:

The person hiring the maintenance person or a licensed contractor would be hiring them to perform work on property which they own. We think there is benefit to the homeowner to have access to this type of repair, but nobody is under an obligation to have somebody perform work on property they own. They are subject to the rules of the manufactured home community, but they are not obligated to allow for repairs to be made.

Jeanne Parrett, Manager, El Dorado Estates, Las Vegas, Nevada:

If the owner of the home wants to hire a nonlicensed contractor to do something that requires a permit and a license, it is up to the manager of the property to stop that work from being done and make sure it is being done according to law by a licensed contractor. Many of our seniors simply cannot afford licensed contractors to replace the insides of a toilet so they hire a handyman or their next-door neighbor. More communities, including ours, now own more of the homes and in order to continue to provide affordable housing, we need to be able to do repairs and maintenance affordably without getting a licensed contractor through the Housing Division to do a complete renovation. If we only want to change a toilet, change a garbage disposal, or paint a house, we should be able to do that. Current law does not allow a staff employee to do most of those things on a home that our community owns.

Acting Chair Carlton:

Are you currently not allowed to hire a handyman for work in a manufactured home?

Jeanne Parrett:

Under current law, if the work being done requires a permit, the owner is supposed to hire a contractor who is licensed through the Housing Division from the list they provide. Changing the plumbing or electrical requires a manufactured home licensed contractor to do that work. Painting does not require that. If the homeowner or the community owner has a problem with an unlicensed person they hire, they have no recourse.

Acting Chair Carlton:

There is a handyman exemption for work which costs less than \$1,000 and does not require a permit.

Senator Brooks:

On manufactured homes, there is no handyman exemption even if it is under \$1,000 and does not require a permit. That exemption is for a stick-built home. One of the primary pieces of this bill is to apply that same logic to manufactured homes. Additionally, a community owner must hire a specialty contractor for any work to be done. We are trying to allow work that is permitted and above \$1,000 to be done by a contractor licensed per NRS Chapter 624 as long as the repair is not structural, fuel system, or specific to the mechanics of a manufactured home. We want to allow the handyman exemption for the park operator for the nonpermitted work under \$1,000. There are three things trying to be accomplished by this bill that provide tremendously more flexibility to the park owner, the owner of the property, or the tenant of the property.

Acting Chair Carlton:

Are there other questions from the Committee?

Assemblyman Daly:

Under which chapter of NRS are manufactured homes licensed?

Senator Brooks:

That is NRS Chapter 489. That is specific to manufactured homes, so contractors licensed under NRS Chapter 624 cannot do that work unless they are licensed under both chapters. That really narrows the pool of contractors across the state who can do some of these minor repairs.

Assemblyman Daly:

If it is nonpermitted work, a person could be licensed under only NRS Chapter 624, or it could be a handyman who is not licensed under either if the work is under \$1,000?

Senator Brooks:

That is absolutely correct.

Assemblyman Daly:

Under NRS Chapter 489, do they have the same thing as in NRS Chapter 624 where there is an exemption for a person doing work on their own house? On a stick-built home, an owner can submit their plans and do their own work.

Matthew Walker:

I will let the Housing Division answer that. The overall owner-builder exemption where they can act as their own general contractor is not applicable to that chapter.

Assemblyman Kramer:

My son has a manufactured home and he wanted to have his roof replaced. He contacted several contractors and very few of the roofing contractors in the Reno area were qualified or licensed to work on manufactured homes. The quotes he received were 25 percent more for people qualified to work on manufactured homes. The ones who were not manufactured

home-qualified would not warranty the roof because their insurance would not cover them as they were not licensed for manufactured homes. If this bill is passed, would a noncertified manufactured home roofer be able to warranty a roof? Would that carry over from NRS Chapter 624 to the work covered by NRS Chapter 489?

Senator Brooks:

Unfortunately, the roofing work would be considered integral to the structure and would then put you into the category that the contractor would have to be licensed per NRS Chapter 489. That is specific work integral to the structure of the manufactured home in most cases. I do not believe there is anything in this bill that would address that issue.

