

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.

~

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:**

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

6 **Section 1** of this bill defines “single-family residence” for the purpose of  
7 establishing eligibility to recover damages from the Recovery Fund.

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

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



\* A B 5 1 \*

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

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

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

---

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

1 **Section 1.** Chapter 624 of NRS is hereby amended by adding  
2 thereto a new section to read as follows:

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

5 **(a) A detached, stand-alone dwelling which is built upon a  
6 foundation and situated on its own real property parcel that is  
7 intended for habitation by one family unit; or**

8 **(b) An individual condominium unit,**

9 **↳ that serves as the residence for its owner.**

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

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

14 **(b) A mobile or manufactured home that qualifies as real  
15 property pursuant to NRS 361.244 and otherwise meets the  
16 description set forth in paragraph (a) of subsection 1.**

17 **(c) Any other real property which:**

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

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

21 **3. The term does not include:**

22 **(a) Personal property.**

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

26 **(c) Improvements to any real property that is not owned by the  
27 dweller of the residence.**

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



\* A B 5 1 \*

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:

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**



\* A B 5 1 \*

1    **account. All other applicable rights remain with the injured**  
2    **person.**

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

4    624.520 1. A residential contractor shall notify an owner with  
5    whom he or she contracts of the rights of the owner pursuant to NRS  
6    624.400 to 624.560, inclusive, **and section 1 of this act**, including,  
7    without limitation, providing a written statement explaining those  
8    rights in any agreement or contract for qualified services. The  
9    written statement must be in substantially the following form:

10                    **RESIDENTIAL CONSTRUCTION RECOVERY FUND**

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

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

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

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

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

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

29    624.530 1. The provisions of NRS 624.400 to 624.560,  
30                    inclusive, **and section 1 of this act** do not limit the authority of the  
31                    Board to take disciplinary action against a residential contractor.

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

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

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



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

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

7 624.560 The Board shall adopt such regulations as are  
8 necessary to carry out the provisions of NRS 624.400 to 624.560,  
9 inclusive, ***and section 1 of this act***, including, without limitation,  
10 regulations governing:

11 1. The disbursement of money from the account; and  
12 2. The manner in which a complaint is filed with the Board or  
13 its designee pursuant to NRS 624.480.

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

⑩



\* A B 5 1 \*





