

HOUSE BILL REPORT

SHB 1241

*As Passed House
March 19, 1991*

Title: An act relating to construction liens.

Brief Description: Concerning construction liens for improvements on a single-family home.

Sponsor(s): By House Committee on Commerce & Labor (originally sponsored by Representatives Heavey, Cole, Jacobsen, Wang, Jones, R. Meyers, Appelwick, Fraser, Phillips and Cantwell).

Brief History:

Reported by House Committee on:
Commerce & Labor, February 19, 1991, DPS;
Passed House, March 19, 1991, 98-0.

**HOUSE COMMITTEE ON
COMMERCE & LABOR**

Majority Report: *That Substitute House Bill No. 1241 be substituted therefor, and the substitute bill do pass.*
Signed by 11 members: Representatives Heavey, Chair; Cole, Vice Chair; Fuhrman, Ranking Minority Member; Lisk, Assistant Ranking Minority Member; Franklin; Jones; R. King; O'Brien; Prentice; Vance; and Wilson.

Staff: Chris Cordes (786-7117).

Background: Washington law creates a mechanics' and materialmen's lien to benefit any person who furnishes labor or materials for a private construction project. If a laborer or material supplier does not receive payment for the services or materials, the lien procedures may be used to recover the payment. To claim a lien, the potential lien claimant must provide notice of the potential lien to the owner within required time periods, file the lien within 90 days after work has ceased on the project, and initiate a lien action within eight months of filing the lien. If a lien has been properly created and is not discharged by paying the claim, then the property may be sold to satisfy the lien. In Washington, the owner's property may be subject to a lien by a subcontractor, material supplier, or laborer even if the owner has paid the prime contractor in

full for the construction project. To avoid a sale of the property, an owner may be forced to pay for the work twice.

The construction lien system used in Washington is known as the "Pennsylvania system." About half of the states use another system, the "New York system." Under the New York lien laws, the owner's property may not be subject to construction liens that exceed the value of the construction project price. The lien is limited to the amount that is still owed on the construction contract at the time the lien is filed.

Summary of Bill: Materialmen's liens for furnishing materials, supplies or equipment for the alteration or repair of a single family residence may not exceed the amount of the construction contract. Liens may be enforced against the property only to the extent of the balance of the contract price not yet paid when the lien notice is given.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: (original bill) This method of limiting liens against family homes for remodeling work is a fair compromise of the interests of the homeowner, the contractors, the suppliers, and other potential lienholders.

Testimony Against: (substitute bill) If a lien limit is to be imposed to protect homeowners, the limit should extend to all liens. No class of liens should be exempt.

Witnesses: Doug Bohlke, Sheet Metal Air Conditioning Contractors Association (in favor of original bill, opposed to substitute bill).