Assemblyman Kramer:

If it were another type of repair, could it be insured by someone who is not licensed by the Housing Division?

Matthew Walker:

Our hope is to bring more competition and availability for quicker and more economically feasible repairs for homes. If this bill passes, it does not mean that NRS Chapter 624 licensees will jump at the opportunity to offer this service. It will ultimately be up to them whether they feel they have the expertise, and if they want to take the additional risk on their insurance. We are not sure what the market will bear. I think in a few instances, especially in the rural communities where we can expand access, the conversation has merit.

Senator Brooks:

I am a licensed contractor and I had provisions in my insurance policy that would not allow me to make connections to or touch the structure of the roof of a manufactured home, but I could do electrical work on the manufactured home if I was properly licensed under NRS Chapter 489. There are two separate issues there—it is what your insurance company will allow and what statute and regulations will allow. Even if I were to get licensed under NRS Chapter 489 as a 489 specialty/Chapter 624 electrical contractor, my insurance company would not allow me to touch the roof or do anything to a manufactured home that was considered structural. It is unfortunate, but it does limit the options and, therefore, the affordability of working on and repairing manufactured homes. We are trying to take a small step towards helping with some of those smaller issues but, unfortunately, it does not address some of the larger issues.

Acting Chair Carlton:

We totally understand the affordability issue. We want to make sure people can afford their repairs, but we also want to make sure they get a safe and reliable repair and do not end up with a bigger problem in the long run. We have all had issues with repairmen.

Are there any other questions from the Committee? Seeing none, is there anyone to speak in support of S.B. 371 (R1)? Seeing no one, is there anyone here in opposition? [There was no one.] Are there any to testify in neutral?

Nicole Willis-Grimes, representing State Contractors' Board:

We appreciate the bill sponsor for working closely with us on the language in our amendment with regard to filing complaints through the Housing Division. As Mr. Walker clarified, if any action is taken by the Division, notification will go to the Contractors' Board so if that person is an NRS Chapter 624 licensee, we also have a record of it.

Acting Chair Carlton:

As stated earlier, the resident or owner would not have to go through the Division. They could file a complaint with the Contractors' Board directly and they would not have their avenue for redress cut off.

Nicole Willis-Grimes:

That is correct. Especially if it is an NRS Chapter 624 licensee who is performing the work and the homeowner is dissatisfied with the work or has issues with the performance of the work, they do have the recourse to go through the Contractors' Board.

Stephen Aichroth, Administrator, Housing Division, Department of Business and Industry:

We are also in neutral and appreciate the sponsor for working with us on some of our concerns with the initial draft. To answer Assemblyman Daly's question, in a manufactured home park, a homeowner cannot work on their specific home. The reason is because the homes are so close together that if they make a mistake, it affects the neighborhood.

Acting Chair Carlton:

Regarding the conversation we had about a manufactured home being totally different and concerns that were addressed about making sure someone was qualified and had enough expertise to understand what a manufactured home would be, those were put into statute a very long time ago. Are there no concerns about allowing unqualified people to do work on these homes?

Stephen Aichroth:

We do have concerns. I want to compliment you on understanding that these are engineered buildings and completely different structures than a stick-built home. With provisions in the bill that allow us, by regulation, to specify exactly what can be done, I think that is one fence which will help us. The issues such as can we do a whole roof, portions of a roof, or shingles in a certain area, those are some of the things that we can work through as this progresses.

Acting Chair Carlton:

How many people do you have registered to do work on manufactured homes?

Stephen Aichroth:

I know we have roughly about 700 licensees, but I do not have the breakdown between dealers, service people, and things of that nature. I can get you that information.

Acting Chair Carlton:

I would appreciate that. I would like to understand the access issue because this is also a competition issue. Please provide that to the Committee so everyone has the same information.

Assemblyman Edwards:

Of the 700 you have, is there a breakdown between north and south?

