

ASSEMBLY BILL NO. 51—COMMITTEE
ON COMMERCE AND LABOR

(ON BEHALF OF THE STATE CONTRACTORS' BOARD)

PREFILED NOVEMBER 18, 2020

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions governing the Recovery Fund administered by the State Contractors' Board. (BDR 54-324)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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EXPLANATION – Matter in ***bolded italics*** is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to contractors; revising provisions governing the eligibility of an injured person to recover damages from the Recovery Fund administered by the State Contractors' Board; limiting the rights which are assigned to the Board by an injured person who recovers satisfaction of a judgment from the Recovery Fund; increasing the amount of an administrative fine which the Board may impose against a residential contractor for failing to notify an owner of certain rights relating to the Recovery Fund; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law provides that, subject to certain exceptions, an owner of a single-family residence who suffers actual damages as a result of the acts or omissions of a residential contractor who is licensed by the State Contractors' Board may be eligible to recover damages from the Recovery Fund administered by the Board. (NRS 624.400-624.560)

Section 1 of this bill defines "single-family residence" for the purpose of establishing eligibility to recover damages from the Recovery Fund.

Existing law provides that an injured person who has obtained a judgment against a residential contractor for an eligible claim: (1) may apply to the Board for satisfaction of the judgment; and (2) upon obtaining payment from the Recovery Fund, assigns to the Board his or her rights to enforce the judgment. (NRS 624.490)

Section 4 of this bill provides that: (1) such an assignment is limited to the amount



of the injured person's payment from the Recovery Fund; and (2) the injured person retains all other applicable rights.

Section 5 of this bill increases the amount of an administrative fine which the Board may impose upon a residential contractor for failure to notify an owner with whom the contractor contracts of the rights of the owner relating to the Recovery Fund.

Sections 2, 3, 6 and 7 of this bill make conforming changes to indicate the placement of the new definitional section in the subchapter, "Recovery Fund," in chapter 624 of NRS.

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 a new section to read as follows:

1. Except as otherwise provided in subsection 3, "single-family residence" means:

(a) A detached, stand-alone dwelling which is built upon a foundation and situated on its own real property parcel; or

(b) An individual condominium unit, townhouse unit or duplex unit,

↳ that serves as the residence for its owner.

2. Except as otherwise provided in subsection 3, the term includes:

(a) Any improvements associated with the dwelling that are affixed to the real property parcel.

(b) Any other real property which:

(1) Has a unique assessor's parcel number or other unique identifier; and

(2) Is occupied as a residence by the owner of the property.

3. The term does not include:

(a) Any mobile or manufactured home.

(b) Personal property.

(c) Common areas or common elements of a condominium or other multi-family dwelling. As used in this paragraph, "common elements" has the meaning ascribed to it in NRS 116.017.

(d) Improvements to any real property that is not owned by the dweller of the residence.

(e) Any dwelling or real property improvement which is rented or leased on a full- or part-time basis by a person who is not a member of the owner's family. As used in this paragraph, "member of the owner's family" means a person related to the owner by blood, adoption, marriage or domestic partnership within the second degree of consanguinity or affinity.



1 **Sec. 2.** NRS 624.400 is hereby amended to read as follows:
2 624.400 As used in NRS 624.400 to 624.560, inclusive, *and*
3 *section 1 of this act*, unless the context otherwise requires, the
4 words and terms defined in NRS 624.410 to 624.460, inclusive, *and*
5 *section 1 of this act* have the meanings ascribed to them in those
6 sections.

7 **Sec. 3.** NRS 624.470 is hereby amended to read as follows:
8 624.470 1. Except as otherwise provided in subsection 3, in
9 addition to the fee for a license required pursuant to NRS 624.280, a
10 residential contractor shall pay to the Board an assessment not to
11 exceed the following amount, if the monetary limit on the residential
12 contractor's license is:

13
14 Not more than \$1,000,000\$200 per biennium
15 More than \$1,000,000 but limited 500 per biennium
16 Unlimited 1,000 per biennium
17

18 2. The Board shall administer and account separately for the
19 money received from the assessments collected pursuant to
20 subsection 1. The Board may refer to the money in the account as
21 the "Recovery Fund."

