

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0780-02  
Bill No.: SB 168  
Subject: Contracts and Contractors; Housing; Liability  
Type: Original  
Date: February 4, 2005

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**FISCAL SUMMARY**

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

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

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 4 pages.

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

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

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials from the **Office of State Courts Administrator**, and the **Department of Economic Development; Division of Professional Registration** on behalf of the **Missouri Real Estate Commission**, assume this proposal would have no impact on their organizations.

Officials from the **Office of the Attorney General (AGO)** assume the proposal would have no impact to their organization. If the proposal were to result in an unanticipated increase in workload, or if more than one proposal is approved resulting in an increased workload, the AGO would address staffing concerns through the state budget process.

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

FISCAL IMPACT - Local Government

FY 2006  
(10 Mo.)

FY 2007

FY 2008

\$0

\$0

\$0

FISCAL IMPACT - Small Business

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

DESCRIPTION

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.

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

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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



Mickey Wilson, CPA  
Director  
February 4, 2005