

COMMERCE AND LABOR COMMITTEE

March 6, 1975

The meeting was called to order in Room #213 at 6:38 on Thursday, March 6, 1975.

Senator Gene Echols was in the chair.

PRESENT: Senator Gene Echols,
Senator Warren Monroe
Senator Gary Sheerin
Senator Richard Bryan
Senator Margie Foote

Please see Exhibit "A" for list of others present.

ABSENT: Senator Richard Blakemore
Senator William Raggio

S.B. 161: Restricts public utility to one application at a time before public service commission of Nevada on particular subject matter. Fiscal Note: No. (BDR 58-398).

This bill will be continued at a later date in order to wait for a report from the Energy Subcommittee.

S.B. 192: Establishes procedure and licensing requirements for home improvement salesman. Fiscal Note: No. (BDR 54-404).

Joe Brandom, representing the Southern Nevada Home Builders Association, testified in favor of S.B. 192. Mr. Brandom said this bill was created out of dire necessity to clean up by law the best we can; he feels the bill is thorough and to the point and should be enacted as law. He didn't feel he should have to be part of a double standard. He feels that a lot of people have been ripped off and said he could have testimony to prove it. (Exhibit B). In Las Vegas there are two types of home improvement areas that he is concerned about and they are construction remodeling and the aluminum products people. He went over his exhibits with the committee. He said he has been in business ten years and has gone through 42 salesman, none of which has lasted over eight months. He said he isn't hard to work for, but he demands that everything be done right and wants to keep his reputation up. He said there is a dire need for this bill and most of the bill came from the State of California. They enacted the bill about a year ago, and one of their lenders out of the Bay Area told him to watch out for people out of California. Mr. Brandom had Mr. Thomas check the records for the last year and it has increased four fold. He said at the fall board meeting he spoke with the Senator Milton Marks of the 9th Senatorial District and asked him how the bill was doing. Senator Marks said it had helped a great deal but it needed strengthening. This is the model they worked from in preparing the bill. He said there were two reasons he was interested in seeing the bill passed. 1) He is proud of his record and is an honest businessman and wants to remain so. 2) If the industry is cleaned up, legitimate people will have more business because they are now losing business to the people who are making the chaos. Senator Monroe said there are legitimate people involved in this kind of stuff that are good people that come into our state to do this. He also asked Mr. Brandom who he represented out of the state. Mr. Brandom said he represented the Southern Nevada Home Builders Association. Senator Monroe asked if he was familiar with people out of the state that come into the state

to do this work. Mr. Brandom said they get familiar with them when they come in. Senator Monroe asked if there were legitimate people that come into the state to do this work. Mr. Brandom said he was sure there were. Senator Monroe asked if it would present difficulty with them to present a license from out of state. Mr. Brandom no, not once they are scrutinized and we find they are of good moral character, involved in the industry. He said they are not interested in whether they guy drinks too much or beats his wife. He said they have to be investigated before they get a license and if they have good recommendations they will get one. Senator Monroe said in rural Nevada they depend on people from Utah and Idaho to do a lot of this business, such as aluminum siding. Mr. Brandom asked if there were licensed in the State of Nevada, and said if they weren't, they should be. Senator Monroe didn't know, but he thought that all that was required was a business license from the town he was working in. Mr. Brandom said that as a legitimate businessman, he had two licenses. He also said that they used to have a lender in the Bay Area that they could call and get information about a person. Senator Monroe asked what board will do the licensing. Mr. Brandom said the state Board of Contractors. He said they would have to increase their staff a little and the fees that would be established later by the board would have to be set up. Mr. Brandom said he thought there were about 35 to 40 remodeling people in Las Vegas. Senator Echols asked if these were firms and Mr. Brandom said yes. He said there were about two or three sales man per company. Senator Bryan said it was his understanding in talking to Mr. Brandom before the meeting that Mr. Brandom was prepared to delete repair of mobile homes from the home improvement definition. Mr. Brandom said he was prepared to make that statement. Mr. Said Cervetti, who was there with him, was representing another facet of the business, primarily in siding, patio covers, etc. He said Mr. Cervetti does work with mobile homes and he would be willing to drop it. Senator Bryan said that mobile homes were included in the definition of home improvements in Section 3, page 1, and that it was his understanding that Mr. Brandom would willingly take it out. Senator Echols said he did not understand the rationale for this. Senator Bryan and Mr. Brandom said they are already regulated. Senator Bryan said they are regulated by a board other than the contractors and they have another piece of legislation which seeks to improve their own regulating standards. Mr. Brandom said as long as this board regulates properly, they have no objection to it. Senator Echols asked if the reference to mobile home would be deleted throughout the bill and Mr. Brandom said that was right. Senator Monroe said he saw no provision in the bill that prescribes what kind of surveillance or investigation or qualifications a person would have to meet. Mr. Brandom said it was a little ambiguous at this point, but some points were that any act a salesman does that contributes a fraud, whether it be a misdemeanor, gross misdemeanor, or felony, that could be held against him. Getting people to sign contracts that are not completely filled out would be another thing. Senator Monroe said he was talking about the original qualifications, surveillance, or investigation. Mr. Brandom said he did some research on that and the Department of Motor Vehicles has a similar thing. He said they could also get documents through Sacramento from Senator Marks about how they are doing it. He said they could arrive at that and said that was subsequent to the law. Senator Monroe said he would like to know who was going to set up the regulations and would like some input into the bill on this. Mr. Brandom said this would be done through the State Contractors Board. Senator Monroe said there was nothing in the bill that gives them the authority to set up specifications. Mr. Brandom said that was taken care of in the new bill, S.B. 192. Senator Monroe said he didn't see it in the bill. Senator Echols said it seemed like a lack of communication because Section 7 on page 2 said they had to make application to the board. Senator Monroe said there was still no qualifications they would have to meet. Senator Bryan said this bill was an amendment to the Contractors Licensing Chapter, 624, which gives the board the power to pass regulations pursuant to the provisions. Mr. Brandom said they would prefer to police their industry, in as much as they would be invited to set up the regulations. Mr. Brandom said part of the standards that will be set up will be out of this committee that will be

formed of reputable builders. Senator Sheerin asked what committee he was referring to. Mr. Brandom said this would be a committee set up of those in the industry. Senator Sheerin asked if this bill provided for that committee. Mr. Brandom said no, at this point it is not worked up.

