SENATE BILL NO. 226-SENATOR CANNIZZARO

MARCH 7, 2023

JOINT SPONSOR: ASSEMBLYMAN YEAGER

Referred to Committee on Government Affairs

SUMMARY—Revises provisions governing public works. (BDR 28-494)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact. Effect on the State: Yes.

CONTAINS UNFUNDED MANDATE (§§ 3, 5) (NOT REQUESTED BY AFFECTED LOCAL GOVERNMENT)

EXPLANATION - Matter in bolded italics is new; matter between brackets fomitted material; is material to be omitted.

AN ACT relating to public works; providing a declaration of legislative intent regarding the payment of prevailing wages on public works projects; providing that certain projects require the payment of prevailing wages; revising the definition of "public work"; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law provides that every contract to which a public body of this State is a party, requiring the employment of skilled mechanics, skilled workers, semiskilled mechanics, semiskilled workers or unskilled labor in the performance of a public work, must contain in express terms the hourly and daily rate of wages to be paid to each of the classes of mechanics and workers. The hourly and daily rate of wages must not be less than the prevailing wage in the region in which the public work is located, as determined by the Labor Commissioner. (NRS 338.020)

Section 2 of this bill makes a declaration of legislative intent finding that: (1) the payment of prevailing wages to workers on public works projects that are funded in whole or in part by public money is essential to the economic well-being of this State, increasing the number of skilled construction workers in this State, enhancing the workforce of the State and increasing redevelopment opportunities in the State; and (2) careful scrutiny of novel leasing and financial arrangements entered into and incentives offered by a public body is necessary to ensure workers are paid the prevailing wage. Section 8 of this bill provides that any regulation





adopted by the Labor Commissioner relating to public works must be consistent with the declaration of legislative intent set forth in **section 2**.

Existing law makes the prevailing wage requirements applicable to certain, specific construction projects. (NRS 244.286, 244A.058, 244A.763, 268.568, 271.710, 271.800, 278C.240, 279.500, 318.140, 318.144, 321.416, 332.390, 333A.120, 349.670, 349.956, 349.981, 388A.635, 408.3886, 543.545, 701B.265, 701B.625) Section 3 of this bill requires, with certain exceptions, the payment of prevailing wages on any project if, pursuant to certain agreements or partnerships between a developer and a public body: (1) the property or premises on which the project will be constructed or developed is owned by a public body; (2) the property or premises on which a project will be constructed or developed is, in whole or in part, subject to a lease or lease-purchase agreement by a public body; (3) a public body pays money or other compensation directly to or on behalf of the developer or contractor of the project or any subcontractor who performs any work on the project; (4) a public body pays, credits, reduces, forgives or waives any fee, cost, rent, insurance premium, bond premium, obligation or expense, including, without limitation, an incidental expense, in relation to the project that is normally required in the execution of a contract for a public work on which the estimated cost exceeds \$100,000; (5) a public body loans money in relation to the project that is required to be repaid to the public body; (6) a public body retains any right to ownership of the property or premises after construction work begins on the project; (7) in relation to the project, a public body sells, leases or otherwise transfers for less than fair market value any developed or undeveloped real property or any other property or asset; or (8) in relation to the project, a public body transfers property of the State or political subdivision for less than fair market value. Section 3 exempts from these provisions certain projects relating to affordable housing.

Existing law defines the term "public work" to mean any project for the new construction, repair or reconstruction of a project financed in whole or in part from public money for certain publicly owned works and property. (NRS 338.010) **Section 5** of this bill amends the definition of "public work" to include a project financed in whole or in part from public money.

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, 3 and 4 of this act.

Sec. 2. The Legislature hereby finds and declares that:

- 1. The payment of prevailing wages to workers on public works projects that are funded in whole or in part by public money is essential to:
 - (a) The economic well-being of this State;
- (b) Increasing the number of skilled construction workers in this State;
 - (c) Enhancing the workforce in this State; and
 - (d) Increasing redevelopment opportunities in this State.
- 2. To ensure the intentions set forth in subsection 1 are upheld, careful scrutiny of novel leasing and financing arrangements entered into or incentives offered by public bodies



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for the construction of public works is necessary to ensure that workers on public works projects are paid prevailing wages.

