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S.B. 487: FLOOR ANALYSIS

Senate Bill 487 (as reported without amendment)

Sponsor: Senator Valde Garcia

Committee: Economic Development and Regulatory Reform

## **CONTENT**

The bill would amend the Construction Lien Act to limit the following to residential structures:

- -- Requirements that an owner or lessee notify subcontractors, suppliers, and laborers upon receiving a contractor's sworn statement and, upon request, give them a copy of it.
- -- A provision under which an owner or lessee may not rely on a waiver of lien provided by someone other than the lien claimant without verifying the waiver.

Under the Act, upon receiving a sworn statement from a contractor or subcontractor, an owner, lessee, or designee must give notice of its receipt to each subcontractor, supplier, or laborer who has provided a notice of furnishing or, if a notice of furnishing is excused under the Act, to each subcontractor, supplier, and laborer named in the sworn statement. If a subcontractor, supplier, or laborer who has provided a notice of furnishing or who is named in the sworn statement requests a copy of it, the owner, lessee, or designee must give the requester a copy within 10 business days.

Under the bill, the requirement to give notice would apply when an owner, lessee, or designee received a sworn statement regarding an improvement to a residential structure. Upon request, the owner, lessee, or designee would have to give a copy to a subcontractor, supplier, or laborer who was entitled to notice under these provisions.

The Act prohibits an owner, lessee, or designee from relying on a full or partial unconditional or conditional waiver of lien provided by a person other than the lien claimant named in the waiver if the lien claimant has filed, or is excused from filing, a notice of furnishing, unless the owner, lessee, or designee has first verified the authenticity of the lien waiver with the lien claimant. Under the bill, this would apply if the improvement were provided to property that was a residential structure.

MCL 570.1110 & 570.1115 Legislative Analyst: Suzanne Lowe

## **FISCAL IMPACT**

The bill would have no fiscal impact on State or local government.

Date Completed: 5-9-07 Fiscal Analyst: Elizabeth Pratt

Maria Tyszkiewicz