



STATE CONTRACTORS BOARD

MINUTES OF THE WORKSHOP BEFORE THE NEVADA STATE CONTRACTORS BOARD HELD MARCH 31, 2010

The workshop was called to order at 10:00 A.M. on Wednesday, March 31, 2010 at the offices of the State Contractors Board, 2310 Corporate Circle, Henderson, Nevada and video-conferenced to the Reno office. Exhibit 1 is the Notice of Intent to Act Upon a Regulation and a copy of the proposed regulation.

BOARD MEMBERS PRESENT:

Kevin Burke, Chairman
Bruce King
Donald L. Drake

STAFF MEMBERS PRESENT:

Ms. Margi Grein, Executive Officer
Ms. Nancy Mathias, Licensing Administrator

Ms. Grein explained the purpose of the workshop is to receive public comment on proposed amendments to Chapter 624 of the Nevada Administrative Code to establish financial statement requirements when a licensee or applicant for a contractors license is required to submit a financial statement to the Board. The Legislative Counsel Bureau has designated the proposed regulation as LCB File No. R058-09.

Ms. Grein indicated that the notice of the workshop and hearing had been posted in compliance with NRS 233B at the Las Vegas City Hall, the Sawyer State Building, Clark County Library, Washoe County Courthouse, Washoe County Library, Reno City Hall and the offices of the State Contractors Board in Reno and Henderson.

Ms. Grein indicated that written comments have been received and will be made part of the record from Construction Financial Management Association; Mr. Shawn Danoski, The Subcontractor Legislative Coalition; Las Vegas Chapter of the Associated General Contractors and the Nevada State Board of Accountancy.

Ms. Grein stated that the Board has amended the regulation as follows:

Sec 2

- 1. If the requested monetary limit of the license is \$10,000 or less:*
 - 2. If the requested monetary limit of the license is more than \$10,000 but less than \$50,000*
 - 3. If the requested monetary limit of the license is \$50,000 or more but less than \$250,000:*

 - 4. If the requested monetary limit of the license is \$250,000 or more, but less than \$1,000,000*
- In addition, a new sentence as number 5 has been added as follows:
- 5. If the requested monetary limit of the license is \$10,000,000 or more, prepared and audited by a certified public accountant within 1 year before the filing of the application.*

Mr. Burke indicated that several members of the public were present to offer comments and suggested comments be limited to three minutes.

Mr. Jimmy Cooper, the owner of Volition stated the added expense for a certified public accountant to prepare financial statements would be burdensome, especially for licensees just starting out and in the current economic climate.

Mr. Rick DeMar, representing the Builders Association of Western Nevada stated that his organization is opposed to the lower monetary limits that would require a Certified Public Accountant prepared financial statement. He indicated the regulation applies to new license applications as well as the first two years of licensure for residential contractors; raise in limit applications and licensees subject to disciplinary action.

Mr. Richard Lisle, Executive Director, of Mechanical Contractors Association, and the Subcontractors Legislative Coalition indicated his organization had provided written comments. He indicated his feelings that the proposed amount of \$10,000 proposed in Sec 2. (1) is too low, that perhaps \$20,000 would be a better figure. He also stated that requiring certified public accountant prepared statements would assure that contractors are financially viable for the protection of the public.

Mike Dillon, Executive Director of Builders Association of Northern Nevada indicated that he did not have adequate time to review the proposed changes or to discuss them with his association members. He noted a few discrepancies in the regulation, specifically, that the word "or" should be inserted at the end of Sec. 2 (1). (a); that the regulation is not consistent with the term "independent certified public accountant" and he also indicated he would like to see more detailed descriptions of the financial statement requirements.

Mr. Shawn Danoski indicated that he had provided written comments. He did indicate that the proposed changes to the regulation that would require an audited financial statement would be more restrictive than the requirements of bonding companies.

Ms. Catherine Grainger, Construction Financial Management Association (CMFA) indicated support for the initial draft of the proposed regulation. She also indicated the word "or" should be inserted at the end of Sec. 2(1)(a). In addition, she spoke of the substantial financial impact of "audited " financial statements.

Mr. Glenn Greener indicated he represents many general and subcontractors in obtaining bonds. He stated the proposed regulation exceeds the financial statement requirements for bonds. He feels the adoption of the regulation may have a chilling effect on the industry. While he supports public protection, he feels the requirements of the proposed regulation are excessive, particularly, during the tough economic climate currently being experienced. He suggested the regulation be redrafted to more clearly define the terms.

Dave Bold, Done Right Plumbing, speaking on his own behalf and not representing any organization, stated that he believes the provisions of the regulation will make it more difficult for new contractors to become licensed and may contribute to additional unlicensed contractors.

Jim Main, CPA, is the past president of Construction Financial Management Association and agrees with the original comments provided by CMFA. He stated that \$10,000,000 is not a large volume and that audited statements are extremely expensive and require extensive work. He clarified that the term "independent" certified public accountant means that no financial interest with the company for which the statement is being prepared exists. He suggested the term "independent" certified public accountant be used throughout the proposed regulation.

Mr. Warren Hardy, Associated Builders and Contractors indicated support of the regulation in principle. He feels the proposed regulation will provide a uniform process for the contracting industry.

There being no other members of the public to comment, Ms. Grein thanked the attendees and indicated their comments would be presented to the Board at its April 22, 2010 meeting. In addition, she indicated a public hearing will be held on the regulation on April 30, 2010.

The workshop was adjourned at 10:40 a.m.

Respectfully submitted,

Jeanne Reynolds
Recording Secretary

Approved:

Margi Grein
Executive Officer