

ALASKA STATE LEGISLATURE
HOUSE LABOR AND COMMERCE STANDING COMMITTEE

January 23, 2004

3:21 p.m.

MEMBERS PRESENT

Representative Tom Anderson, Chair
Representative Bob Lynn, Vice Chair
Representative Carl Gatto
Representative Harry Crawford
Representative David Guttenberg

MEMBERS ABSENT

Representative Nancy Dahlstrom
Representative Norman Rokeberg

COMMITTEE CALENDAR

HOUSE BILL NO. 340

"An Act relating to damages in an action for a defect in the design, construction, and remodeling of certain dwellings; and providing for an effective date."

- MOVED CSHB 340(L&C) OUT OF COMMITTEE

HOUSE BILL NO. 351

"An Act relating to the devices, including carbon monoxide detection devices, required in dwellings; and providing for an effective date."

- MOVED CSHB 351(L&C) OUT OF COMMITTEE

HOUSE BILL NO. 389

"An Act relating to certain monetary advances in which the deposit or other negotiation of certain instruments to pay the advances is delayed until a later date; and providing for an effective date."

- BILL HEARING POSTPONED

PREVIOUS COMMITTEE ACTION

BILL: HB 340

SHORT TITLE: DAMAGES IN CONSTRUCTION CLAIMS

REPRESENTATIVE(S): MEYER

01/12/04 (H) PREFILE RELEASED 1/2/04
01/12/04 (H) READ THE FIRST TIME - REFERRALS
01/12/04 (H) L&C, JUD
01/23/04 (H) L&C AT 3:15 PM CAPITOL 17

BILL: HB 351

SHORT TITLE: CARBON MONOXIDE DETECTION DEVICES
REPRESENTATIVE(S): GATTO, GRUENBERG

01/12/04 (H) PREFILE RELEASED 1/2/04
01/12/04 (H) READ THE FIRST TIME - REFERRALS
01/12/04 (H) L&C, STA
01/21/04 (H) L&C AT 3:15 PM CAPITOL 17
01/21/04 (H) Heard & Held
01/21/04 (H) MINUTE(L&C)
01/23/04 (H) L&C AT 3:15 PM CAPITOL 17

WITNESS REGISTER

REPRESENTATIVE KEVIN MEYER
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Testified as the sponsor of HB 340,
explained an amendment, and answered questions.

DONNA McCREADY, Attorney at Law
Alaska Trial Lawyers
Anchorage, Alaska

POSITION STATEMENT: Testified against HB 340, characterizing
the bill as "anti-consumer."

STEVE ORR

Orr Construction
Wasilla, Alaska

POSITION STATEMENT: Testified in favor of HB 340.

ROBIN WARD

Alaska State Home Builders Association
Juneau, Alaska

POSITION STATEMENT: Testified for the Alaska State Home
Builders Association in favor of HB 340.

REPRESENTATIVE MAX GRUENBERG

Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Testified as one of the two sponsors of HB 351.

ACTION NARRATIVE

TAPE 04-3, SIDE A

Number 0001

CHAIR TOM ANDERSON called the House Labor and Commerce Standing Committee meeting to order at 3:21 p.m. Representatives Anderson, Lynn, Gatto, Crawford, and Guttenberg were present at the call to order.

HB 340-DAMAGES IN CONSTRUCTION CLAIMS

CHAIR ANDERSON announced that the first order of business would be HOUSE BILL NO. 340, "An Act relating to damages in an action for a defect in the design, construction, and remodeling of certain dwellings; and providing for an effective date."

Number 0015

REPRESENTATIVE KEVIN MEYER, Alaska State Legislature, sponsor, introduced HB 340, and stated that this bill limits the damages that can be awarded in a construction defect lawsuit to the actual cost of repairs; the reasonable expenses of temporary housing; the reduction in the market value, if any, caused by the defect; and the reasonable and necessary attorney fees. He noted that this bill provides that the damages awarded in a construction defect lawsuit may not exceed the greater of the purchase price of the home or the current fair market value of the home without the defect. This bill does not limit or affect lawsuits alleging personal injury or wrongful death resulting from the construction defect.

REPRESENTATIVE MEYER said HB 340 is a significant step in assisting homebuilders and contractors in attaining affordable and adequate general liability insurance. This, in turn, has a direct effect on the cost of a new home. He referred to an article from the state of Nevada that estimates that for every \$1,000 increase in the cost of insurance, 1,400 potential buyers were squeezed out of the market. He stated that since 2001, there's been an increase in the cost of general liability insurance and the policies that are issued are very limited in their coverage. As far as he knows, there are only two national insurance companies willing to write general liability coverage in Alaska. He'd met with one from Nevada, and stated that the

perception of the Alaskan market is that it is high-risk, very small, and not profitable for [insurance companies].

