



# HOUSE BILL 650: State Board Construction Contract Claim.

2017-2018 General Assembly

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<b>Committee:</b>	House Judiciary III. If favorable, re-refer to State and Local Government II	<b>Date:</b>	April 17, 2017
<b>Introduced by:</b>	Reps. Arp, Brody, Boswell, Millis	<b>Prepared by:</b>	Brad Krehely
<b>Analysis of:</b>	First Edition		Committee Co-Counsel

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**OVERVIEW:** *House Bill 650 would provide the time periods in which the Director of the Office of State Construction must issue a final order allowing or denying a contractor's verified written claim. The act would become effective January 1, 2018, and would apply to verified claims submitted on or after that date.*

**CURRENT LAW:** A contractor who has completed a contract with a board for construction or repair work and who has not received the amount the contractor claims is due under the contract may submit a verified written claim to the Director of the Office of State Construction of the Department of Administration (Director) for the amount the contractor claims is due. The claim must be submitted within 60 days after the contractor receives a final statement of the board's disposition of the claim.

The Director must investigate a submitted claim within 90 days of receiving the claim, or within any longer time period upon which the Director and the contractor agree. The Director may allow, deny, or compromise the claim, in whole or in part. The Director must give the contractor a written statement of the Director's decision on the contractor's claim.

A contractor who is dissatisfied with the Director's decision on a claim submitted under this subsection may commence a contested case on the claim under Chapter 150B of the General Statutes. The contested case shall be commenced within 60 days of receiving the Director's written statement of the decision.

For any portion of a claim denied by the Director, the contractor may institute a civil action in superior court, in lieu of commencing a contested case under Chapter 150B. The contractor must act within 6 months of receipt of the Director's final decision. G.S. 143-135.3.

**BILL ANALYSIS:** House Bill 650 would amend G.S. 143-135.3 to provide that the Director must give the contractor a final decision allowing or denying those parts of the claim that have not been compromised. It also would provide the following time periods for the Director to investigate and issue a final written decision:

- **Claims less than \$100,000-** If the verified claim was originally for an amount less than \$100,000, the Director must investigate and issue a final written decision allowing or denying the claim, in whole or in part, within 120 days of receipt of the contractor's verified claim.
- **Claims between \$100,000 and \$5 million-** If the verified claim was originally for an amount of \$100,000, but less \$5 million, the Director must investigate and issue a final written decision allowing or denying the claim, in whole or in part, within 180 days of receipt of the contractor's verified claim.

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Director



Legislative Analysis  
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# House Bill 650

*Page 2*

- **Claims for \$5 million or more-** If the verified claim was originally for an amount of \$5 million or more, the Director must investigate and issue a final written decision allowing or denying the claim, in whole or in part, within 270 days of receipt of the contractor's verified claim.

The act provides that prior to the expiration of these time periods, the Director and contractor may, in writing, extend the time by which the Director must issue a final decision. If the Director fails to issue a final written decision, this is deemed a denial of the portions of the claim not previously compromised.

The act makes other conforming changes.

**EFFECTIVE DATE:** The act would become effective January 1, 2018 and would apply to verified claims submitted on or after that date.