Stephen Aichroth:

We do not categorize them in that manner. I am not sure we have that information.

Assemblyman Edwards:

If you could break it down, that would be great. I would like to see how the rural communities would be impacted. If there is a concentration of the contractors in the south or the north, what about the rest of the counties? That is my concern.

Stephen Aichroth:

If we can address that and sort it, we will get you that information when we provide the additional information.

Acting Chair Carlton:

Keep in mind, Clark County is urban and rural at the same time. Are there any other questions from the Committee?

Jeanne Parrett:

I have a list of general service persons with install and without install. On a rough count, within the state, general service people with installation is approximately 80. Without installation is 17. They are fairly evenly spread throughout southern and northern Nevada. It is the rural counties in between that seem to lack possibilities.

Acting Chair Carlton:

There being no closing remarks, I will close the hearing on Senate Bill 371 (R1) and open the hearing on Senate Bill 397 (1st Reprint).

[Senate Bill 397 \(1st Reprint\)](#): Revises provisions governing contractors. (BDR 54-304)

Senator Chris Brooks, Senate District No. 3:

Senate Bill 397 (1st Reprint) does one thing. It extends the handyman exemption for stick-built homes to subcontractors. Currently subcontractors are limited in what they can do based upon the scope of their contract. A handyman is not licensed by the State Contractors' Board and has not had to demonstrate any area of expertise but, more importantly, does not have the oversight or the financial backing that regulated NRS Chapter 624 contractors have.

This bill is trying to apply the same handyman exemption for small-dollar items or nonpermitted items to a subcontractor who is working on the project that currently exists for an unlicensed handyman by the State Contractors' Board. It excludes electrical, heating, ventilation, air conditioning, and plumbing—specialty license work that a handyman would not be able to do.

An example would be an electrical contractor cutting a hole in a wall, fishing a wire down to install a receptacle, then reattaching a small piece of sheetrock. That could be considered outside of that subcontractor's scope of work even though that subcontractor is licensed, bonded, insured, and has the oversight of the Contractors' Board. A handyman could come in and do that. We are trying to close that loophole so a licensed contractor who is working on a project can do very small, incidental things out of their scope, the same way a handyman that is unlicensed by the State Contractors' Board could.

Acting Chair Carlton:

Since there is a handyman exemption, in one part of the work he is acting as a contractor, but he does not have to be licensed as a handyman, so he could call himself a handyman and a contractor at the same time and do both. Where is the problem? As a handyman you do not have to be certified to do those things. I guess I am missing something. Since the scope is less, and we allow other people to do it, what prohibits them from doing that and not calling themselves a handyman?

Joshua J. Hicks, representing Nevada Home Builders Association:

There is an express prohibition on a licensed contractor taking advantage of the current handyman exemption. That is the issue and that is what this bill tries to fix.

Acting Chair Carlton:

When we put in the handyman's license, it was to allow a group of people to work that were not at the level of a contractor. Now the contractor wants to do that also.

Joshua Hicks:

That is exactly correct. The licensed contractor could not do something outside of scope now, but this bill would allow them to do that unless it were over \$1,000, permitted work, or a specialty trade.

Acting Chair Carlton:

If the licensed contractor puts the outlet in and it catches fire, who does the resident go to because the contractor is operating within an exemption? They cannot go to the Contractors' Board.

Joshua Hicks:

I think they could go to the Contractors' Board because this would now be within their jurisdiction. If it was electrical, that is a specialty the contractor should not be doing.

Acting Chair Carlton:

We can use another example. If that licensed person goes into an exempt category, and if something happens while they are doing the exempt work, who is the regulator that makes sure that handyman/contractor is held accountable for their work?

Senator Brooks:

Anything the licensed contractor does is covered by the jurisdiction of the Contractors' Board, including the liability as well as the oversight and the potential disciplinary action if they were to do something wrong. Maybe exemption is not the proper term. This would allow the contractor to work in the scopes of work in the same way the handyman who has a handyman exemption would. They would not be a handyman. This allows them to do incidental work that falls outside of their scope, but still completely under the jurisdiction of the State Contractors' Board.