He believes that HB 340 will make Alaska, and the homebuilders in Alaska, a more attractive group to insure, and this fact will ultimately protect constituents. Insurance companies will see that the State of Alaska is interested in protecting growth, business, and jobs when it comes to residential construction. He noted that in the November issue of the "Alaska Economic Trends" it was recorded that since 1989, construction has provided more certainty and steadiness in the state's economy industry than most other industries when it comes to overall employment and growth.

He warned, however, that because fewer insurance companies are insuring Alaska's builders, or are insuring at extremely high rates, this [trend] can only be expected to decline. He said that other states, mostly western states, have passed similar legislation. He promised that the committee would hear testimony from construction professionals around the state about this insurance crisis and how it is affecting their business and, ultimately, constituents and consumers.

Number 0369

REPRESENTATIVE MEYER stated that HB 340, coupled with the bill passed last year, is a necessary measure to attract insurance companies back to Alaska to provide the state-mandated insurance coverage to construction professionals. He feels these measures will also keep the American dream of owning one's own home alive.

REPRESENTATIVE GATTO posed the problem of two objects for sale at the exact same price, for example, a brand-new computer and a reconditioned computer. He said if there was a choice between brand-new and reconditioned for the same price, he thinks that 100 percent [of buyers] would choose the brand-new computer. He stated:

When we repair defects in a house, even though they are repaired, I'm not as comfortable - you're not either - when they come to your house, tear the wall apart, and fix something, attach new wires and fix the new house - so that even though the opportunity to repair a defect is allowed, shouldn't I, as the homeowner, be entitled to at least some additional compensation, in addition to the repair, because I

have suffered some kind of a loss here? All would agree that there is some kind of a loss if you would always pick the new, rather than the repair.

Number 0536

REPRESENTATIVE MEYER admitted that this was a good point, but said he didn't clearly understand how this related to the construction industry. He noted that the bill included "reasonable costs," and he thinks that if a case had to go before a judge (indisc. -- members talking).

REPRESENTATIVE GATTO wondered if the consumer's right to go to court for damages was adequately protected under HB 340.

REPRESENTATIVE MEYER responded that, if he recalls, a bill passed last year that said if the homeowner was not satisfied with the work that the builder did to cure the problem, then the homeowner still had the right to litigate.

Number 0637

REPRESENTATIVE GATTO also noted that the "lemon law" does exist and he went on to say:

You fix it three times, I want a new car. So with this law it says, "Either you get this thing fixed or you have to give them another one." I'm looking for the connection that says, at some point, the owner is entitled; especially if he has to put up with the nuisance of doing without something he already paid for, to have repairmen in and out. So I was thinking of some other limitation that goes a little bit beyond the cost to repair, but "rather no more than 110 percent of the cost to repair," or something like that. Sometimes you don't even want the original builder to come in and repair, because now that's the last person you want to see because you've already had arguments. There are so many things that affect the consumer.

REPRESENTATIVE MEYER agreed, but also noted that between the bill from last year and HB 340, this situation would be covered. He believes that if consumers are not totally satisfied, they can go to court. Some of the nuisance factors that Representative Gatto referred to would be considered a reasonable expense, he suggested.

CHAIR ANDERSON added that the court uses "reasonable" as a term in many statutes, and courts interpret it using market value and market standards. He explained that sometimes there has been a fear that when legislators put "reasonable" into a bill, "reasonable" might be too high or too low. He said the court interprets "reasonable" to be synonymous with how much a home or repair would cost.

Number 0760

REPRESENTATIVE CRAWFORD stated that he is in the construction industry, is sensitive to the cost of insurance, and understands that there are many impediments to completing a building project. He hopes that as the insurance companies pass the increased costs on to the builders, and ultimately to the consumers, they also pass along the savings. He said HB 340 will reduce some of their exposure. He wished there was a way to quantify these savings.

REPRESENTATIVE MEYER said he thinks that as the number of insurance companies that come to Alaska to write insurance increases, the rates will drop, and this savings will be passed on to the homebuilders. Then the homebuilders will, ultimately, pass [the savings] on to the consumer. He mentioned some amendments that will be brought up later on in this meeting.