Joe Lawler, Deputy Commissioner, Consumer Affairs Division, testified next. He said the Division recognizes the need for this bill, mainly in the point emphasized by Senator Bryan, the protection of the mobile home owner. He said they were speaking of the personal property and when you add things to it, like awnings, etc., they would like to see the protection afforded to mobile home owners. He said Mr. Quinan had a bill in the hoppers and this would satisfy that need. Mr. Lawler said the Division would support Mr. Quinan's bill. Senator Sheerin asked what this had to do with this bill. Mr. Lawler said because mobile homes are mentioned and there is a need for mobile home owners to be recognized. Senator Sheerin asked if the bill were amended to exclude mobile homes out was Mr. Lawler in favor of the bill. Mr. Lawler said he would rather not comment on that. Senator Monroe said he should have some interest as a member of the consumer affairs division. Mr. Lawler said they had many people coming over the back fence from neighboring states and ripping off mainly mobile home owners. Senator Monroe asked if it were true that these people also victimize home owners and Mr. Lawler said yes and he could site cases. He said he merely wanted the mobile home owner to be considered. Mr. Lawler said that if Mr. Quinan's bill would take care of this provision, then he was not in favor of some of these gimmick items. Senator Echols asked Senator Bryan where he got the information to remove this from the bill. Senator Bryan said it was his understanding that there is a separate bill being processed and that this is being taken out of the bill because it confuses regulating authority. The are talking about the State Contractors Board in bill and the State Contractors Board has nothing to do with mobile homes. He said he had talked to Mr. Brandom and he is not opposed. Senator Echols said he had a problem with this situation because the differences are so small. The improvements could be done to a mobile home as well as a standard home. Senator Foote said they are divided because they are different sections of the law. You have to get them in the laws where they would be more applicable.

Dan Quinan, State Fire Marshall, testified next. He said at the end of the 1973 session a mobile home law was devised, NRS 489. In that law they looked at certain problems in the mobile home area that needed attention. The power was given to the Department of Commerce, State Fire Marshall, to take care of these problems. They set up regulations to handle the so-called rip-off artists that prey on the mobile home owners. This opened the door to these people that did this kind of work. There are 350 people in the State of Nevada who wish to be licensed. Realizing they had a problem in magnitude, they set up three seminars: one in Las Vegas, one in Carson City, and one in Elko. They attempted to train these people in how they were going to be treated. The idea was that they would license and the commission would have the power to revoke or suspend such license under certain conditions. Once the program was started, they collected \$34,000 in fees. About the time they were ready to start the program, it was challenged that the law did not give them this right. They received an opinion from the attorney general that you did not have to have a license to do any work on a mobile home. This session they have attempted to do this and amend the law so there is no question that they do have this right. This is A.B. 27. When the attorney general gave this opinion, Mr. Quinan went to Mr. Stoker and said there was a need to take care of this problem. He was granted a hearing before the State Contractors Board and their attorney stated they would like to do this but mobile homes are personal property and their statutes are geared toward real property. If A.B. 27 is passed, they will be able to take care of at lease the mobile home area. Senator Monroe asked if they gave the \$34,000 back, and Mr. Quinan said yes. Senator Sheerin asked if they take mobile homes out of the bill, is there a need for this bill. Mr. Quinan said the bill addresses itself to salesmen and this is an area where they have no control. They go after the man that does general home repair.

He said they have factory representatives that come in from out of state. This would cause a problem in licensing. He feels that one agency should have control. Senator Sheerin said his question was if mobile homes are removed from the bill, is there a need for the bill. Mr. Quinan said his opinion is that if it addresses itself directly to the salesman then the consumer has a problem. Senator Bryan said to forget about mobile homes and mobile home salesman, and aside from that, did he see any problem with the bill. Mr. Quinan said no, with the removal of the word mobile home, he has no objection to the bill at all.

Mike Melner, Director of the Department of Commerce, Consumer Affairs Division, spoke from the audience. He said the Fire Marshall's office handles complaints about mobile homes. Any complaints about real property are forwarded to the State Contractors Board. It would be difficult for the Division to take a stand on the bill as they don't handle the real property complaints.

Mr. Al Chapman, Mobile Home and RV Association, testified next. He mainly wanted to cover the part of the bill about repairs. They have factory service teams to do repairs and this would cause problems in licensing these teams. He said he would not like to see "repairing of mobile Homes" included in the bill. He also said if you remove mobile homes, he would caution that in Section 3 it says residential property and this would put them right back in again. Mr. Brandon spoke from the audience and said you could put in single family dwellings or multi-family dwellings and eliminate Mr. Chapman's problem.

Mr. Dick Bast, Deputy, Mobile Home Section of the Fire Marshall's office testified next. The major problem with the bill, he felt, was Section 5. By definition of Section 5, any improvement automatically puts the improvement under the licensing of this chapter, which is the contractor's chapter. He said if they put in "duly licensed by the State of Nevada" their bill could go through.

Sandy Shumway, Home Builders Association in Reno, testified in opposition to the bill. They opposed the bill because they feel that licensing anyone who has dealing with the general public, and is classified as a salesman, would put undue stress on their already stressed businesses. They have contacted the Better Business Bureau and the Reno Police Department. They don't have the problems that exist in Las Vegas because the Better Business Bureau has set up a screening process of all door-to-door salesman that go through their area. They take these salesman and have them appear before the Better Business Bureau and listen to their sales pitches. The salesman are then sent to the Reno City Police Department which investigates them thoroughly and then issues a license to go door-to-door. The Better Business Bureau has a consumer awareness program that appears in the newspaper constantly. Mrs. Shumway also called the Reno, Carson City, and Washoe County Building Departments. None of them have any trouble with door-to-door salesmen or home improvement salesmen. She said the problems in Las Vegas could be solved the same way. She also spoke to Mr. Bob Stoker on the State Board of Contractors.