22 3. The Board shall reduce the amount of the assessments
23 collected pursuant to subsection 1 when the balance in the account
24 reaches 150 percent of the largest balance in the account during the
25 previous fiscal year.

26 4. Except as otherwise provided in NRS 624.540, the money in
27 the account must be used to pay claims made by injured persons, as
28 provided in NRS 624.400 to 624.560, inclusive ~~H~~, *and section 1 of*
29 *this act*.

30 **Sec. 4.** NRS 624.490 is hereby amended to read as follows:

31 624.490 Within 2 years after an injured person has obtained a
32 judgment in any court of competent jurisdiction for recovery of
33 damages against a residential contractor for an act or omission of the
34 residential contractor that is in violation of this chapter or the
35 regulations adopted pursuant thereto, the injured person may apply
36 to the Board for satisfaction of the judgment from the account if:

37 1. The proceedings in connection with the judgment have
38 terminated, including appeals;

39 2. The injured person submits an application on a form
40 established for this purpose by the Board;

41 3. The injured person submits proof satisfactory to the Board
42 of the judgment; and

43 4. Upon obtaining payment from the account, the injured
44 person assigns *to the Board* his or her rights to enforce the judgment
45 ~~to the Board~~ *up to the amount of his or her payment from the*



account. All other applicable rights remain with the injured person.

Sec. 5. NRS 624.520 is hereby amended to read as follows:

624.520 1. A residential contractor shall notify an owner with whom he or she contracts of the rights of the owner pursuant to NRS 624.400 to 624.560, inclusive, *and section 1 of this act*, including, without limitation, providing a written statement explaining those rights in any agreement or contract for qualified services. The written statement must be in substantially the following form:

RESIDENTIAL CONSTRUCTION RECOVERY FUND

Payment may be available from the Recovery Fund if you are damaged financially by a project performed on your residence pursuant to a contract, including construction, remodeling, repair or other improvements, and the damage resulted from certain specified violations of Nevada law by a contractor licensed in this State. To obtain information relating to the Recovery Fund and filing a claim for recovery from the Recovery Fund, you may contact the State Contractors' Board.

2. The Board may impose upon a contractor an administrative fine:

(a) Of not more than ~~[\$100]~~ *\$250* for the first violation of subsection 1; and

(b) Of not more than ~~[\$250]~~ *\$500* for a second or subsequent violation of subsection 1.

3. The Board shall deposit any money received pursuant to this section in the account established pursuant to NRS 624.470.

Sec. 6. NRS 624.530 is hereby amended to read as follows:

624.530 1. The provisions of NRS 624.400 to 624.560, inclusive, *and section 1 of this act* do not limit the authority of the Board to take disciplinary action against a residential contractor.

2. If the Board or its designee finds that an owner recovered from the account an amount paid by the owner to obtain a release of a lien recorded against property to be improved by a construction project as a result of a residential contractor's act or omission as described in subsection 2 of NRS 624.3012, in addition to any disciplinary action that the Board takes against the residential contractor pursuant to subsection 1, the Board may:

(a) Suspend or revoke the license of the residential contractor; and

(b) Prohibit the issuance, reinstatement or renewal of a license to the residential contractor and any officer, director, associate or



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partner thereof, unless the residential contractor or any officer, director, associate or partner thereof repays to the account or the owner, or both, as appropriate, any amount paid out of the account or by the owner as a result of the act or omission of the residential contractor.

Sec. 7. NRS 624.560 is hereby amended to read as follows:

624.560 The Board shall adopt such regulations as are necessary to carry out the provisions of NRS 624.400 to 624.560, inclusive, *and section 1 of this act*, including, without limitation, regulations governing:

1. The disbursement of money from the account; and

2. The manner in which a complaint is filed with the Board or its designee pursuant to NRS 624.480.

Sec. 8. This act becomes effective upon passage and approval.

