

February 19, 1971 /- 129

MEETING OF THE  
SENATE STANDING COMMITTEE ON  
JUDICIARY

Chairman Monroe called the meeting to order at 9:26 A.M. and advised that testimony would now be heard on Senate Bill 220.

Committee members present: Chairman Monroe  
Senator Close  
Senator Dodge  
Senator Foley  
Senator Swobe  
Senator Wilson  
Senator Young

Witnesses: Jim Martin, President, First  
Judicial District Bar Association  
  
Richard Bordelin, Local Attorney  
representing Carson City  
  
Ralph Crow, Secretary, First Judicial  
Building Assn. District Bar Assn.  
  
Ed Reid, Chairman, Nevada State Bar  
Assn., Lien Law Committee  
  
Joe Midmore, President, Contractors  
Assn. of Northern Nevada  
  
James Guinan, Attorney  
  
Leon Wells, Carson City General  
Contractor and Supplier  
  
John Baker, Northern Nevada Assn. of  
Electrical Contractors  
  
Hagemeier, Lloyd, General Contractor  
Fred Swanson, Savage Construction

SB- 220 Repeals provision requiring the giving of  
ineffective notice under certain lien laws.

Mr. Jim Martin: I'm with the Bar Association and our organization is unanimously in favor of repealing the provision. The owners are resentful when they receive this notice. They feel their financial integrity is being questioned. But, under the law, the subcontractor can't file a lien without giving this notice, and they have to consider the fact that they have an investment of time and materials.

The present law doesn't protect the owner that well, and the best way for him to protect himself would be to select his general contractor with care.

Attorney Ralph Crow: I'm also with the Bar Association. I feel the provision was intended to serve a good purpose but that the burden of apprising the owner of the work being done by the subcontractor was placed on only one person and that he is also burdened with the consequences. Many times the owner misinterprets this notice when he receives it and then he questions the general contractor because he thinks he isn't paying his subcontractors.

The next step is that the contractor chews out the subcontractor for sending the notice and tells him he won't use any materials from him anymore if he sends those notices. This becomes a trap for the little man supplying the materials. He feels the general contractor should be the one to inform the owner of all subcontractors he has hired for the job.

There is a problem of learning who the owner for whom he's doing the work is. Sometimes the subcontractor doesn't know who the owner is and he has to go and search this out. Whereas, the contractor knows who the owner is and would be the logical one to provide the notification.

Attorney Richard J. Bortolin: I'm representing the Carson City Builders' Association which has about 25 members in attendance. This section of the lien law doesn't do any more than irritate the relationship between the general contractor and the owner. The owner gets this notice and feels there's some distrust. Even though this notice isn't a lien, there's suspicion built up between the owner and the general contractor.

Leon Wells: I'm a Carson City supplier and a general contractor. I have been threatened by general contractors that if I send notices to the owner the contractor would not buy from me again. The theory is alright, but the notices make the customer skeptical about the general contractor. I am just an average supplier. The big suppliers won't send out the notices and that this creates a situation of unfair competition. I think the general contractor should be fully responsible for letting the owner know what has been paid for.

Mr. John Baker: I'm an electrical contractor and member of the Northern Nevada and National Electrical Contractors' Association for which I am appearing. The provision has caused me two to three months of general hardships. I tried sending the notices on a trial basis for about two months and found that three out of five customers who received them were unhappy about getting them. I was threatened by general contractors who told me any more notices, no more jobs. I figure that I would only have to invoke the lien law on about one per cent of the people I deal with so it

isn't worth it to risk the other business by getting people mad at me.


Mr. Lloyd Hagemeyer: I am a general contractor in Carson City and President of the local builders association. I think the general contractor should be responsible for the whole ball of wax. I have had lots of customers upset when they got the notices.

Mr. Fred Swanson: I'm Fred Swanson, a contractor and supplier. I won't send out the notices. I have to surrender my lien rights in order to compete with the competition

Attorney Ed Reed: I do not feel the language in the notice form is objectionable. It has already been toned down twice and the hardships to the owner should be considered. The notice protects the consumer in the event the contractor hasn't paid the subcontractor.

Mr. Joe Midmore: I'm Joe Midmore, representative of the Building Association of Northern Nevada. The builders' association favors the statute because it gives the owner a chance to know who's supplying what materials and services. The subcontractor should look after his own interests. If the general contractor goes broke, he's not going to get any money out of him anyway.

Respectfully submitted,

  
Eileen Wynkoop, Secretary

Approved: \_\_\_\_\_