
ASSEMBLY BILL NO. 5—COMMITTEE
ON COMMERCE AND LABOR

(ON BEHALF OF THE STATE CONTRACTORS’ BOARD)

PREFILED OCTOBER 29, 2024

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions governing contractors who perform work on residential photovoltaic systems used to produce electricity. (BDR 54-253)

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

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

AN ACT relating to contractors; requiring, rather than authorizing the State Contractors’ Board to require, a contractor who performs work concerning a residential photovoltaic system used to produce electricity to obtain a performance bond and payment bond before commencing the work; revising requirements for such bonds; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing law authorizes the State Contractors’ Board to require a contractor
2 who performs work concerning a residential photovoltaic system used to produce
3 electricity, before commencing the work, to obtain a performance bond and
4 payment bond in an amount equal to not less than 50 percent of the amount of the
5 contract if the contractor: (1) is determined by the Board to have committed certain
6 violations; (2) enters into a contract that is later voided by the owner of the single-
7 family residence on which the work is performed; or (3) has five valid complaints
8 filed against him or her with the Board within a 15-day period. (NRS 624.270)
9 Rather than authorizing the Board to require a contractor who performs work
10 concerning a residential photovoltaic system used to produce electricity to obtain a
11 performance bond and payment bond before commencing the work only under
12 certain circumstances, **section 1** of this bill instead requires all contractors who
13 perform work concerning a residential photovoltaic system used to produce
14 electricity to obtain a performance bond and payment bond before commencing the
15 work. **Section 1** also increases the amount of each of the required bonds to an
16 amount equal to not less than 100 percent of the amount of the contract. **Section 1**



17 additionally requires the bonds to be issued by a surety which is included in the
18 United States Department of the Treasury's Listing of Approved Sureties.

19 **Section 2** of this bill provides that the revised requirements for bonds set forth
20 in **section 1** do not apply to a contractor whose license authorizing the contractor to
21 perform work concerning a residential photovoltaic system used to produce
22 electricity was issued before July 1, 2025, until the date on which the license is
23 renewed, unless the contractor: (1) is determined by the Board to have committed
24 certain violations; (2) enters into a contract on or after July 1, 2025, that is later
25 voided by the owner of the single-family residence on which the work is
26 performed; or (3) has five valid complaints filed against him or her with the Board
27 within a 15-day period.

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

1 **Section 1.** NRS 624.270 is hereby amended to read as follows:

2 624.270 1. Before issuing a contractor's license to any
3 applicant, the Board shall require that the applicant:

4 (a) File with the Board a surety bond in a form acceptable to the
5 Board executed by the contractor as principal with a corporation
6 authorized to transact surety business in the State of Nevada as
7 surety; or

8 (b) In lieu of such a bond, establish with the Board a cash
9 deposit as provided in this section.

10 2. Before granting renewal of a contractor's license to any
11 applicant, the Board shall require that the applicant file with the
12 Board satisfactory evidence that the applicant's surety bond or cash
13 deposit is in full force, unless the applicant has been relieved of the
14 requirement as provided in this section.

15 3. Failure of an applicant or licensee to file or maintain in full
16 force the required bond or to establish the required cash deposit
17 constitutes cause for the Board to deny, revoke, suspend or refuse to
18 renew a license.

19 4. Except as otherwise provided in subsection 6, the amount of
20 each bond or cash deposit required by this section must be fixed by
21 the Board with reference to the contractor's financial and
22 professional responsibility and the magnitude of the contractor's
23 operations, but must be not less than \$1,000 or more than \$500,000.
24 The bond must be continuous in form and must be conditioned that
25 the total aggregate liability of the surety for all claims is limited to
26 the face amount of the bond irrespective of the number of years the
27 bond is in force. A bond required by this section must be provided
28 by a person whose long-term debt obligations are rated "A" or better
29 by a nationally recognized rating agency. The Board may increase
30 or reduce the amount of any bond or cash deposit if evidence
31 supporting such a change in the amount is presented to the Board at



1 the time application is made for renewal of a license or at any
2 hearing conducted pursuant to NRS 624.2545 or 624.291. Unless
3 released earlier pursuant to subsection 5, any cash deposit may be
4 withdrawn 2 years after termination of the license in connection
5 with which it was established, or 2 years after completion of all
6 work authorized by the Board after termination of the license,
7 whichever occurs later, if there is no outstanding claim against it.

8 5. After a licensee has acted in the capacity of a licensed
9 contractor in the State of Nevada for not less than 5 consecutive
10 years, the Board may relieve the licensee of the requirement of
11 filing a bond or establishing a cash deposit if evidence supporting
12 such relief is presented to the Board. The Board may at any time
13 thereafter require the licensee to file a new bond or establish a new
14 cash deposit as provided in subsection 4:

15 (a) If evidence is presented to the Board supporting this
16 requirement;

17 (b) Pursuant to subsection 6, after notification of a final written
18 decision by the Labor Commissioner; or

19 (c) Pursuant to subsection 7.

20 ↪ If a licensee is relieved of the requirement of establishing a cash
21 deposit, the deposit may be withdrawn 2 years after such relief is
22 granted, if there is no outstanding claim against it.

23 6. If the Board is notified by the Labor Commissioner pursuant
24 to NRS 607.165 or otherwise receives notification that three
25 substantiated claims for wages have been filed against a contractor
26 within a 2-year period, the Board shall require the contractor to file
27 a bond or establish a cash deposit in an amount fixed by the Board.
28 The contractor shall maintain the bond or cash deposit for the period
29 required by the Board.