Acting Chair Carlton:

The confusion I am having is in *Nevada Revised Statutes* (NRS) 624.031, the exemption section, which means those people are not held accountable to the Contractors' Board, but it is referenced in the bill. I want to make sure if they do this work and there is a problem, our constituents have a place to complain.

Senator Brooks:

It is still under NRS 624.220 in the definitions of what the contractor who is licensed under that section can do. It does not refer to the handyman exemption. This adds a new paragraph with language clarifying what the contractor can do, which happens to be the same work as the handyman.

Acting Chair Carlton:

When I look at section 5, it references NRS 624.341 which is the exemption section. In section 5, subsection 6, it references NRS 624.220. I want to make sure we are talking about the same thing and people have someone to go to.

Wil Keane, Committee Counsel:

The exemption section for NRS Chapter 624 is NRS 624.031, which exempts many people. One of the exemptions is for someone who performs handyman work which is work that is less than \$1,000, and there are a number of exemptions to that. If you wanted to be a handyman and do work that was valued at less than \$1,000, you would still need to be licensed as a contractor for a variety of reasons. Those reasons include work that has to do with plumbing, electrical, refrigeration, heating, and air conditioning; or was the type of work the Contractors' Board determined affected the safety or welfare of members of the general public, was part of a larger construction project, or if the person performing the work is licensed pursuant to the chapter. If you are a licensed contractor, you cannot be exempt under the handyman exemption.

In section 4 of the bill there was an existing exception. Section 4, subsection 4 is existing law. If you are a specialty contractor and, in the performance of your specialty contractor work, you do some work which is incidental and supplemental to the performance of your work, you may do that work. That allowance is being expanded in section 4, subsection 4, paragraph (b) so if a contractor is licensed in a specialty and wanted to do work valued at less than \$1,000, which was not plumbing, electrical, refrigeration, or any other limitations written in statute, he or she can do that work. Essentially, the contractor can operate as a handyman even though it was not incidental to the job for which he was hired.

Acting Chair Carlton:

Are there other questions?

Assemblywoman Neal:

Why are we trying to compete with the handyman? Why can we not let the handyman have this area and why are we trying to push the handyman out of business? Contractors now want to do work for less than \$1,000, and this is an area that has historically been for a handyman. Why is there a need? Is there not enough work?

Senator Brooks:

A licensed contractor has the supervision and oversight and there are legal and financial ways to hold them responsible and liable for anything they do from a workmanship standpoint. If you are a homeowner and hire a plumber to replace your toilet, in the process they have to tear out some of the flooring. Based on current law, they are not allowed to do that. You would then have to hire a flooring contractor or a handyman to do that flooring repair, nonpermitted and under \$1,000. The purpose of this bill was really for the convenience of the homeowner so they can have some of this other work done by the licensed contractor. If the workmanship of anything they touch is not good, the homeowner can go to the Contractors' Board. In current law, the homeowner would have to say to the contractor, You need to leave and I will have to hire an unlicensed handyman to complete the work or another licensed contractor to do the work. Efficiency and convenience with oversight is what we are trying to achieve with the bill.

Assemblywoman Neal:

How many incidents happen like that if the current law says a licensed contractor can do what is incidental and supplemental? The flooring is supplemental and incidental to pulling the toilet out. The contractor should take care of everything associated with changing the toilet. To me that is incidental. A person who is a handyman probably has another job but is really good at doing other things. They may install a ceiling fan in your home and it is nominal what they are paid versus a contractor who may charge you more. I understand the oversight, but I also feel it is competition. Why did we carve out a niche for a handyman in the first place?

