



Legislative
Council Staff

Nonpartisan Services for Colorado's Legislature

HB 20-1046

FISCAL NOTE

Drafting Number: LLS 20-0581
Prime Sponsors: Rep. Valdez D.
Sen. Gonzales

Date: January 14, 2020
Bill Status: House Business
Fiscal Analyst: Josh Abram | 303-866-3561
Josh.Abram@state.co.us

Bill Topic: PRIVATE CONSTRUCTION CONTRACT PAYMENT REQUIREMENTS

Summary of Fiscal Impact:

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill modifies the conditions for specified construction contracts between private individuals. The bill may increase court workload on an ongoing basis.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Summary of Legislation

The bill requires that 95 percent of the price of completed work under a construction contract be paid to construction contractors by property owners monthly. The five percent withheld must be paid to the contractor within 60 days following satisfactory completion of the contract. Once paid, the construction contractor is required to pay subcontractors, and subcontractors are required to pay all sub-subcontractors, laborers, and suppliers under the same conditions.

Any party that fails to make required payments in the amount or within the time required is liable in a civil action for accrued interest. The courts may award legal expenses to the prevailing party in any suit. The bill applies only to construction contracts to build multiple single-family or multi-family homes, or to build, alter, or repair commercial property where the construction contract value is at least \$150,000 or greater.

State Expenditures

Workload in the trial courts may increase if the number of civil actions increase related to private construction agreements. The resulting increase in workload for the Judicial Department is minimal and does not require new appropriations.

Effective Date

The bill takes effect August 5, 2020, if the General Assembly adjourns on May 6, 2020, as scheduled, and no referendum petition is filed, and applies to contracts made on or after this date.

State and Local Government Contacts

Judicial
Law

Counties
Local Affairs

Labor
Municipalities