Robert Stoker, Secretary of State Contractors Board, testified next. He read a letter which he sent to the Board's attorney, Thomas Cook, and to all the board members. A copy of the letter is attached. The board is opposed to S.B. 192. The board is run on its own resources from the funds collected from fees for licensing and applications. The additional expense of hiring more man power to police this would be intolerable burden. He said they are already cutting down on staff to stay within their budget. He said that while his is out looking for an unlicensed salesman, he should actually be looking for the contractor who will do the work. Last year the board processed 120 criminal complaints and 1200 to 1300 informal complaints. A very small part of these 1300 complaints were against home improvement salesman. Most were against large developers.

Senator Bryan asked Mr. Stoker if he saw any need for any kind of legislation in these areas. Senator Bryan said according to the information Mr. Brandom gave the committee, there was a need in Clark County. He asked Mr. Stoker what he would suggest be done to correct the problem. Mr. Stoker said his investigators would just have to work harder. Senator Bryan asked if under this bill wouldn't any salesman have to be licensed. Mr. Stoker said yes. He also said if the matter were handled in Las Vegas like it was in Reno, the problem would be taken care of. Senator Sheerin asked who in the North was doing this and Mr. Stoker said the Reno Police Department. Senator Bryan asked if he was satisfied, after talking to their California counterparts, that their bill is not working. Mr. Stoker said they have over 100,000 contractors over there and are presently 70,000 hearings behind. Senator Bryan said his question was whether the law was doing any good in California. Mr. Stoker said no, he didn't think so. Senator Echols asked Mr. Stoker if there was an office of the State Contractors Board here. Mr. Stoker said it was in Reno. Senator Echols asked if he was full time and Mr. Stoker said yes. Senator Echols asked where their office was located and Mr. Stoker said 328 South Wells in Reno. It was also determined that Mr. Stoker is the treasurer-administrator, that there are 16 employees, their attorney is Thomas Cook, and the board is required to meet by law every quarter and as often as Mr. Stoker sees fit. This is on an average of every six weeks. They alternate between Reno and Las Vegas.

Thomas Cook, Attorney for the State Contractor's Board, testified next. He is located at 421 Court Street, Reno. He has been retained by the board since 1958, and he also has a private practice. The board is opposed to this legislation for the reasons Mr. Stoker stated. In addition, if they try to administer this act, it will certainly arise. He sees a tremendous increase to the regulations if they try to fit this bill into the present statutes. He said there may be a need for some agency to administer this, but says it isn't the state Contractors Board. The people on the Board are all contractors and having them regulate salesmen would be taking them out of their area of expertise. Section 8 of S.B. 192 requires that a photograph be on the license. Mr. Cook says that you would then have to put photographs on all the rest of the licenses or it would be some kind of discrimination. Section 8 also says the board can determine if the applicant is of good moral character. He says the terminology is vague, maybe even constitutionally vague. The penalty is \$500 maximum for a first offense and then up to \$1000 for the next offense. This is more than the penalty in the statutes they have been working under. He said this law just doesn't fit, and he could see all kinds of administrative problems and legal problems. He said they weren't the agency to handle it. Senator Sheerin asked who he thought was. Mr. Cook said maybe the Better Business Bureau and the Police Department. He said if it works in Reno, maybe it would work in Las Vegas. He said maybe handling it on a local level would be better than a state level. Senator Echols said the Better Business Bureau is a private agency, and their authority could be challenged. Senator Echols asked him if he had any ideas on that. Mr. Cook said he had not considered that possibility. Senator Foote said that the Better Business Bureau mainly helped through Public Service Announcements.

Pete Kelley, Nevada Retailers Association, testified next. They are opposed to this bill unless it is amended. They feel it is another regulation on legitimate business. He said if there is a need for further legislation why not extend the definition of what is contracting and continue to regulate the business entity, which in turn could regulate the salesman. The Retailers feel there should be clarification of home improvement salesman. He suggested an amendment on Page 1, Line 23, after the word contracts, they would suggest adding "on a door-to-door basis as defined by NRS 598.180." They also have considerable objection to Section 9 on Page 2, because it is very impractical for large corporations to be licensed when they are sitting back in some corporate office as a salesman. On Page 2, after Line 35, to add "knowingly" which would make it consistent with other bills we have been

discussing in this area. The bill has a fiscal note of no, but it would seem to them that this would create huge problems for whoever is going to enforce this.

S.B. 201: Provides for creation of industrial development corporations. Fiscal Note: No. (BDR 55-764).

Fran Breen, Nevada Bankers Association, testified neither in favor nor opposition to the bill. He said several sections of the bill seem to be contradictory. He said investments of banks are controlled 100 percent by the federal government. Section 32 says a bank may purchase for its own account the shares and other securities of a state development corporation organized under the provisions of sections 2 to 31. Then Section 13 says a financial institution which does not become a member of the corporation shall not acquire any shares of the capital stock of the corporation. A member is defined in the act as any financial institution that lends money. Under section 32 a bank may purchase shares, but under Section 13 they may not acquire any. Senator Bryan asked if that could be corrected by saying "subject to the provisions of subsection." Mr. Breen said he was sure that it could be. Senator Echols said this act was directed only at national banks. Mr. Breen said under the regulations he has the term banks includes national banks, federal banks, etc., which are members of the Federal Reserve System. Every bank in Nevada, according to the Banking Act, is a member of the Federal Deposit Insurance Corporation. Mike Melner, Department of Commerce, spoke from the audience and said that some of the banks are not members of the Federal Reserve. Mr. Melner said this applies only to banks chartered under the State Banking Statutes, not the federally chartered banks. Mr. Breen said if that is true then you may be creating an unfair situation where state banks could invest and national banks could not. One of the main purposes of the banking act was to equalize the competitive basis of national and state banks. Another problem is in Section 15 where it says each member of the corporation may make loans to the corporation as and when called upon by the corporation to do so, subject to the following conditions, and it limits a lot of conditions. Then in Section 16 it says that a member is not obligated to make any loans to the corporation pursuant to calls made subsequent to notice of the intended withdrawal of that member. Section 16 strongly implies that they are not obligated to make loans and Section 15 says they may make loans. He said the Bankers Association has not taken a stand on this bill because of these questions.