Senator Brooks:

I am not familiar with the legislative history, but I know they are not regulated. The Contractors' Board has no oversight over them. I think there are plenty of things that are appropriate for the handyman to do within their current business license. The only thing we are trying to accomplish with this bill is to make those tasks done by the handyman available for the licensed contractor when they are on that project. I do not see this as trying to exclude a handyman from his current line of work. This is closing a loophole that existed on not allowing a licensed contractor to do work on the project they were already on that an unlicensed handyman could do. I do not see this as competition and it is definitely not meant to be. It is meant to provide an opportunity for a licensed contractor to do some of the things the homeowner wants them to do.

Assemblyman Daly:

I understand the scenarios you presented. It separates almost on the specialty contractors—the heating, ventilating, and air conditioning; plumbing; and electrical people who are there to do work where you have to have a contractor. Then there is incidental work. For drywall, wallpaper, and other things they will bring in a subcontractor or, if they are comfortable doing it themselves, maybe they could say it was incidental, but it may be outside their scope. If that scope was under \$1,000, this would allow that contractor to do that. I think it gives the specialty contractors a little more room. It would be the same thing if you had a carpentry contractor who was going to do some drywall—he is allowed to do the taping, but he also has to remove tile. He could, incidentally, replace the tile although he is not licensed to do tile but it would cost under \$1,000. In the past, when dealing with asbestos, there was an argument with the Contractors' Board as to whether a roofing contractor could remove roofing that had asbestos in it without having an asbestos license. The Contractors' Board said yes and we changed the amount that could be removed to be considered incidental. That is the same as you are doing here with the \$1,000 limitation. It does not take away from the handyman but allows the contractor to be more efficient.

Senator Brooks:

That is exactly the scenario we envisioned. There is not only the \$1,000, there is also the permit threshold which limits the amount of work we are talking about to small things.

Assemblyman Edwards:

I think we are looking at the convenience of the homeowner who is getting some work done.

Senator Brooks:

That is correct. It is not meant to open a lucrative market for contractors. It is so the homeowner can have the contractor do small items associated with the project even if it is not considered incidental by the narrow definition of incidental currently applying to licensed contractors, but small nonetheless. This will provide an efficient way for contractors and homeowners to work together.

Acting Chair Carlton:

The handyman provision was put in place by Senate Bill 279 of the 74th Session. It was originally for work costing \$500 and then it went to \$1,000.

Is there anyone in support of S.B. 397 (R1)? [There was no one.] Is there anyone in opposition? [There was no one.] Is there anyone to speak from a neutral position? Seeing no one, I will close the hearing on S.B. 397 (R1).

[([Exhibit E](#))] was submitted but not discussed and will become part of the record.]

I will open the hearing on Senate Bill 385 (1st Reprint).

Senate Bill 385 (1st Reprint): Revises provisions relating to insurance for personal property at storage facilities. (BDR 57-538)

Senator David R. Parks, Senate District No. 7:

Senate Bill 385 (1st Reprint) establishes provisions relating to the issuance of a limited license to offer and sell personal property storage insurance to storage unit occupants for coverage of personal property in rented storage facilities. I read with interest a headline in the local section in the newspaper last Saturday that said "pair indicted in theft of luxury watches." It turned out that two individuals were accused of breaking into a storage unit which held 21 timepieces with a value of \$2.2 million. They jumped over the wall of the storage facility despite the security and broke into a number of units. The fourth unit was where they found the assets. When I first requested the introduction of this bill, I saw another article where someone who had a comic book collection valued at \$100,000, had it stolen from his storage unit and, to date, has only been able to recover a minimal number of those comic books.

Tyson K. Falk, representing Self Storage Association:

This bill creates limited lines of insurance; limited lines exist in other parts of statute. There are a couple different insurance products that are available called limited lines. One of those is portable electronics insurance and another is travel insurance. These particular products can be sold by someone who is not fully licensed as a property and casualty producer. These are very limited and specific insurance products that are associated with one specific thing. This limited line we are discussing today pertains to somebody who rents and occupies a storage facility and for them to be able to acquire insurance for that unit. It creates a limited licensure for property for the owners of these facilities to get a limited license from the Division of Insurance, Department of Business and Industry, that will allow them to offer these insurance products to their customers.

