

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0780-10
Bill No.: HCS for SS for SCS for SB 168 with HA 1
Subject: Contracts and Contractors; Housing; Liability
Type: Original
Date: May 10, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

In response to a previous version of this proposal, officials from the **Office of State Courts Administrator** and the **Department of Economic Development, Missouri Housing Development Commission** assumed the proposal would have no impact to their organizations.

In response to a previous version of this proposal, officials from the **Office of the Attorney General**, the **Department of Economic Development, Division of Professional Registration** on behalf of the **Missouri Real Estate Commission**, assumed the proposal would have no impact to their organizations.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal would impact small businesses involved in construction, ownership, sales, and management of residential real property by imposing a specific process for resolving alleged construction defects.

DESCRIPTION

Alleged Construction Defects Procedures

This proposal would create a process to resolve disputes arising out of alleged construction defects in residential property. A sequence of notices, inspections, offers, and mediation requirements would be provided, and the owner and contractor would be required to follow the specified process to successfully resolve an alleged construction defect.

If immediate action by the homeowner is needed to prevent injury because of construction defects, including garage doors, that threaten the life, physical health (not including emotional or mental health) or safety of persons, the homeowner could make such repairs and include the costs of those repairs in the written notice of construction defects. No other homeowner repairs could be included in the claim.

A cause of action could be brought on behalf of a homeowners' association when two or more residences have the same cause of action. Prior to filing an action, the board would provide written notice of the action to each homeowner in the association. A majority of the homeowners' association members would be required to consent in writing to proceed with an action.

The proposal would not prevent contracts between homeowners and contractors calling for binding arbitration.

DESCRIPTION (continued)

Housing Discrimination

The proposal would require the amendment of governing documents for homeowners associations to prohibit discrimination on the basis of race, color, religion, national origin, ancestry, sex, disability, or familial status.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Attorney General
Office of State Courts Administrator
Department of Economic Development
 Division of Professional Regulation, for the
 Missouri Real Estate Commission
 Missouri Housing Development Commission



Mickey Wilson, CPA
Director
May 10, 2005