

REVENUE: No revenue impact

FISCAL: No fiscal impact

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**Action:** Do Pass as Amended and Be Printed Engrossed and Rescind the Subsequent Referral to the Committee on Ways and Means

**Vote:** 7 - 0 - 3

**Yeas:** Cowan, Gilliam, Krieger, Riley, Tomei, Wingard, Holvey

**Nays:** 0

**Exc.:** Barton, Matthews, Weidner

**Prepared By:** Victoria Cox, Administrator

**Meeting Dates:** 2/4, 4/13, 4/23

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**WHAT THE MEASURE DOES:** Provides that residential construction liens will be disallowed in cases where the consumer can prove payment to the general contractor, who subsequently failed to pay subcontractors or suppliers.

**ISSUES DISCUSSED:**

- Application of liens in residential construction
- Cases in which the general contractor does not pay subcontractors or suppliers
- Consumers threatened with liens “pay twice” for the same work
- Appropriate distribution of credit risk in residential construction

**EFFECT OF COMMITTEE AMENDMENT:** Replaces the bill.

**BACKGROUND:** The original intent of this legislation was to create a Residential Construction Lien Assistance Fund to pay lien claimants in cases where the consumer paid the general contractor, but the general contractor failed to pay subcontractors or suppliers. Committee members and stakeholders who testified agreed that a better solution would be to have the liens disallowed, in cases where the consumer can prove payment to the general contractor.