The way the statute is written, it does not require anyone to purchase insurance. It is the responsibility of the tenant to cover their belongings whether they ask for an addendum to their homeowner's policy or purchase another product; it is their responsibility in the case of

a theft or break-in. They are ultimately at risk for loss. We think this is good for the public so people understand that they need to be covered and that there is a product that is readily available for them as well. We would be the thirty-seventh state to offer this product.

Acting Chair Carlton:

Since this is a new line of insurance, there will be a new set of licensees. It is my impression that the licensees will be the owners and/or employees of the storage facility.

Tyson Falk:

The licensee would be the business entity that owns the storage facility. It would not be a person. The individuals who work at the facility work under that license. It is similar to how it is structured for cell phone insurance or car rental insurance.

Acting Chair Carlton:

Would the business entity itself be underwriting the possible damages that might happen at the storage unit, or would they go through an underwriting provision to make sure the money is there? If someone vandalized and burglarized eight or ten units in one night, that would be a big expense on the capital that would be behind that. How would that be handled?

Joseph L. Doherty, Senior Vice President, Legal and Legislative Counsel, Self Storage Association, Alexandria, Virginia:

Under current law, you have to have a full property and casualty insurance license to do this. The solution that some storage operators have come up with is something along the lines of what you are suggesting where they will have a protection plan. That is something that does not have any sort of underwriting or backing associated with it from a third-party insurance company. From a consumer's standpoint, this insurance product is far superior because it does have that third-party, fully licensed insurer that acts as the backstop for this. It is completely regulated by the Division of Insurance so the funds will be there if there is an event of a large, singular loss or multiple smaller losses.

Assemblywoman Jauregui:

The business has to have a business insurance policy and this allows them to sell insurance to their customers who are already required to buy insurance for their storage units. Most of them do not have to pay extra for the insurance because it is usually covered under their homeowner's policy or renter's policy. Is this requiring them to buy a separate insurance policy?

Joseph Doherty:

It would not require them to buy the policy. If they have an existing homeowner's policy, they could continue to rely on that policy or they could decide to assume the risk. This provides the option for the tenant to buy that policy if they desire. The benefit to the storage customers is that approximately 50 percent of them are in some form of transition and do not have a homeowner's policy to rely on. It is primarily geared to those individuals. Homeowner's policies often have a potentially large deductible, whereas these policies have either a \$0 or \$100 deductible. If you are talking about a small claim, you would much rather

go against a storage insurance policy that has a small deductible rather than have to pay \$500 or \$1,000 or more on your homeowner's policy to access that coverage that might be only a \$1,500 claim.

Assemblywoman Jauregui:

The owner of the business and its employees will not be required to carry a license. Currently, all insurance producers have to have a license.

Joseph Doherty:

They do not have a full property and casualty insurance license. The owner of the facility obtains a license from the Division of Insurance and the employees work under that license. As part of the bill, the employee of the facility has to receive training prior to offering the insurance. There is also a supervising entity that is a fully licensed insurance producer that provides oversight for the program. They ensure the training is in place and the disclosures are made appropriately to the consumers.

Assemblywoman Jauregui:

Do you know what these insurance policies cost in the other states and what the deductibles are?

Joseph Doherty:

The deductibles are either \$0 or \$100 depending on the company that is offering it. I have never heard of a situation where it is more than that. The standard is to have approximately \$2,000 to \$5,000 worth of coverage—a \$2,000 policy costs about \$8 to \$10, and a \$5,000 policy costs \$18 to \$20.

Acting Chair Carlton:

Is that per month on top of the monthly rental fee?

Joseph Doherty:

That is a monthly cost. These policies are month to month and the tenant can cancel the policy at any time. That is provided for in the bill. If there is anything to be refunded in terms of premium, it will be refunded.

Acting Chair Carlton:

Please walk us through the bill.