- Sec. 3. 1. The provisions of NRS 338.013 to 338.090, inclusive, apply to any project if, pursuant to the provisions of a contract or a lease agreement, lease-purchase agreement, development agreement, improvement district, redevelopment project or public-private partnership between a private developer and a public body:
- (a) The property or premises on which a project will be constructed or developed is owned by a public body;
- (b) The property or premises on which a project will be constructed or developed are, in whole or in part, subject to a lease or lease-purchase agreement by a public body;
- (c) A public body pays money or other compensation directly to or on behalf of the developer or contractor of the project or any subcontractor who performs any work on the project; or
- (d) Except as otherwise provided in subsection 2, a public body:
- (1) Pays, credits, reduces, forgives or waives any fee, cost, rent, insurance premium, bond premium, obligation or expense, including, without limitation, an incidental expense, in relation to the project that is normally required in the execution of a contract for a public work on which the estimated cost exceeds \$100,000;
- (2) Loans money in relation to the project that is required to be repaid to the public body, regardless of the terms of the loan or the interest charged;
- (3) Retains any right, including, without limitation, a contingent right, to retake ownership of the property or premises after construction work begins on the project;
- (4) In relation to the project, a public body sells, leases or otherwise transfers for less than fair market value any developed or undeveloped real property or any other property or asset; or
- (5) In relation to the project, a public body transfers property for less than fair market value.
- 2. The provisions of paragraph (d) of subsection 1 are not applicable if a local government takes an action set forth in paragraph (d) of subsection 1 for the construction of affordable housing, if such affordable housing is less than three floors, regardless of whether each or any floor is above or below ground.
 - 3. As used in this section:
 - (a) "Affordable housing" means:
 - (1) Multifamily housing that is:
- (I) Tier one affordable housing or tier two affordable housing; and





- (II) Subject to a legally binding agreement or other instrument that includes restrictions for the resale of the property to require that such property continue to be used as tier one affordable housing or tier two affordable housing; or
 - (2) Single-family residential housing that is:
- (I) Built on property that the homeowner leases under an agreement that includes restrictions for the resale of the property to require that such property continue to be used as tier two affordable housing or tier three affordable housing;

(II) Owned by a household that qualifies for tier two

affordable housing or tier three affordable housing; and

- (III) Subject to a legally binding agreement or other instrument that includes restrictions for the resale of the property to require that such property continue to be used as tier two affordable housing or tier three affordable housing.
- (b) "Improvement district" has the meaning ascribed to it in NRS 271.130.
- (c) "Tier one affordable housing" has the meaning ascribed to it in NRS 278.01902.
- (d) "Tier three affordable housing" has the meaning ascribed to it in NRS 278.01904.
- (e) "Tier two affordable housing" has the meaning ascribed to it in NRS 278.01906.
 - **Sec. 4.** (Deleted by amendment.)
 - **Sec. 5.** NRS 338.010 is hereby amended to read as follows:

338.010 As used in this chapter:

- 1. "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.
- 2. "Bona fide fringe benefit" means a benefit in the form of a contribution that is made not less frequently than monthly to an independent third party pursuant to a fund, plan or program:
- (a) Which is established for the sole and exclusive benefit of a worker and his or her family and dependents; and
- (b) For which none of the assets will revert to, or otherwise be credited to, any contributing employer or sponsor of the fund, plan or program.
- The term includes, without limitation, benefits for a worker that are determined pursuant to a collective bargaining agreement and included in the determination of the prevailing wage by the Labor Commissioner pursuant to NRS 338.030.
- 3. "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.





4. "Contractor" means:

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- (a) A person who is licensed pursuant to the provisions of chapter 624 of NRS.
 - (b) A design-build team.
- 5. "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.
- 6. "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.
 - 7. "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.
 - 8. "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.
- 9. "Discrete project" means one or more public works which are undertaken on a single construction site for a single public body. The term does not include one or more public works that are undertaken on multiple construction sites regardless of whether the public body which sponsors or finances the public works bundles the public works together.
- 10. "Division" means the State Public Works Division of the Department of Administration.





11. "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, to be qualified to bid on that contract pursuant to NRS 338.1379 or 338.1382.
- 12. "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 624.215.
- (b) General building contracting, as described in subsection 3 of NRS 624.215.
- 13. "Governing body" means the board, council, commission or other body in which the general legislative and fiscal powers of a local government are vested.
- 14. "Horizontal construction" means any construction, alteration, repair, renovation, demolition or remodeling necessary to complete a public work, including, without limitation, any irrigation, drainage, water supply, flood control, harbor, railroad, highway, tunnel, airport or airway, sewer, sewage disposal plant or water treatment facility and any ancillary vertical components thereof, bridge, inland waterway, pipeline for the transmission of petroleum or any other liquid or gaseous substance, pier, and any other work incidental thereto. The term does not include vertical construction, the construction of any terminal or other building of an airport or airway, or the construction of any other building.
- 15. "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, 318, 318A, 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.
 - 16. "Offense" means:
 - (a) Failing to:
 - (1) Pay the prevailing wage required pursuant to this chapter;





- (2) Pay the contributions for unemployment compensation required pursuant to chapter 612 of NRS;
- (3) Provide and secure compensation for employees required pursuant to chapters 616A to 617, inclusive, of NRS; or
 - (4) Comply with subsection 5 or 6 of NRS 338.070.
- (b) Discharging an obligation to pay wages in a manner that violates the provisions of NRS 338.035.
 - 17. "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.
- 18. "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.
- 19. "Public work" means any project [for the new construction, repair or reconstruction of a project] financed in whole or in part from public money for:
 - (a) Public buildings;
 - (b) Jails and prisons;
 - (c) Public roads;

