

SENATE BILL REPORT

HB 1195

As Reported by Senate Committee On:
Government Operations & Elections, March 17, 2009

Title: An act relating to payment of undisputed claims.

Brief Description: Regarding payment of undisputed claims.

Sponsors: Representatives Haigh, Kristiansen and Hunt; by request of Capital Projects Advisory Review Board.

Brief History: Passed House: 3/04/09, 95-0.

Committee Activity: Government Operations & Elections: 3/17/09 [DP].

SENATE COMMITTEE ON GOVERNMENT OPERATIONS & ELECTIONS

Majority Report: Do pass.

Signed by Senators Fairley, Chair; Oemig, Vice Chair; Roach, Ranking Minority Member; McDermott, Pridemore and Swecker.

Staff: Aaron Gutierrez (786-7448)

Background: Completion of a public works project may require work outside the scope of the original contract; for example, to bring the project in line with newly established or amended environmental regulations. A change order calls for modifications to a contract for things such as additional work or an extended completion time. The public entity must approve of the request for the contractor to receive payment.

Summary of Bill: For additional work beyond the scope of the contract, the state or municipality must issue a change order within 30 days of satisfactory completion of all or a portion of the additional work. If a change order is not issued within 30 days, the state or municipality must pay interest at a rate of 1 percent per month.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

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

Staff Summary of Public Testimony: PRO: This bill represents an unanimous request by the Capital Projects Advisory Review Board (CPARB); the board prefers the original bill over the Senate substitute. Any change would undermine delicate balances, and the 30-day rule is important. This is an issue of fairness. The bill only affects the undisputed amounts, and provides a mechanism to push a claim forward so the prompt-pay act can kick in. For example, a change order might affect ten subcontractors. If payment of one of those ten is in dispute, the other nine may be held up in receiving compensation. The Department of General Administration has been doing this as a practice. This is a savings measure.

Persons Testifying: PRO: Representative Haigh, prime sponsor; Larry Stevens, Mechanical Contractors Association and National Electrical Contractors Association; Bob Maruska, CPARB; Dan Absher, Absher Construction, CPARB; John Lynch, General Administration; Van Collins, Associated General Contractors.