Number 0980

DONNA McCREADY, Attorney at Law, Alaska Trial Lawyers, testified on HB 340 and noted she has some concerns:

First and foremost, I'm concerned that this really ends up hurting the consumers in Alaska. I was listening to Representative Meyer, but I have a real concern that it is shifting the burden of any kind of defect in construction to individual consumers. They really are not in the best position to absorb that burden, and really, it seems to me that the builders and the insurance companies are.

The argument that this is somehow going to attract more insurance companies to Alaska, or that insurance companies will somehow lower their premiums, you know, our experience in Alaska with capping damages in personal injury cases, [is that is] has not affected insurance premiums in any way that has helped the

consumer. In fact, it's really made it difficult for Alaskans who have genuinely been hurt to actually bring their claims and have them heard in court. They just can't afford to do that. So, I'm very concerned about that aspect of it. Insurance premiums, since damages have been capped in personal injury cases, have not come down; consumers have not been helped by that at all, and I can see that by limiting damages in this arena, [HB 340] is also not going to help the consumer. My reading, my experience, and my knowledge in this area is that the insurance premiums are driven by the market. They are not affected by legislation such as this.

MS. McCREADY went on to characterize HB 340 as "anti-consumer legislation." When she reads that this bill will cap damages, and tying this cap to the fair market value of the property, she said there would be relocation fees or attorney fees, and, again, the consumer ends up bearing these fees. She feels that the builder's insurance company should have to pay these fees.

REPRESENTATIVE GUTTENBERG asked if homeowners could sue for as much as they wanted in a circumstance that Representative Meyer is trying to cap.

MS. McCREADY responded that she thinks there are "natural caps," in terms of the law, that define how damages are measured. She stated that these are not arbitrary caps. She pointed out, "It's not just 'the sky is the limit'." What she sees with this legislation is that arbitrary caps are being put into place that will end up hurting the consumer.

Number 1208

CHAIR ANDERSON read from the bill, which states:

(1) the reasonable cost of repairs necessary to cure a defect, including reasonable and necessary engineering or consulting fees required to evaluate and cure the defect, that the construction professional is responsible for repairing;

(2) the reasonable expenses of temporary housing reasonably necessary during the repair period;

(3) the reduction in market value, if any, to the extent that the reduction is due to the defect; and

(4) reasonable and necessary attorney fees.

CHAIR ANDERSON questioned how Ms. McCready could characterize this bill as "anti-consumer," since it has all of the above protections for the consumer built into it. In his opinion, this bill would put a cap on frivolous lawsuits.

Number 1281

MS. McCREADY referred to subsection (b), which says, "The total damages awarded for an action covered under AS 09.45.881 - 09.45.899 may not exceed the greater of the claimant's purchase price for the residence or the current fair market value of the residence without the defect." She said she does not think this section naturally follows from the last section, where all the reasonable costs and fees are allowed. Ms. McCready explained:

If you are saying the damages cannot exceed the greater of the claimant's purchase price for the residence or the current fair market value, then I'm sorry, I don't understand, then, how relocation, attorney's fees, appraisal, all of these fees are then paid for. They are paid for out of the consumer's pocket. So that's why I'm saying I don't agree with capping the damages in this manner.

I do want to comment, and I will be honest with you, this is not an area in which I have practiced, in terms of construction or suing for defects from construction. I certainly am aware of practitioners who practice in that area, but when people talk about frivolous lawsuits, I will tell you from my own experience that that just gets my ire up. I don't think people realize how costly it is for attorneys and for plaintiffs to actually bring a lawsuit against any kind of professional in this state. We don't do it lightly because there are risks out there. You can end up spending a lot of money and losing a lot of money. I am not aware of attorneys who are just running down to the courthouse and filing frivolous lawsuits. I don't see that.

Number 1441

REPRESENTATIVE GUTTENBERG referred to page 1, line 10, which refers to the construction professional. He asked if it is Ms. McCready's impression that the homeowner who has damages is required to go back to the actual builder that caused the

damages for the repair. He stated that his concern is that a homeowner's only responsibility is to go back to the construction professional who caused the damage. He thinks there's no provision for the homeowner to go to a third party to get the repair done.

MS. McCREADY responded that she did not know the answer to that question.

Number 1515

REPRESENTATIVE MEYER recalled that the buyer signs a contract that states that if he or she has any problems, complaints, or defects, the buyer goes back to the builder first. Then the builder has 30 days to fix the problem. If it doesn't happen, the buyer can take the builder to court. He stated that under this bill the homeowner would have to go back to the builder.