- (d) Public highways;
 - (e) Public streets and alleys;
 - (f) Public utilities:
 - (g) Publicly owned water mains and sewers;
 - (h) Public parks and playgrounds;
- (i) Public convention facilities which are financed at least in part [with] from public money; and
 - (j) All other publicly owned works and property.
- 20. "Specialty contractor" means a person who is licensed to conduct business as described in subsection 4 of NRS 624.215.
- 21. "Stand-alone underground utility project" means an underground utility project that is not integrated into a larger project, including, without limitation:
- (a) An underground sewer line or an underground pipeline for the conveyance 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.
- 22. "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.
 - 23. "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.

24. "Supplier" means a person who provides materials,

equipment or supplies for a construction project.

- 25. "Vertical construction" means any construction, alteration, repair, renovation, demolition or remodeling necessary to complete a public work for any building, structure or other improvement that is predominantly vertical, including, without limitation, a building, structure or improvement for the support, shelter and enclosure of persons, animals, chattels or movable property of any kind, and any other work or improvement appurtenant thereto.
 - 26. "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 bona fide fringe benefits which are a benefit to the worker.
- 27. "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.
 - **Sec. 6.** (Deleted by amendment.)
 - **Sec. 7.** (Deleted by amendment.)
 - **Sec. 8.** NRS 338.012 is hereby amended to read as follows:
- 338.012 *I*. The Labor Commissioner may adopt such regulations as are necessary to enable the Labor Commissioner to carry out his or her duties pursuant to the provisions of this chapter.
- 2. Any regulation adopted by the Labor Commissioner pursuant to this chapter must be consistent with the declaration of legislative intent set forth in section 2 of this act.





Sec. 9. (Deleted by amendment.)

Sec. 10. NRS 338.050 is hereby amended to read as follows:

338.050 For the purpose of NRS 338.010 to 338.090, inclusive, and sections 2 and 3 of this act, except as otherwise provided by specific statute, every worker who performs work for a public work covered by a contract therefor is subject to all of the provisions of NRS 338.010 to 338.090, inclusive, and sections 2 and 3 of this act, regardless of any contractual relationship alleged to exist between such worker and his or her employer.

- **Sec. 11.** NRS 338.070 is hereby amended to read as follows: 338.070 1. Any public body awarding a contract shall:
- (a) Investigate possible violations of the provisions of NRS 338.010 to 338.090, inclusive, *and sections 2 and 3 of this act* committed in the course of the execution of the contract, and determine whether a violation has been committed and inform the Labor Commissioner of any such violations; and
- (b) When making payments to the contractor engaged on the public work of money becoming due under the contract, withhold and retain all sums forfeited pursuant to the provisions of NRS 338.010 to 338.090, inclusive [...], and sections 2 and 3 of this act.
- 2. No sum may be withheld, retained or forfeited, except from the final payment, without a full investigation being made by the awarding public body.
- 3. Except as otherwise provided in subsection 7, it is lawful for any contractor engaged on a public work to withhold from any subcontractor engaged on the public work sufficient sums to cover any penalties withheld from the contractor by the awarding public body on account of the failure of the subcontractor to comply with the terms of NRS 338.010 to 338.090, inclusive [...], and sections 2 and 3 of this act. If payment has already been made to the subcontractor, the contractor may recover from the subcontractor the amount of the penalty or forfeiture in a suit at law.
- 4. A contractor engaged on a public work and each subcontractor engaged on the public work shall:
- (a) Inquire of each worker employed by the contractor or subcontractor in connection with the public work:
- (1) Whether the worker wishes to specify voluntarily his or her gender; and
- (2) Whether the worker wishes to specify voluntarily his or her ethnicity; and
- (b) For each response the contractor or subcontractor receives pursuant to paragraph (a):
- (1) If the worker chose voluntarily to specify his or her gender or ethnicity, or both, record the worker's responses; and