Tyson Falk:

The first sections of the bill include some definitions that define facility, occupant, owner, personal property, rental agreement, and so forth. Section 12 gives the Commissioner of the Division of Insurance permission to issue to an owner and someone who has met some requirements the ability to have a limited license to offer and sell this type of insurance. It gives clarification on whether a license can be renewed. In section 12, subsection 3, it clarifies that an owner can get only one license if he or she owns multiple facilities in the state. It also clarifies that the owner is not licensed to have a full property and

casualty producer license or licensure if you are an employee that is handing out pamphlets to your prospective tenants about the insurance information available. The owner does not have to pass all of the licensure requirements of being a property and casualty producer. Section 14 clarifies that the owner can only offer this in connection with the rental agreement of a storage space.

Acting Chair Carlton:

Under section 14, subsection 1, paragraph (a), I see the terms, "loss of or damage." Would this insurance plan cover damage if a truck damages your unit or storm damage?

Tyson Falk:

This would cover both a total loss and damage. It would give a person the resources to get repairs on the item damaged.

Section 15 goes through all of the disclosure information. It lists the things that need to be disclosed before you offer the insurance, including that the purchaser is not required to buy that insurance and they can procure their own insurance to cover their property. Section 16 clarifies that if the storage facility requires insurance, the renter does not have to buy the insurance that is offered by the storage facility.

Acting Chair Carlton:

In section 17, subsection 2, paragraph (b) it talks about filing a claim within 60 days. Some people do not check on their storage units that often. If something happens to the unit, what is the responsibility of the owner to inform the person renting the unit of damage?

Joseph Doherty:

Section 17 is addressing that the funds collected by the self storage facility need to be remitted to the insurance company within 60 days. It does not address the time for filing the claim.

Acting Chair Carlton:

What is the time for filing the claim?

Joseph Doherty:

That would be under the terms of the insurance policy.

Acting Chair Carlton:

What are the time frames in other states?

Joseph Doherty:

I do not know the answer to that question. It would be governed by the insurance policy. That is something the Division of Insurance can adjust as appropriate.

Acting Chair Carlton:

We have made a record now that people's concerns are addressed. They should not buy insurance and find out they cannot access the product they bought.

Tyson Falk:

I would be happy to find some sample policies so you can see the requirements for reporting. Section 18 says a licensee may authorize an employee to act on their behalf. This allows an employee to educate someone that they do have insurance available. Section 19 covers the training programs. The training needs to be required for the licensee and that will be prescribed by the Division of Insurance. Section 20 talks about what the Commissioner shall do, how it prescribes the forms for insurance and what they should look like. It establishes regulations for the fees for initial applications and also for the renewal of that license. That will all be done on the regulatory side. Section 23 clarifies it is the supervising entity that is responsible for the acts of each licensee and that they should do everything to ensure compliance. Section 26 simply adds, within the definition of limited lines of insurance, personal property insurance as described in the bill.

Acting Chair Carlton:

Are there any other questions from the Committee?

Assemblywoman Neal:

In section 13, the licensee empowers several employees or other authorized representatives, but you do not want them to pass a written exam or meet any precensing education or continuing education to receive or renew the license. You want to do your own training.

Joseph Doherty:

Section 13 is consistent with the terms of the other limited lines in the state of Nevada as well as how this particular self storage limited line is handled in other states. I am not aware of any state that requires a limited lines licensee to have a full insurance producer's license or take any continuing or precensing education. I believe the reason for that is that the products are much simpler compared to a homeowner's policy, and the training that is offered is sufficient to deal with the typical questions that will be asked. There is a supervising entity that is involved here that is the fully licensed insurance producer. If there are any technical questions which arise regarding the policy or if there is a claim, it is handled by the fully licensed insurance producer and not by the unlicensed individuals at the storage facility

Assemblywoman Neal:

In section 17, what are the circumstances? The way this reads, it says the licensee that charges or collects for the personal property on behalf of the insurer is not required to maintain the money in a segregated account if they are authorized in an alternative manner. What are the situations where they are in an alternative situation where the money does not need to be segregated in an account? In section 17, subsection 3, there is another provision

that says if you collect the money, all of the money collected by the licensee can be held in trust. Those are two different scenarios. What you bill and collect does not need to be segregated, but if the owner engages in a different process, it is held in trust. I need to understand that.

