

**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:** Mar 19, 1999

**BILL AMENDED:** Mar 18, 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 in a contract for construction, alteration, or repair of a one or two family dwelling unit, related improvements, or certain utility property): (1) An agreement that persons performing labor or furnishing materials or machinery for construction on real estate waive rights to hold a lien on real estate 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. (3) A provision that limits or conditions the right to file a lien to secure payment for improvements to real property on the obligor's receipt of payment from a third person.

It expands the time in which a sworn statement of the person's intention to hold a mechanic's lien may be filed with a county recorder from 60 to 90 days (other than a lien for construction, alteration, or repair of a one or two family dwelling unit or related improvements).

It also gives a mortgage lender priority over all other liens (except liens for construction, alteration, or repair of a one or two family dwelling unit, related improvements, or certain utility property) recorded after the date the mortgage was recorded to the extent of funds actually owed to the lender for the specific project to which lien rights relate.

**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:**