

COMMITTEE ON LEGISLATIVE RESEARCH
 OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3397-03
Bill No.: Perfected SS for SCS for SB 840
Subject: Housing; Real and Personal Property; Contracts and Contractors; Courts;
 Professional Licenses; Architects
Type: Original
Date: March 18, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Highway Fund*	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on All State Funds*	(Unknown)	(Unknown)	(Unknown)

* Could exceed (\$100,000) in any given fiscal year.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
None			
Total Estimated Net Effect on All Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

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

Officials from the **Office of State Courts Administrator** assume the proposed legislation would have no fiscal impact on the courts.

Officials from the **Department of Transportation (MoDOT)** assume the main portion of this bill amends one statute of limitations, Section 516.097, RSMo, to allow suits to recover damages for economic loss against persons who perform or furnish design, planning, or construction services for improvements to real estate (including architectural, engineering, or construction services) for ten years after the date that improvement was completed, if the improvement is in a defective or unsafe condition. This statute would apply to and limit only actions against the persons performing or furnishing design, planning, architectural, engineering, or construction services, and it does not limit or apply to any actions against the owner of such improved real estate.

The proposed changes to Section 537.600 will result in MoDOT/MHTC becoming the insurers of last resort. The total fiscal impact of this section is unknown, but it may be substantial for damages to injured persons caused by intoxicated drivers, reckless speeders, and others without regard to the fact that the state highway has no physical defect on it or in its design.

Oversight assumes, based on the maximum amount payable for claims out of a single occurrence in Section 537.610.2, that the Department of Transportation's unknown liability could exceed \$100,000 in any fiscal year.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
HIGHWAY FUND			
<u>Costs – Department of Transportation</u>			
Increased liability*	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON HIGHWAY FUND*	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

* Could exceed (\$100,000) in any given fiscal year.

<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.

DESCRIPTION

The proposal would permit an action to recover damages for economic loss 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 require an architect to record a certificate of substantial completion with the recorder of deeds in the county in which the project is situated.

The proposal would also enhance the instances in which immunity from liability and suit for compensatory damages for negligent acts or omissions is waived by clarifying that the language intends that government should be responsible for injuries to persons for negligently maintaining a dangerous condition.

DESCRIPTION (continued)

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



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