Paul Means, Industrial Development Director, City of North Las Vegas, asked if they could call upon the Bankers Association to do some redrafting. Mr. Breen said they could.

Mike Melner, State Commerce Director, Consumer Affairs Division, testified next. He pointed out that State Department of Commerce licenses the state banks, some of which are not members of the Federal Reserve System; licenses savings and loans and all insurance companies doing business in the State of Nevada. There is no requirement in this bill that any of those organizations have to join and no requirement that any of the national banks have to join this. The Department is very much in favor of the bill, and the only direct contact they would have with it is that the Superintendent of Banks would examine any corporation that is formed under this statute. He said the bill provides for creation and it might be better to say it provides authorization for creation because nobody has to join. At this time he introduced Mr. Robert Garrett, acting District Manager of the Small Business Administration and Mr. Charles Blackledge, Assistant Director of Finance and Investments for the Small Business Administration in San Francisco and he represents the Regional Director of the Small Business Administration. Senator Bryan asked Mr. Melner if he would be willing to work with Mr. Breen and the Nevada Bankers Association on some amendments to satisfy their questions. Mr. Melner said he would do that, but didn't think any corrections needed to be made. He thought

that if Mr. Breen took some time to sit down and talk about it, his questions would be answered.

Mr. Garrett and Mr. Blackledge came forward at this time to testify. They handed out exhibits, one of which is the Springmeyer Report and the other being their official statement. Mr. Garrett said there have been numerous occasions when they have been unable to meet the needs of the small businessman in the state. Part of the reasons are the lack of direct funds to the agency and the pressing demands on the banks. He said this is an institution that could serve statewide as no other institution has that capability. Mr. Garrett then said that Mr. Blackledge would be better able to answer questions.

Senator Bryan said that he would like to have a brief view of what the bill would do that is not being presently done for small businessmen under the law.

Mr. Blackledge said this was a state wide bill and would be a vehicle to help marshall the state's assistance and spreading its resources across the state. It helps to spread the risk on some areas that we might need in some parts of the state and bring funds into some parts of the state that might not be generating themselves in this area. He said this would loan money where it is needed, not where the money comes in. Senator Monroe asked if this would open up the gates to some of these industrial park deals like we had in North Las Vegas. Mr. Blackledge said no unless the banks want to invest in it. He said to remember this is a private corporation. Senator Monroe asked why the state has to be in support of this act. Mr. Blackledge said there were no state funds involved. He said it was possible to borrow on roughly a matching fund basis for this privately owned state development company to borrow money from the Small Business Administration, to supplement that which they borrow from their own members. Senator Echols asked if private citizens may become members. Mr. Blackledge said no, but they could be stockholders. There are two classes, stockholders and members. Senator Echols asked if there would be expertise available to come in and put the first one together. Mr. Blackledge said he was sure help would be available. He said he thought it would start as a banker's committee with \$50,000 a year overhead.

Paul Means, City of North Las Vegas, Industrial Development Director, testified next. He is very much in favor of this bill because it does spread risk. He said anything that would help the banks pool their resources and share the risk would greatly help industrial development in the state.

S.B. 192: Establishes procedure and licensing requirements for home improvement salesman. Fiscal Note: No. (BDR 54-404).

Senator Monroe motioned to kill the bill.

Senator Foote seconded the motion.

Senators Sheerin, Monroe, Echols, and Foote voted yes. Senator Bryan did not vote.

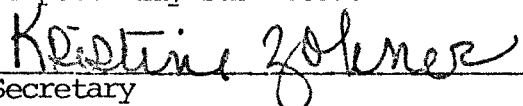
Senator Monroe motioned that BDR 52-231, BDR 8-228, and BDR 52-234 be introduced as committee bills.

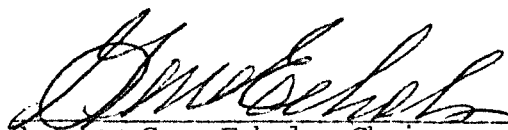
Second by Senator Bryan.

Unanimous with Senators Sheerin, Monroe, Echols, Foote, Bryan voting. Senators Blakemore and Raggio absent.

There being no further business, the meeting adjourned at 8:25 p.m.

Respectfully submitted:


Secretary


Senator Gene Echols, Chairman

SENATE Commerce & Labor COMMITTEE

Evening Meeting 209

ROOM # 213
 DAY Thursday DATE March 6, 1975

NAME ORGANIZATION ADDRESS PHONE NUMBER

*NOTE: PLEASE PRINT ALL THE INFORMATION CLEARLY.

GIND DEL CARLO - WALLIE WARREN RENO NV 322-6996

JOE BRANDOM LV 734-1911

GEORGE CERVETTI; DURA KOOL LV 736-2058

Pete Kelley Mr. Retail Assn Carson 892-1943

JOHN ROSS MOBIL HOME COMMISSION CARSON 849-1344

DAN J. QUINNAN STATE FIRE MARSHAL 885-4297

KERMIT KING KING'S TRAILER SALES ^{1111 KIRKBIKE} RENO 786-1000

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Fran Breen Nevada ~~State~~ Bankers Assoc 786-7600

Sandy Shumway Bldgs. Assoc. of No. NV. 329-4611

R.L. Stokes State Contractors Board Sec 329-1746

Thomas Cooke STATE CONTRACTORS Bd - ATTY.

