



LETTER TO SENATE COMMITTEE ON COMMERCE AND LABOR

April 24<sup>th</sup>, 2023

*Chair Spearman and Members of the Senate Committee on Commerce & Labor,*

Nevada Policy encourages lawmakers to reconsider Assembly Bill 27. By requiring general building contractors providing management and counseling services to hold the same licenses as the prime contractor, Assembly Bill 27 could stifle innovation and specialization, increase costs and barriers to entry, create redundancy and inefficiency, impose inappropriate licensing requirements, and limit collaboration and cooperation between contractors.

In the administrative ruling submitted by the Nevada State Contractor's Board (from the case that spurred this bill), it is clear that the public was never in danger and that Assembly Bill 27 is a solution in search of a problem.

**Stifles innovation and specialization:** By requiring general building contractors providing management and counseling services to have the same licenses as the prime contractor, the bill may discourage contractors from developing specialized expertise in niche areas of construction. These contractors could be uniquely qualified to provide valuable insights and guidance in their areas of specialization, leading to better project outcomes. The bill's requirements may inadvertently limit the availability of such specialized services, resulting in missed opportunities for innovation and improved construction practices.

**Increased costs and barriers to entry:** The bill's requirements could lead to higher costs for general building contractors, as they would need to obtain and maintain licenses in classifications and subclassifications that may not be directly relevant to their services. These increased costs could disproportionately affect smaller businesses or new entrants in the industry, making it more difficult for them to compete with established players. Reduced competition could, in turn, lead to higher prices and fewer choices for consumers, negatively impacting the overall construction market.

**Redundancies and inefficiencies from inappropriate licensing requirements:** Assembly Bill 27 would likely place onerous burdens on general building contractors providing management and counseling services by imposing licensing requirements for work they might not even perform or manage thus not relevant to their specific roles in providing management and counseling services. Imposing irrelevant licensing requirements could lead to unnecessary regulatory burdens and compliance costs, without providing any tangible benefits in terms of project outcomes or consumer protection. Across industries, economic research has shown how inappropriate licensing requirements contribute to increased costs and inefficiencies.

*Sincerely,*

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