Joseph Doherty:

My understanding of the bill is that it is not setting up two different processes. Regardless of whether the money is held in a segregated account, the storage facility licensee holds that money in a fiduciary capacity so they cannot spend it on their normal operating expenses. They are holding it for the insurance company. In section 17, subsection 2, paragraph (a) the alternative manner would be authorized by the underwriting insurance company and the supervising entity as long as the money is remitted within 60 days to either the supervising entity or the insurance company. The storage facility can hold that money in their normal operating accounts rather than holding it as a segregated account. This is something that is consistent with how other states have operated on this line and how I believe Nevada operates on other limited lines. The reason for this is that the sale of insurance is incidental to the overall business of the storage facility and many times, if not all times, the money that is collected for rent and the money that is collected for insurance is collected together. To have to segregate that money would be a burden to the business owner and the consumer. They would have to pay the bills separately. As long as it is authorized by the underwriting insurance company and the money is held in a fiduciary capacity, I believe the law and the various divisions of insurance recognize that this is an appropriate way to conduct business.

Assemblywoman Neal:

In section 14, I am looking at "negotiate personal property storage insurance." I have never put anything in a storage facility. Typically, people put items in storage because they have to move or they do not have space in their apartment. Now we have the owner who is the licensee of the insurance who is now in a contract. They are in a position to negotiate the terms. I know there is something in here that lays out what must be contained in regard to the information, but what is the ability of the person who needs the storage to negotiate the terms? I know limited lines are available. When airlines give you travel insurance, it is horrible. There is no way out. Once you sign on to a policy, there are no terms that you can negotiate.

Joseph Doherty:

The terms sale, solicitation, or negotiation of insurance is language that comes from the Producer Licensing Model Act that has been adopted by most states. The state of Nevada has a definition of what it means to negotiate insurance. It is not a situation where someone says, I want to negotiate for more time to file a claim. These are standard policies that are presented by the storage facility on behalf of a third-party insurance company. The owner and the renter are not haggling over the terms of the policy. The policy is what it is. It is the policy that has been approved in form by the Division of Insurance and they are not going to deviate from that policy.

Acting Chair Carlton:

In this case, the term negotiate would be more along the lines of the conversation that happens in having someone get a policy. It is not a true negotiation that someone would think of as coming to terms with each other.

Joseph Doherty:

That is correct. What would be the policy limit and those types of questions—not a negotiation.

Acting Chair Carlton:

Are there other questions from the Committee? Seeing none, is there anyone in support of S.B. 385 (R1)? Seeing none, is there anyone in opposition? Seeing no one, is there anyone in neutral? [There was no one.] We will have some questions for the Division of Insurance, Department of Business and Industry. Is there any public comment? [There was none.] The meeting is adjourned [at 3:08 p.m.].

RESPECTFULLY SUBMITTED:

Earlene Miller
Committee Secretary

APPROVED BY:

Assemblywoman Ellen B. Spiegel, Chair

DATE: _____

EXHIBITS

[Exhibit A](#) is the Agenda.

[Exhibit B](#) is the Attendance Roster

[Exhibit C](#) is a document titled "Proposed Legislation: Increases Access to Repairs and Maintenance for Manufactured Home Owners," authored by Manufactured Housing Community Owners Association, presented by Matthew Walker, representing Manufactured Home Community Owners Association.

[Exhibit D](#) is a proposed amendment to Senate Bill 371 (1st Reprint) submitted by Margi Grein, Executive Officer, State Contractors' Board.

[Exhibit E](#) is a letter dated May 8, 2019, in support of Senate Bill 397 (1st Reprint) to Chairwoman Spiegel, authored by Nat Hodgson, Chief Executive Officer, Nevada Home Builders Association, and Don Tatro, Chief Executive Officer, Builders Association of Northern Nevada.