JOE LAWLER CONSUMER AFFAIRS DIV. 885-4340

PAUL W. MEANS CITY OF NORTH LAS VEGAS 849-7111

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STATE CONTRACTORS BOARD



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P. O. BOX 7497, RENO, NEVADA 89502
1760 INDUSTRIAL ROAD, LAS VEGAS, NEVADA 89102

December 17, 1974

Mr. Joe Brandom, Owner
Brandom Construction Company
1706 Santa Paula Drive
Las Vegas, Nevada 89105

Re: Unlicensed Contractors

Dear Mr. Brandom:

As per your request for information regarding unlicensed contractors, this office has compiled an abbreviated listing of offenses that have occurred during 1974.

The names of the principals involved have been withheld but are available upon request. The attached list shows the date the complaint was filed, the reason for the complaint, and if available, the amount of monetary loss involved.

If there are any further questions regarding this matter, please contact this office immediately.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Charles M. Thomas", is written over a horizontal line.

Charles M. Thomas
Manager
Las Vegas Office

CMT:kfg

Encl: Unlicensed Contractor Listing

| <u>CASE FILED</u> | <u>PROJECT</u> | <u>TOTAL SUM</u> | <u>AMOUNT PAID</u> | <u>COMPLAINT</u> |
|-------------------|--|--------------------|--------------------|---|
| 12/7/73 | erect wood fence | 158.00 | 158.00 | complainant stated that no work was performed |
| 11/7/73 | erect wood fence | 400.00 | 200.00 | set a few posts and never returned |
| 11/15/73 | erect block wall | 1,375.00 | 1,375.00 | only dug shallow trench |
| 1/23/74 | install water conditioner | 412.19 | 412.19 | failed to perform |
| 1/23/74 | install water conditioner | 412.19 | 412.19 | failed to perform |
| 2/14/74 | install a sprinkling system and a planter box | 390.00 | 390.00 | did not complete sprinkler system and did not do planter box at all |
| 11/4/71 | build 4-plex | 47,600. | 5,000. | no work performed |
| 9/11/73 | block wall, addition to existing home | 2,200.00 | not stated | workmanship substandard, removed from job by owner |
| 4/3/74 | block wall | 1,066.25 | not stated | poor workmanship |
| 4/12/74 | room addition including fireplace and air conditioning | 3,295.00 | 1,748.50 | approx. 6 months after start of contr. the project was still not complete |
| 4/13/73 | paint exterior of home | 750.00 | 648.00 | oversprayed when painting, painted part of the roof |
| 3/6/73 | install carpet and vinyl floor covering | 2,782.65 | 2,700.00 | not installed properly (Note: total listed is for the entire project, the cost for the vinyl and carpet was 1,738.55) |
| 9/24/74 | build closet | | | contractor continually made excuses not to start the job, complainant removed him from the job, and the contractor retained monies for his time in preparing for the job. |
| 9/24/74 | install double windows in dining room | disputed 160.00 | 125.00 | poor workmanship, removed some electrical wiring causing several outlets and fixture to not work |

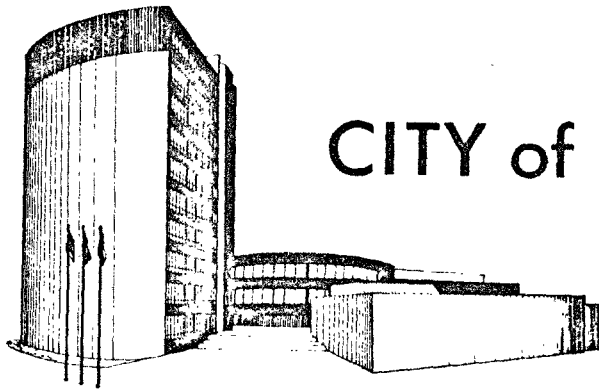
| <u>DATE FILED</u> | <u>PROJECT</u> | <u>TOTAL SUM</u> | <u>AMOUNT PAID</u> | <u>COMPLAINT</u> |
|-------------------|-----------------------------------|------------------|--------------------|---|
| 6/14/74 | remodel carport into room | 1,000.00 | 750.00 | very poor workmanship, after 3-4 months the project was still incomplete |
| 5/3/74 | repair roof | 400.00 | 500.00 | job not satisfactorily completed & contractor will not return |
| 3/6/74 | painted interior trim of house | 150.00 | 150.00 | another painter had to complet work and correct mistakes |
| 2/1/73 | lay concrete patio | 350.00 | 350.00 | poor workmanship, did not pay concrete supplier |
| 8/26/74 | paint the outside of house | not stated | not stated | poor job, but insisted on being paid in full, said he would redo, but never did |
| 5/10/74 | erect block wall | 405.75 | 205.75 | only dug trench |

MAYOR ORAN K. GRAGSON

COMMISSIONERS
 HAL F. MORELLI
 GEORGE E. FRANKLIN
 PAUL J. CHRISTENSEN
 RON LURIE

CITY ATTORNEY
 CARL E. LOVELL, JR.

CITY MANAGER
 A. R. TRELEASE



CITY of LAS VEGAS

Mr. J. A. Brandom
 Brandom Construction
 1706 Santa Paula Drive
 Las Vegas, Nevada 89107

Dear Mr. Brandom:

The Department of Building & Safety of the City of Las Vegas supports your idea to propose legislation affecting the building industry. We have been confronted by situations where a home owner takes out a building permit for home improvement and hires someone who holds himself out as a building contractor to do the work. We only have recourse against the permit holder for deficiencies in the construction. The corrections are not made and approval cannot be made for the construction since the so-called contractor has departed and the home owner doesn't understand construction. We believe the penalty for unlicensed building contractors should be increased to cause persons attempting such schemes to think twice before starting.