REPRESENTATIVE GUTTENBERG expressed concern that if the relationship between both parties has deteriorated badly, the construction professional would have the option to subcontract the work.

REPRESENTATIVE MEYER agreed that this is the case.

REPRESENTATIVE GATTO stated that he thinks it's reasonable when a buyer signs a contract with a builder that the buyer does not think he/she is signing with a subcontractor. The buyer signs it with the builder, and has no recourse, except to go back to the builder. He wonders what would happen if the builder goes to Nevada.

CHAIR ANDERSON assured him that the buyer does have recourse "with a multitude of parties." The buyer has the right to sue subcontractors.

Number 1619

STEVE ORR, Orr Construction, Wasilla, told the committee that he does four to five million dollars in sales a year. He testified:

In 2002, my combined insurances for my business was slightly under \$47,000. [In] year 2003 my insurance, combined for my business, was slightly under \$113,000. My general liability went from about \$8,000 to \$80,000 a year. So what that did, it added \$2,000 per house

for my future buyers, and I work predominantly entry-level to middle-income, the hardworking people. That \$2,000 might have bought them that extra bedroom, so they didn't have to stack their children so deep. So, it does have quite an impact. To elaborate, if you have ever been in litigation -- I've been through one before; it cost a quarter-million dollars. In the end, nobody really won because nobody could say anybody did anything wrong. After it was all over, a couple of people went to their offices; the plaintiffs went to their fourplex because they gave up their home; the builder had to go out and figure out how to earn that extra \$72,000 that somebody got on their 206, who went to Arizona for a break.

MR. ORR went on to note that he built 49 homes in 2003. He does not think this bill "closes the door on consumers"; but rather, it "closes the door a little bit more, to be sure that if somebody wants to bring suit, they need to be sure that they do have a problem."

Number 1750

REPRESENTATIVE GATTO asked why insurance rates have gone up. Representative Gatto also asked, if Mr. Orr made a repair at 11 months, whether he would then give the consumer an additional one-year warranty on that repair.

MR. ORR replied that issues, such as different soils, particularly in the West and Southwest, had caused the increase [in insurance costs]. He replied that if he had done a repair, he does give the consumer an additional one-year warranty on that repair.

Number 1819

ROBIN WARD, Alaska State Home Builders Association, stated that she had just returned from the national homebuilders' association convention. She pointed out that every state has been affected by the increase in cost and the lack of availability of insurance. She shared that the settlements in construction litigation are so high that profit is being lost, and it's also raising costs. She noted that the industry has to get control over what happens in case law and the exclusions that result. Ms. Ward stated that these steps are necessary in order to control the damages of settlements. She said, otherwise, the construction industry will continue to have

rising costs in liability insurance. She reported that her liability insurance went up \$28,000 and she only does 10 houses a year. She declared that this is not "value-added"; she is not adding anything of benefit to the consumer. She feels it is a very important bill, because it will help control the damages awarded in settlements.

Number 1912

CHAIR ANDERSON asked how many companies that build homes do business in Alaska; could Ms. Ward estimate how many homes were built in 2003?

MS. WARD said she suspects that about 1,300 companies, many who only build two or three homes a year, are currently building homes in Alaska. She estimated that approximately 3,000 new homes were built statewide by private contractors, not including housing built by Native corporations.

REPRESENTATIVE CRAWFORD asked her to estimate the number of lawsuits brought against contractors over the last two years.

MS. WARD stated that often the lawsuits do not occur in the first year or two; they often occur "in the fifth or the eighth year." She added that there are not that many lawsuits in Alaska, but that the damages in settlement are high and punitive.

Number 1981

REPRESENTATIVE CRAWFORD commented that he has rental properties that he has to insure, and this insurance cost has tripled in the past three years. He understands that to keep building, it is necessary to keep insurance costs down. He wished her luck.

MS. WARD said she believes there's an increase in builders who operate without a license because they cannot afford the liability insurance necessary to get a license. This situation, she believes, is worse for consumers because they have even less protection. She added that about 18 percent of the builders [in the Alaska State Home Builders Association] will go out of business because they can't afford the liability insurance.

REPRESENTATIVE GUTTENBERG expressed concern about whether or not the banks check to see if the contractor has a license before they make a loan.

MS. WARD replied yes, and added another concern: many owners hire a builder and the owner is getting the loan and, consequently, the banks do not check the builder's license.

Number 2063

CHAIR ANDERSON closed public testimony.

REPRESENTATIVE CRAWFORD made a motion to adopt Amendment 1, which reads [original punctuation provided]:

Page 2, line 12:

Insert New Section:

Section 2. AS 09.45.893(c) is amended to read:

(c) The notice required by (a) of this section must be conspicuous and must be in substantially the following form:

ALASKA LAW AT AS 09.45.881-09.45.899 CONTAINS IMPORTANT REQUIREMENTS THAT YOU MUST FOLLOW BEFORE YOU MAY FILE A COURT ACTION FOR DEFECTIVE DESIGN, CONSTRUCTION, OR REMODELING AGAINST THE DESIGNER, BUILDER, OR REMODELER OF YOUR HOME. WITHIN ONE YEAR OF THE DISCOVERY OF A DESIGN, CONSTRUCTION, OR REMODELING DEFECT, BEFORE YOU FILE A COURT ACTION, YOU MUST DELIVER TO THE DESIGNER, BUILDER, OR REMODELER A WRITTEN NOTICE OF ANY DESIGN, CONSTRUCTION OR REMODELING CONDITIONS YOU ALLEGE ARE DEFECTIVE IN ORDER TO PROVIDE YOUR DESIGNER, BUILDER, OR REMODELER WITH THE OPPORTUNITY TO MAKE AN OFFER TO REPAIR OR PAY FOR THE DEFECTS. YOU ARE NOT OBLIGATED TO ACCEPT ANY OFFER MADE BY THE DESIGNER, BUILDER, OR REMODELER. THERE ARE STRICT DEADLINES AND PROCEDURES UNDER STATE LAW. FAILURE TO FOLLOW THEM MAY AFFECT YOUR RIGHT TO FILE A COURT ACTION. ALASKA LAW AT 09.45.895 CONTAINS LIMITATIONS TO THE AMOUNT OF DAMAGES THAT MAY BE RECOVERED IN A COURT ACTION FOR DEFECTIVE DESIGN, CONSTRUCTION OR REMODELING.

Renumber the remaining sections accordingly.

CHAIR ANDERSON objected and requested an explanation of the amendment.

REPRESENTATIVE CRAWFORD stated the operative line:

ALASKA LAW AT 09.45.895 CONTAINS LIMITATIONS TO THE
AMOUNT OF DAMAGES THAT MAY BE RECOVERED IN A COURT
ACTION FOR DEFECTIVE DESIGN, CONSTRUCTION OR
REMODELING.

Number 2163

The committee took an at-ease from 4:06 p.m. to 4:08 p.m.

REPRESENTATIVE MEYER commented on his support of Amendment 1:

If you recall, when the "right to cure" bill was on the floor last year, Representative Gara had asked that we include this disclaimer in the contract that you sign, when you had a new home built or you purchase. That way, the consumer knows, basically, what the rules are: that if you have any concerns with the design or defects, you have to go back to the builder and give the builder first opportunity to fix it. If he or she doesn't, then you have other options. All we're doing here is including on that disclosure what HB 340 is going to do. In other words, if you do decide, or do need to go to court, then this is what you can sue for.

CHAIR ANDERSON removed his objection to Amendment 1.

Number 2230

CHAIR ANDERSON offered a friendly amendment to Amendment 1 for consistency purposes: add "AS" in front of the "09" so it references Alaska Statute. He asked Representative Crawford if it was acceptable to add this friendly amendment.

REPRESENTATIVE CRAWFORD replied in the affirmative.

Number 2240

CHAIR ANDERSON announced that Amendment 1 [as amended] was adopted.

Number 2258

REPRESENTATIVE CRAWFORD offered Amendment 2, which reads [original punctuation provided]:

Page 1, line 8:

Following: "defect,"

Insert: "or actual damages that result from the construction defect"

CHAIR ANDERSON objected to Amendment 2 for purposes of clarification.

REPRESENTATIVE CRAWFORD referenced page 1, line 8, and explained:

The analogy that we were using [is] if you had a builder build a garage and [he/she] fouled up the truss system - there was a defect in the truss system, the garage collapsed, and crushed your car - it also would pay for your car. That was the amendment: actual damages, not just the damages that resulted from the defect.

CHAIR ANDERSON removed his objection and requested a motion to adopt Amendment 2.

Number 2309

REPRESENTATIVE CRAWFORD moved to adopt Amendment 2 [text provided previously]. There being no objection, it was so ordered.

Number 2328

REPRESENTATIVE GATTO moved to report CSHB 340 [HB 340, as amended] out of committee with individual recommendations and the accompanying fiscal note.

CHAIR ANDERSON announced that CS HB340 (L&C) was reported from the House Labor and Commerce Standing Committee.

HB 351-CARBON MONOXIDE DETECTION DEVICES

Number 2347

CHAIR ANDERSON announced that the next order of business would be HOUSE BILL NO. 351, "An Act relating to the devices, including carbon monoxide detection devices, required in dwellings; and providing for an effective date."

Number 2362

The committee took an at-ease from 4:11 p.m. to 4:13 p.m.

TAPE 04-3, SIDE B

Number 2375

REPRESENTATIVE GATTO, one of the sponsors, moved to adopt the proposed committee substitute (CS) for HB 351, Version 23-LS1325\I, Bannister, 1/23/04, as a work draft. There being no objection, Version I was before the committee.

Number 2350

REPRESENTATIVE MAX GRUENBERG, Alaska State Legislature, one of the sponsors, introduced the changes resulting from the last committee meeting, citing a cover letter from him and Representative Gatto that lists the issues addressed in the proposed CS. Noting that Representative Lynn had taken issue with the effective date [in the bill], he said the sponsors felt that it would be too complicated to have various dates contained in the bill, and they decided to leave it as it is.

REPRESENTATIVE GRUENBERG spoke about the second issue, the language found on page 2, lines 16-19. The new language states:

- (3) "qualifying dwelling unit" means a dwelling unit that
 - (A) contains or is serviced by a carbon-based-fueled appliance or device that produces by-products of combustion;
 - (B) has an attached garage or carport;or
 - (C) is adjacent to a parking space;

Number 2231

REPRESENTATIVE GRUENBERG addressed the third issue of the large, mega-apartment house or hotel with a heating source common to the whole building. He said:

To understand why we didn't change this, it's necessary to see how the law works. As you will see, if you look on page 2, line 13, there are dwelling units and qualifying dwelling units. Both refer to each other, for example, on page 1, lines 13 and 14, and on page 1, lines 5 and 6. They have dwelling units, but you don't have to have [carbon monoxide

detectors] in the dwelling units unless they're qualifying dwelling units. The qualifying units are a sub-category. Dwelling units are defined on page 2, line 13, in AS 34.03.360. That is the uniform landlord tenant Act. So, smoke detector and carbon monoxide detection statutes refer back for the definition to the uniform landlord and tenant Act. I have distributed for you the definition, AS 34.03.360, and paragraph (3) defines dwelling unit.

So, to see what the outer class is, of which this is a sub-class, you have got to look at dwelling unit. It means a structure or part of a structure that is used [he notes a typographical error that needs to be corrected from "issued" to "is used"] as a home, residence, or sleeping place, by one person who maintains a household, or by two or more persons who maintain a common household, and includes mobile homes. So, you don't get into the issue of hotels unless you live there permanently. There are very few people who live in hotels that are maintained as households, and those people, the fire marshals felt, should be covered. So they didn't want to change the statutes.

Number 2075

REPRESENTATIVE LYNN agreed with most of what Representative Gruenberg had said, except for the transfer-of-title issue. He noted the effective date of January 1, 2005, in Version I. He stated that he is an associate broker in a real estate company and he believes that a 90-day date to require the installation of a carbon monoxide detector is reasonable, because the lender probably wouldn't lend without a detector in place. In addition, the appraiser looks at it, the title company looks at it, and there are home inspectors and the board of realtors. He sees it as a simple matter of sending a simple letter to these five or six entities, and this would cover notification of the change in the law.

REPRESENTATIVE GRUENBERG conceded that he did not have a problem with that particular amendment, noting that the House Labor and Commerce Standing Committee is the first committee of referral, and that this idea could be dealt with later.

REPRESENTATIVE LYNN agreed to prepare an amendment for the bill when it comes to the House State Affairs Standing Committee.

CHAIR ANDERSON closed public testimony and requested a motion to move the CS version of HB 351 out of committee.

Number 1893

REPRESENTATIVE LYNN moved [to report CSHB 351, Version 23-LS1325\I, Bannister, 1/23/04 out of committee with individual recommendations and the accompanying fiscal notes].

CHAIR ANDERSON, hearing no objections, announced that CSHB 351(L&C) was reported from the House Labor and Commerce Standing Committee.

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 4:25 p.m.