

REVENUE: No revenue impact

FISCAL: Minimal fiscal impact, no statement issued

Action: Do Pass as Amended, Be Printed Engrossed and Be Placed on the Consent Calendar

Vote: 10 - 0 - 0

Yeas: Barton, Cameron, Garrett, Krieger, Olson, Shields, Smith J., Stiegler, Whisnant, Barker

Nays: 0

Exc.: 0

Prepared By: Shannon Sivell, Counsel

Meeting Dates: 4/3, 4/9

WHAT THE MEASURE DOES: Clarifies property owner's entitlement to interest earned on surety bonds when involved in contracting dispute and creates a process for the county and court to follow when releasing a lien.

ISSUES DISCUSSED:

- Provisions of the measure

EFFECT OF COMMITTEE AMENDMENT: Deletes provision requiring surety bond be placed with escrow company and instead clarifies the owner's entitlement to interest earned on the surety bond and creates a process for the county to follow when releasing the lien.

BACKGROUND: A contractor may place a lien on property to protect against non payment. In the event of a dispute between contractor and owner, the owner may remove the lien by depositing a surety bond with the county recorder or treasurer's office. The original bill sought to place the obligation of holding the bond with an escrow company, instead of county or local government. The amendment deletes that provision and instead focuses on the way in which the county or local government may invest the money it holds it for the owner and the process for releasing funds at the close of the dispute.

If a court allows the lien, the court shall include as part of the court's judgment an order specifying the amount of money the treasurer must release to the creditor and the remaining balance that the treasurer must release to the owner. Any interest accrued while the money was being held by the treasurer shall be turned over to the owner at the conclusion of the dispute so long as there is no outstanding balance owed to the creditor.