Many times the home owner is misguided by over-zealous home improvement salesmen. The salesman leads the home owner to believe that anything is possible where in actuality the zoning laws and building code do not allow some things.

We recommend these salesmen be licensed by the State after being tested to determine their fitness to guide the public.

Very truly yours,

H. T. ELDER, Director
 Department Building & Safety

C. R. CLELAND
Mayor

CLAY LYNCH
City Manager



Councilmen
DAN GRAY
WENDELL G. WAITE
JAMES K. SEASTRAND
DAN MAHONY

City of North Las Vegas

2200 Civic Center Drive • P.O. Box 4036
NORTH LAS VEGAS, NEVADA 89030

Telephone 649-5811

January 16, 1975

To Whom It May Concern:

During the past five years there has been several instances where construction firms and salesmen duped the citizens of North Las Vegas, Nevada, by selling jobs to home owners within our local community for room additions, remodeling and/or repair work; in which the work done failed to meet the standards for workmanship by not being in compliance with requirements for installation as specified by the Uniform Building Code, Uniform Plumbing Code and/or the National Electrical Code. Materials used on job being below the quality as called for on the contract, or below the minimum construction grade or rating as required in the Uniform Building Code.

Also, a majority of such cases left the home owner responsible for 25% to 50% of work to be done, or responsible to install required appliances or fixtures as required by law before a final inspection could be approved. In all such cases, the home owner was not aware of his responsibility, but the signed contract exonerated the construction firm or salesman in that the contract failed to include required finish work, painting and required floor covering, or said contract contained small print which left the home owner responsible and etc.

There have been cases, where salesmen have sold contracts to home owners where it was required that the home owner pay down 25% to 35% of the complete contract cost. After which having sold numerous jobs and receiving the required down payment, the construction firm or salesman was found to have not existed or closed business or moved on to unknown areas. In these cases, no work was ever started and no materials were furnished for the proposed contract. In all such cases the victimized homeowners were out \$500.00 to \$1,000.00 or more.

Examples are as follows:

1. Citizen "A" was contacted by a salesman who sold her a contract to enclose her existing carport for a cost of \$7,000.00. He related that the enclosure would meet all requirements for new construction as required by FHA and local city ordinances. Both Citizen "A" and the salesman signed the contract which contained nothing to cover any

requirements for a carport enclosure other than the exterior walls, doors and windows. The contract failed to include required electrical wiring for electrical service outlets, required floor covering or heating and cooling facilities for said enclosure. The construction firm as outlined in said contract proceeded and enclosed the carport with exterior walls, one entrance door and one openable window. But in so doing, the construction firm failed to obtain the required building permit and failed to call for required inspections. The then enclosed carport was later spotted by a Building Official of our local entity and upon checking it was found that to enclose a carport within the local area was prohibited by our local Zoning Ordinances in that by so doing the off-street parking area would be reduced to less than the minimum area as required by law. The salesman by now had left town. The contractor gave back a portion of monies received which in this case was \$5,800.00. Citizen "A" was \$1,200.00 stuck.

2. Citizen "B" was sold a new water heater by a salesman employed in a local Department Store, which included installation of said water heater. The installer sent out by the Department Store was not licensed to do installation work of such fixtures. Consequently, the water heater was not properly installed which created a potential hazard, and failed to function in the manner for which designed and intended. Citizen "B" knew of no such thing and was unknowledgeable of how to contact the installer, nor did they know his name. They went back to the Department Store to complain. The Department Store said they were not responsible or liable for the actual installation and could do nothing about it. After investigating, we found the installer had left town and nothing in the sales contract implicated the Department Store as there was no liability on their part for the manner of installation. Citizen "B" was responsible to hire a qualified and licensed serviceman to properly reinstall her water heater at a cost of approximately \$100.00. This example case represents approximately 80% of sales by local Department Stores of fixture or appliance sales in which the sales contract in the majority of all sales includes installation.
3. Citizen "C and Family" contacts a large and well known construction firm to construct a single family or residential home (majority of such cases involve a 3 or 4 bedroom house) on a lot which they have a qualified accrued equity (75% or more). Citizen "C and Family" are short of funds or have no money to pay down on said contract as their only assets are the vested equity they have in their lot or lots or section of land. The salesman for the construction firm tells them they have enough equity in their real estate property (undeveloped land only) to meet the required down payment providing they will agree to do all finish work. The contractor will then construct a 3 or 4 bedroom house complete with heating and refrigeration equipment, all interior walls complete except required finish work; and that said work will be completed within 30 to 60 days, etc. and ready for "Family C" to move in. "Family C" signs the contract and the construction firm holds a mortgage for the home and real estate land at a high rate of interest (approximately 12% compounded annually).

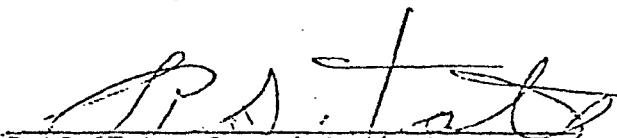
Construction begins immediately and within the time period specified they have completed their contract and "Family C" wants to move in. They can't because first the house has no floor covering, interior walls are not painted or finished, outside accessible storage area has not been provided for and no provisions have been made for off-street parking. The last two items being major requirements by our local Zoning Ordinance to be completed before a final building or electrical inspection can be made.

Previously, it had been a courtesy by our local entity to accept a letter of responsibility for "Family C" (as exemplified) to complete all unfinished requirements within a specified time (30 to 60 days) which after having received said letter of responsibility, we could then issue a temporary tag for electrical service and certificate of occupancy. This policy has been forced to cease due to too many cases having occurred in which "Family C" (as exemplified) have been unable to fulfill their agreement to furnish or complete required items such as off-street parking and outside accessible storage areas and in many cases not even being able to provide floor covering or do required painting of interior walls. Due to families as exemplified not having sufficient funds to complete said work due to the high payments they have to meet which prohibits them from affording the cost of materials needed and by not having time to put out to complete work required, as they're required to hold down two jobs to meet their required financial obligations to merely hold their family together.

