

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7407

BILL NUMBER: HB 1367

DATE PREPARED: Feb 17, 1999

BILL AMENDED: Feb 15, 1999

SUBJECT: Construction contracts.

FISCAL ANALYST: Susan Preble

PHONE NUMBER: 232-9867

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: No Fiscal Impact

Summary of Legislation: (Amended) This bill provides that the following provisions are void in a construction contract (other than a contract for the construction, alteration, or repair of a family dwelling unit or units intended for long term residential occupancy): (1) An agreement that subcontractors, mechanics, journeymen, laborers, or persons performing labor or furnishing materials or machinery for construction on real estate waive rights to hold a lien or to a claim against a payment bond. (2) A provision making the contract subject to the laws of another state or requiring that any litigation, arbitration, or other dispute resolution process on the contract occur in another state. It requires a mortgage provided by an individual, a supervised financial institution, an insurance company, a pension fund, or other lender to have priority over all liens recorded after the date the mortgage was recorded, (other than a lien that relates to a construction contract for the development, construction, alteration, or repair of a family dwelling unit or units intended for long term residential occupancy) to the extent of funds actually owed to the lender for the specific project to which lien rights relate. It provides that a provider of labor, materials, or equipment under a contract that conditions the right of the provider to receive payment on the obligor's receipt of payment from a third person, retains the right to record or foreclose a lien against the property.

Effective Date: July 1, 1999.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected:

Information Sources: