

HOUSE RESEARCH

Bill Summary

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Overview

This bill modifies and clarifies the language regulating building contracts to include professional service contracts in certain provisions of the statute and to prevent the enforcement of contracts requiring professional liability insurance for third parties.

Section

1 Definition.

Building Contracts. Removes design contracts from the definition of “building contracts.”

Indemnification Agreement. Adds “defend” to the requirements in the definition of “indemnification agreement,” and adds “economic loss” as a harm to be indemnified from.

Professional Service Contract. Means a contract for services that are provided by architects, engineers, surveyors, landscape architects, geoscientists, and interior designers.

2 Unenforceability of certain agreements. Adds that professional service contracts are prohibited from including indemnification agreements except for specific statutory exceptions.

3 Agreements valid. Clarifies that the agreements regulated are building and construction contracts and professional service contracts and prohibits them from requiring professional liability insurance for the benefit of others.

Section

- 4** **Building and construction contracts; prohibited provisions.** Adds professional service contracts for architects and others to the requirements that apply to building and construction contracts, including: not applying other states laws to the contract, preventing a waiver of mechanic's liens, and requiring prompt payment to subcontracts and allowing interest to be applied to money owed to the subcontractors.
- 5** **Effective Date.** This bill applies to contracts and agreement entered into on or after August 1, 2013.