

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3397-01  
Bill No.: SB 840  
Subject: Housing; Real and Personal Property; Contracts and Contractors; Courts;  
Professional Licenses; Architects  
Type: Original  
Date: January 21, 2002

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
None			
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
None			
<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>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 5 pages.

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**FISCAL ANALYSIS**

ASSUMPTION

Officials from the **Department of Transportation (MoDOT)** assume the proposed legislation may increase the incidence and cost of construction-related litigation and judgments; however, the long-range fiscal impact on MoDOT is impossible to predict. Overall, MoDOT officials do not expect the proposal to have a significant fiscal impact on their agency.

Officials from the **Department of Natural Resources (DNR)** assume the proposed legislation would create another step that would need to be done when filing a petition with courts against a licensed professional. The DNR's enforcement actions are usually against the permitted facility and not the licensed professional. Therefore, the DNR assumes there would not be a fiscal impact from this provision. The DNR also assumes they would not be asked in many cases to provide the professional written opinion. However, if the number of requests is greater than anticipated, then the DNR may request additional resources.

Officials from the **Office of the State Courts Administrator, Department of Economic Development – Division of Professional Registration, Department of Corrections, and the Department of Conservation** assume the proposal would have no fiscal impact on their agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

The proposal could have a fiscal impact on small businesses providing home improvements or on licensed architects, surveyors, or engineers who provide a written opinion of the care provided by another like-licensed professional.



## DESCRIPTION

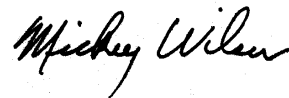
The proposal would revise the statute of limitations and add economic loss damages for home improvements. The 10-year statute of limitations would remain the same. Currently, the time period begins to run at completion of the improvement. However, "completion" is not currently defined in the statute. This proposal would change the starting date of the time limit to "substantial completion" and set forth a definition for substantial completion. The proposal would also add economic loss to the list of damages restricted by the 10-year time limit.

The proposal would also require plaintiffs in actions against licensed architects, surveyors, or engineers, to file affidavits with courts stating that plaintiffs obtained the written opinion of a legally qualified like licensed professional. The statement made by the licensed professional would state that the defendant licensed professional failed to use such care as a reasonably prudent and careful licensed professional would have under similar circumstances. The affidavit would be filed within ninety-five days of the filing of the petition. The case could be dismissed if the plaintiff or his attorney fail to file such affidavit. A separate affidavit would be filed for each defendant named in a petition. The proposal would not apply to actions filed in small claims court.

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

## SOURCES OF INFORMATION

Office of the State Courts Administrator  
Department of Transportation  
Department of Natural Resources  
Department of Corrections  
Department of Conservation  
Department of Economic Development  
– Division of Professional Registration



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