30 7. If a contractor who performs work concerning a residential
31 pool or spa : ~~for work concerning a residential photovoltaic system~~
32 ~~used to produce electricity;~~

33 (a) Is determined by the Board to have violated one or more of
34 the provisions of NRS 624.301 to 624.305, inclusive;

35 (b) Enters into a contract that is later found to be void and
36 unenforceable against the owner pursuant to subsection 5 of NRS
37 624.940 or pursuant to any regulation adopted by the Board with
38 respect to contracts for work concerning a residential pool or spa; *or*

39 ~~(c) Enters into a contract on or after October 1, 2021, that is~~
40 ~~later voided by the owner of the single family residence pursuant to~~
41 ~~subsection 6 of NRS 624.875 or pursuant to any regulation adopted~~
42 ~~by the Board with respect to contracts for work concerning a~~
43 ~~residential photovoltaic system used to produce electricity; or~~

44 ~~—(d)~~ Has five valid complaints filed against him or her with the
45 Board within any 15-day period,



1 ↪ the Board may require the contractor to comply with the
2 provisions of subsection 8.

3 8. If the Board requires a contractor described in subsection 7
4 to comply with the provisions of this subsection, the contractor
5 shall, before commencing work concerning a residential pool or spa
6 , ~~for work concerning a residential photovoltaic system used to~~
7 ~~produce electricity,] obtain:~~

8 (a) Except as otherwise provided in this subsection, a
9 performance bond in an amount equal to not less than 50 percent of
10 the amount of the contract, conditioned upon the faithful
11 performance of the contract in accordance with the plans,
12 specifications and conditions set forth in the contract. The
13 performance bond must be solely for the protection of the owner of
14 the property to be improved.

15 (b) Except as otherwise provided in this subsection, a payment
16 bond in an amount equal to not less than 50 percent of the amount of
17 the contract. The payment bond must be solely for the protection
18 of persons supplying labor or materials to the contractor, or to any
19 of his or her subcontractors, in carrying out the provisions of the
20 contract.

21 ↪ A bond required pursuant to this subsection must be provided by
22 a person whose long-term debt obligations are rated "A" or better by
23 a nationally recognized rating agency. The contractor shall maintain
24 the bond for the period required by the Board. The contractor shall
25 furnish to the building department of the city or county, as
26 applicable, in which the work will be carried out, a copy of any
27 bond. In lieu of a performance or payment bond, the contractor may
28 obtain an equivalent form of security approved by the Board.

29 9. *A contractor who performs work concerning a residential*
30 *photovoltaic system used to produce electricity shall, before*
31 *commencing the work, obtain:*

32 (a) *A performance bond in an amount equal to not less than*
33 *100 percent of the amount of the contract, conditioned upon the*
34 *faithful performance of the contract in accordance with the plans,*
35 *specifications and conditions set forth in the contract. The*
36 *performance bond must be solely for the protection of the owner*
37 *of the property to be improved.*

38 (b) *A payment bond in an amount equal to not less than 100*
39 *percent of the amount of the contract. The payment bond must be*
40 *solely for the protection of persons supplying labor or materials to*
41 *the contractor, or to any of his or her subcontractors, in carrying*
42 *out the provisions of the contract.*

43 ↪ *The bond required pursuant to this subsection must be provided*
44 *by a surety who is authorized to transact surety business in this*
45 *State pursuant to NRS 679A.030, who is included in the United*



1 *States Department of the Treasury’s Listing of Approved Sureties*
2 *and whose long-term debt obligations are rated “A” or better by a*
3 *nationally recognized rating agency. The contractor shall*
4 *maintain the bond for the period required by the Board. The*
5 *contractor shall furnish to the building department of the city or*
6 *county, as applicable, in which the work will be carried out, a copy*
7 *of any bond.*

8 **10.** As used in this section, [~~“substantiated”~~]:

9 (a) *“Substantiated claim for wages”* has the meaning ascribed
10 to it in NRS 607.165.

11 (b) *“Work concerning a residential photovoltaic system used to*
12 *produce electricity”* has the meaning ascribed to it in
13 *NRS 624.855.*

14 (c) *“Work concerning a residential pool or spa”* has the
15 *meaning ascribed to it in NRS 624.915.*

16 **Sec. 2.** 1. The amendatory provisions of section 1 of this act
17 do not apply to a contractor whose license authorizes the contractor
18 to perform work concerning a residential photovoltaic system used
19 to produce electricity was issued before July 1, 2025, until the date
20 on which the license is renewed, unless the contractor:

21 (a) Is determined by the Board to have violated one or more of
22 the provisions of NRS 624.301 to 624.305, inclusive;

23 (b) Enters into a contract on or after July 1, 2025, that is later
24 voided by the owner of the single-family residence pursuant to
25 subsection 6 of NRS 624.875 or pursuant to any regulation adopted
26 by the Board with respect to contracts for work concerning a
27 residential photovoltaic system used to produce electricity; or

28 (c) Has five valid complaints filed against him or her with the
29 Board within any 15-day period.

30 2. As used in this section:

31 (a) “Board” has the meaning ascribed to it in NRS 624.010.

32 (b) “Contractor” has the meaning ascribed to it in NRS 624.020.

33 (c) “Work concerning a residential photovoltaic system used to
34 produce electricity” has the meaning ascribed to it in NRS 624.855.

35 **Sec. 3.** This act becomes effective on July 1, 2025.



