

REVENUE: No revenue impact

FISCAL: Minimal fiscal impact, no statement issued

Action: Do Pass the A-Engrossed Measure

Vote: 4 - 1 - 0

Yeas: Burdick, George, Rosenbaum, Bonamici

Nays: Girod

Exc.: 0

Prepared By: Lori Brocker, Administrator

Meeting Dates: 2/16

WHAT THE MEASURE DOES: Prohibits unlicensed contractor from filing or perfecting a claim of lien against homeowner's property if unlicensed contractor participated in performing improvements on property. Specifies that subcontractor or person providing material, equipment or labor may not file or perfect lien if materials, equipment or labor were provided to unlicensed contractor. Authorizes Construction Contractors Board to notify person of contractor's license status and to charge for cost of notification. Authorizes board to place contractor on probation in certain circumstances. Eliminates ability of purchaser of residential property to waive protection against a claim of lien. Specifies operative date of January 1, 2011. Declares an emergency; effective on passage.

ISSUES DISCUSSED:

- Definition of relevant terms
- Similar provisions in other states
- Licensed and unlicensed contractors
- Direct liens and derivative liens
- Current lien law
- Contractor surety bond
- Economic impact on unlicensed contractors

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: A construction lien is an interest in real property that secures payment of a debt involving the property by either the homeowner to a construction contractor who performs work on the property or an entity that supplies materials or labor for repairs or improvements on the property. In certain cases, a homeowner retaining a general contractor for work on the property may pay that contractor in full for the work performed only to discover that the general contractor failed to pay a subcontractor who performed work on or supplied materials for the project. As a result, the homeowner may face a lien on the property despite having paid the contractual price in full.

HB 3689A focuses on this issue as it may pertain to unlicensed contractors, providing that unlicensed contractors may not file or perfect a lien against a homeowner's property. It also prohibits others from filing or perfecting a construction lien if they provide materials, equipment or labor to an unlicensed contractor performing work on the property. To assist persons with checking license status, HB 3689A authorizes the Construction Contractors Board to notify them of the license status of contractors. The measure also allows the Construction Contractors Board to place a contractor on probation in certain circumstances.