

REVENUE: No revenue impact

FISCAL: No fiscal impact

Action: Do Pass as Amended and Be Printed Engrossed

Vote: 3 - 0 - 2

Yeas: George L., Monnes Anderson, Metsger

Nays: 0

Exc.: Deckert, Starr

Prepared By: Janet Adkins, Administrator

Meeting Dates: 5/2, 5/24

WHAT THE MEASURE DOES: Requires construction contractors to notify the Construction Contractors Board of unpaid judgments or arbitration award against them that involve either breach of contract or negligent or improper work related to construction of a residential structure. Creates exemptions for contractors who pay within 30 days or whose judgment is under appeal. Directs that in any resulting disciplinary action, the board take into account a contractor making reasonable efforts to pay the judgment.

ISSUES DISCUSSED :

- Responsibilities under current law for contractors who have and have not paid judgments
- Reliance of the public on the CCB for up-to-date information on the financial and business standing of contractor

EFFECT OF COMMITTEE AMENDMENT: Directs that in any resulting disciplinary action, the board take into account a contractor making reasonable efforts to pay the judgment.

BACKGROUND: Many construction contracts contain dispute resolution clauses that require matters to be resolved outside the Construction Contractors Board (CCB) dispute resolution process, either in court or through private arbitration. Under current law, there is no requirement for contractors to notify CCB when a judgment against them is unpaid. The CCB has authority to discipline contractors for failing to pay these types of construction debts, but no way of knowing about them. Contractors with significant unpaid construction-related claims could appear in CCB records as fully licensed and in good standing.

House Bill 2107-A requires contractors to notify the CCB of unpaid judgments or arbitration awards if the contractor was ordered to pay damages that arose from a breach of contract or other circumstances such as negligence. Notification is not required under the measure if the contractor is in the process of appealing or makes the payment no later than 30 days after the judgment is entered.