In many such cases two or three years have gone by where nothing has progressed to properly complete said homes. This in turn has created blithe and nuisances in our community and is a contributing factor to the devaluation of property and the increasing eruption of slum areas throughout the country.

We could go on and on citing case histories as it is an endless problem, and unless there are enacted better laws through state and federal legislation to allow for better enforcement of existing laws; and new laws to clearer define and properly place all responsibilities to all responsible concerns or individuals within the Home Construction Industry, the problems are going to grow and become even worse.

Yours truly,



R. S. Tate, Superintendent
Building & Safety Services

RST:da

OFFICE OF BUILDING AND SAFETY
CLARK COUNTY COURTHOUSE ANNEX
400 LAS VEGAS BOULEVARD SOUTH
LAS VEGAS, NEVADA 89101

TELEPHONE
386-1011

December 18, 1974

Brandom Construction Company
1706 Santa Paula Drive
Las Vegas, Nevada 89107

REFERENCE: Proposed Legislation

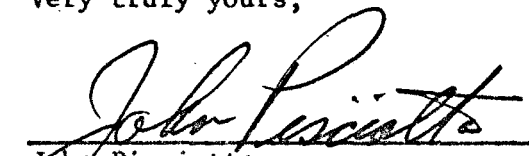
Dear Mr. Brandom:

I have reviewed the proposed legislation, which you have submitted, and our comments are definitely in favor of this type of legislation.

This Department has had many problems with unlicensed contractors and salesmen in the past and their procedures are very costly and dangerous to the general public. I also feel that this legislation will help all the Building Departments in controlling unlicensed contractors and, so to speak, "con-man salesmen".

I would not have any additions or changes to the proposed legislation at this time. You have our full support and if we can be of any further assistance, please feel free to call on us.

Very truly yours,


John Pisciotto
Director

JP/lg



CITY OF HENDERSON

218

CITY HALL 243 WATER STREET 702/565-8921
HENDERSON, NEVADA 89015

Gateway to Lake Mead Resorts

16 December 1974


Mr. Joe Brandon, Chairman
Home Improvement Bill
Business & Professional Code
1706 Santa Paula Drive
Las Vegas, Nevada 89107

Dear Mr. Brandon:

In reading the suggested changes and additions to NRS 624, I am in complete agreement. There have always been problems in our jurisdiction with unstable, quick-money home improvement contractors and salesmen. This problem seems more predominate in aluminum siding, room additions, patios, etc., especially the salesman who in many cases promise the customers a lot of extras that are not in the contract and, therefore, are not delivered. I also have had problems with unqualified installers; there seems to be a lack of contractor supervision.

Any tightening of control on the fly-by-night, easy money contractors and the unlicensed high pressure salesmen would ease our enforcement problems. One suggestion that would help our enforcement would be all contractors to have their company name and address on all the trucks being used in the field. I will be happy to help in any way I can, because we do need more control and better consumer protection.

Very truly yours,


Pat Doherty, Superintendent
Dept. of Building & Safety

PD/sb

MIKE O'CALLAGHAN
GOVERNOR

STATE OF NEVADA
STATE CONTRACTORS BOARD

JOHN J. ROSE, CHAIRMAN 219

M. D. HANCOCK, TREASURER

ROBERT L. STOKER, SECRETARY

THOMAS A. COOKE, BOARD ATTORNEY

MEMBERS

WAYNE T. DONNELLS, RENO
M. D. HANCOCK, RENO
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LUTHER D. KUTCHER, LAS VEGAS
R. L. MENDENHALL, LAS VEGAS
ROBERT G. PARK, LAS VEGAS
JOHN J. ROSE, LAS VEGAS



P. O. BOX 7497, RENO, NEVADA 89502
1760 INDUSTRIAL ROAD, LAS VEGAS, NEVADA 89102

March 7, 1975

Mrs. Kris Zohner
Legislative Building
Room 335
Carson City, Nevada 89701

Dear Mrs. Zohner:

I am providing you with a copy of the letter which I read to the Committee in the hearing held on SB-192 last evening, Thursday, March 6, 1975 at 6:30 o'clock p.m.

Very truly yours,

Robert L. Stoker,
Secretary

RLS:mc
Encl:

STATE OF NEVADA
STATE CONTRACTORS BOARD

MIKE O'CALLAGHAN
GOVERNOR

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JOHN J. ROSE, CHAIRMAN
M. D. HANCOCK, TREASURER
ROBERT L. STOKER, SECRETARY
THOMAS A. COOKE, BOARD ATTORNEY

P. O. BOX 7497, RENO, NEVADA 89502
1760 INDUSTRIAL ROAD, LAS VEGAS, NEVADA 89102

March 5, 1975

Office Copy

The enclosed copy of SB-192 is being sent to you for your information. Personally, I do not think that the proposed legislation is good for four (4) reasons.

The first is that it relates to salesmen improving mobile homes as well as residences. The Board's position has been that it can have no responsibility in this area, that mobile homes are personal property and do not properly come within the Board's jurisdiction.

The second is that I fail to see how the licensing of salesmen will protect the public any better than the present course of licensing the contractors. Our experience has been that the salesmen are usually no better or no worse than the firm that employs them.

The third reason is the requirement that all corporate officers be licensed as salesmen. I do not see who or what will be benefited by causing all sixty corporate officers of Montgomery Ward or Sears & Roebuck to be licensed.

The fourth reason is that the legislation would grant the status of police officers to the investigators which the Board has never wanted. This would seriously increase the personal liability of Board Members due to possible false arrest suits, suits for violation of civil liberties, and the right to work.

I have talked with Leo Hoschler, the Registrar for the California State Contractors Board regarding the efficacy of their legislation in this regard. He stated that they only register home improvement salesmen, that they conduct no investigation of the applicant's background, they do not require photographs, that they merely ascertain by whom they are employed and require that the Office of the Registrar be informed of any change of employment.