- (2) If the worker declined to specify his or her gender or ethnicity, or both, record that the worker declined to specify such information.
- → A contractor or subcontractor shall not compel or coerce a worker to specify his or her gender or ethnicity and shall not penalize or otherwise take any adverse action against a worker who declines to specify his or her gender or ethnicity. Before inquiring as to whether a worker wishes to specify voluntarily his or her gender or ethnicity, the applicable contractor or subcontractor must inform the worker that such information, if provided, will be open to public inspection as set forth in subsection 6.
- 5. A contractor engaged on a public work and each subcontractor engaged on the public work shall keep or cause to be kept:
- (a) An accurate record showing, for each worker employed by the contractor or subcontractor in connection with the public work:
 - (1) The name of the worker;
 - (2) The occupation of the worker;
- (3) The gender of the worker, if the worker voluntarily agreed to specify that information pursuant to subsection 4, or an entry indicating that the worker declined to specify such information;
- (4) The ethnicity of the worker, if the worker voluntarily agreed to specify that information pursuant to subsection 4, or an entry indicating that the worker declined to specify such information:
- (5) If the worker has a driver's license or identification card, an indication of the state or other jurisdiction that issued the license or card; and
- (6) The actual per diem, wages and benefits paid to the worker; and
- (b) An additional accurate record showing, for each worker employed by the contractor or subcontractor in connection with the public work who has a driver's license or identification card:
 - (1) The name of the worker;
- (2) The driver's license number or identification card number of the worker; and
- (3) The state or other jurisdiction that issued the license or card.
- 6. The records maintained pursuant to subsection 5 must be open at all reasonable hours to the inspection of the public body awarding the contract. The contractor engaged on the public work or subcontractor engaged on the public work shall ensure that a copy of each record for each calendar month is received by the public body awarding the contract no later than 15 days after the end of the





- month. The copy of the record maintained pursuant to paragraph (a) of subsection 5 must be open to public inspection as provided in NRS 239.010. The copy of the record maintained pursuant to paragraph (b) of subsection 5 is confidential and not open to public inspection. The records in the possession of the public body awarding the contract may be discarded by the public body 2 years after final payment is made by the public body for the public work. The Labor Commissioner shall adopt regulations authorizing and prescribing the procedures for the electronic filing of the copies of the records required to be provided monthly by a contractor or subcontractor to a public body pursuant to this subsection.
 - 7. A contractor engaged on a public work shall not withhold from a subcontractor engaged on the public work the sums necessary to cover any penalties provided pursuant to subsection 3 of NRS 338.060 that may be withheld from the contractor by the public body awarding the contract because the public body did not receive a copy of the record maintained by the subcontractor pursuant to subsection 5 for a calendar month by the time specified in subsection 6 if:
 - (a) The subcontractor provided to the contractor, for submission to the public body by the contractor, a copy of the record not later than the later of:
 - (1) Ten days after the end of the month; or
 - (2) A date agreed upon by the contractor and subcontractor; and
 - (b) The contractor failed to submit the copy of the record to the public body by the time specified in subsection 6.
 - Nothing in this subsection prohibits a subcontractor from submitting a copy of a record for a calendar month directly to the public body by the time specified in subsection 6.
 - 8. Any contractor or subcontractor, or agent or representative thereof, performing work for a public work who neglects to comply with the provisions of this section is guilty of a misdemeanor.
 - **Sec. 12.** NRS 338.090 is hereby amended to read as follows:
 - 338.090 1. Except as otherwise provided in subsection 5, any person, including the officers, agents or employees of a public body, who violates any provision of NRS 338.010 to 338.090, inclusive, *and sections 2 and 3 of this act* or any regulation adopted pursuant thereto, is guilty of a misdemeanor.
 - 2. The Labor Commissioner, in addition to any other remedy or penalty provided in this chapter:
 - (a) Shall, except as otherwise provided in subsection 4, assess a person who, after an opportunity for a hearing, is found to have failed to pay the prevailing wage required pursuant to NRS 338.020 to 338.090, inclusive, an amount equal to the difference between the





prevailing wages required to be paid and the wages that the contractor or subcontractor actually paid; and

- (b) May, in addition to any other administrative penalty, impose an administrative penalty not to exceed the costs incurred by the Labor Commissioner to investigate and prosecute the matter.
- 3. If the Labor Commissioner finds that a person has failed to pay the prevailing wage required pursuant to NRS 338.020 to 338.090, inclusive, the public body may, in addition to any other remedy or penalty provided in this chapter, require the person to pay the actual costs incurred by the public body to investigate the matter.
- The Labor Commissioner is not required to assess a person an amount equal to the difference between the prevailing wages required to be paid and the wages that the contractor or subcontractor actually paid if the contractor or subcontractor has already paid that amount to a worker pursuant to paragraph (c) of subsection 4 of NRS 338.035.
- 5. The provisions of subsection 1 do not apply to a subcontractor specified in NRS 338.072.
 - **Sec. 13.** (Deleted by amendment.)
 - Sec. 14. (Deleted by amendment.)
 - Sec. 15. (Deleted by amendment.)
- The provisions of NRS 354.599 do not apply to any Sec. 16. 24 additional expenses of a local government that are related to the 25 provisions of this act. 26
 - **Sec. 16.5.** The amendatory provisions of this act do not apply to any contract, lease or other agreement entered into before the effective date of this act.
 - **Sec. 17.** This act becomes effective upon passage and approval.





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