-2-

March 5, 1975

Your comments, suggestions, or recommendations are solicited regarding this legislation.

Very truly yours,

Robert L. Stoker,
Secretary

RLS:mc
Encl:

Original of above letter to Thomas A. Cooke, Esq., with xerox copies addressed in original to all Members of the Board and Chas. M. Thomas.

THE STATE DEVELOPMENT COMPANY

The State Development Company is a corporation organized under a special act of the State Legislature, providing for the formation and operation of such a company to promote and assist in the generation, development, and growth of business and industry within the state. This assistance will primarily take the form of loans to, and equity investments in, business concerns which will contribute to economic growth and development.

The company is an independent private corporation controlled by stockholders representing business and financial interests and by members drawn from financial institutions such as banks, savings and loans, insurance companies, and savings banks. Funds for loans and investments are derived from stockholders equity, borrowings from members, and loans from the Small Business Administration. In fulfilling its mandate the state development company may provide financial assistance to both small and large business, BUT, SBA loans, on roughly a matching fund basis, may only leverage funds made available to small businesses.

The company should be considered as primarily a vehicle and method for channeling private funds into sound business proposals making a contribution to the economic development of the state. The two greatest benefits are probably:

1. The state-wide area of operation and responsibility helps to assure that consideration will be given to the needs of all sections of the state, not just to those areas generating the largest contributions to the funding.
2. Loans and investments are made by the company from stockholders' equity and borrowing from members on a pro rata basis. This system allows the participants to spread the risk of each individual project among all the stockholders and members.

Currently, 47 states have passed enabling legislation for a state development company. Of these, 32 states have incorporated companies and the other 15 states are in various stages of organization. The three states presently without even enabling legislation are Delaware, Nevada, and California.

I do not feel that we can overemphasize the value of the state development company as a means of concentrating available funding on projects of greatest economic value to the citizens of the state, by creating a method and means of facilitating the injection of private monies into the Nevada economic development process.

A SUMMATION OF SENATE BILL 201
INTRODUCED IN THE NEVADA LEGISLATURE, 14 FEBRUARY 1975

S.B. 201---Neal, Blakemore, Bryan, Echols, Foote, Sheerin, and Walker,
Feb. 14. To Committee on Commerce and Labor.

This bill authorizes the organization of industrial development corporations, and it provides that 25 or more persons, a majority of whom are residents of this state, may create an industrial corporation by filing articles of incorporation in the office of the Secretary of State in accordance with the provisions of this act. The Secretary of State shall not approve articles of incorporation for a corporation organized under this act, until the total of at least six national banks, state banks, savings banks, industrial savings banks, federal savings and loan associations, domestic building and loan associations, or insurance companies authorized to do business within this state, or any combination thereof, have agreed in writing to become members of the corporation. The corporation shall have the power to elect, appoint, and employ officers, agents, and employees; to borrow money from its members, and the Small Business Administration, and any other similar federal agency; to make loans; to purchase, receive, hold, lease, or otherwise acquire real and personal property; to acquire the good will, business, rights, real and personal property, and other assets of any person, firm, corporation, joint-stock company, association, or trust, and to assume obligations, debts, and liabilities; to acquire, subscribe for, own, hold, sell, assign, transfer, mortgage, pledge, or otherwise dispose of the stock, shares, bonds, debentures, notes, or other securities; to mortgage, pledge, or otherwise encumber any property; and to cooperate with and avail itself of the facilities of the United States Department of Commerce, the Nevada Department of Economic Development, and any other similar state or federal governmental agencies. The bill sets forth the powers of the officers, stockholders, and the members of the corporation. Lastly, it authorizes banks, savings and loan associations, and insurance companies to invest in shares and other securities of a state development corporation organized under the provisions of this act.

S. B. 192

 SENATE BILL NO. 192—SENATORS BRYAN, WILSON,
 RAGGIO, YOUNG, HILBRECHT AND GOJACK

FEBRUARY 13, 1975

Referred to Committee on Commerce and Labor

SUMMARY—Establishes procedure and licensing requirements for home improvement salesmen. Fiscal Note: No. (BDR 54-404)

EXPLANATION—Matter in *italics* is new; matter in brackets [] is material to be omitted.

AN ACT relating to home improvements; defining terms; establishing licensing requirements for salesmen; making certain acts unlawful; authorizing disciplinary action by the state contractors' board; providing for an injunction; giving certain employees limited peace officer status; and providing other matters properly relating thereto.

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 the provisions set forth as sections 2 to 16, inclusive, of this act.

3 SEC. 2. *As used in sections 3 to 16, inclusive, of this act, the words*
 4 *and terms defined in sections 3 to 6, inclusive, of this act, have the mean-*
 5 *ings ascribed to them in such sections, unless the context otherwise*
 6 *requires.*

7 SEC. 3. *"Home improvement" means the repairing, remodeling,*
 8 *altering, converting, modernizing or adding to any residential property*
 9 *or to any mobile home, and includes but is not limited to the construction,*
 10 *erection, replacement or improvement of driveways, swimming pools,*
 11 *terraces, patios, landscapes, fences, porches, garages, fallout shelters,*
 12 *basements or other improvements to the structure, mobile home or land.*

13 SEC. 4. *"Home improvement contract" means an agreement, whether*
 14 *oral, written or contained in one or more documents, between a home*
 15 *improvement contractor and a landowner or a mobile home owner for a*
 16 *home improvement and includes all services, materials and labor to be*
 17 *furnished and performed.*

18 SEC. 5. *"Home improvement contractor" means a contractor licensed*
 19 *under this chapter who is engaged in the business of home improvement*
 20 *either full time or part time.*

21 SEC. 6. *"Home improvement salesman" means a person employed by*
 22 *a home improvement contractor to solicit, sell, negotiate or execute home*
 23 *improvement contracts.*