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State of Utah Department of Commerce

Division of Occupational and Professional Licensing

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October 28th, 2021

Honorable Curtis S. Bramble, *Chair*
Honorable Joel Ferry, *Chair*
Utah Business and Labor Interim Committee
350 State Capitol, Suite 320
P.O. Box 145115
Salt Lake City, Utah 84114

ANNUAL REPORT OF THE UTAH RESIDENCE LIEN RECOVERY FUND

INTRODUCTION

The Utah Residence Lien Recovery Fund is an alternate payment source for contractors, laborers, or suppliers whose liens are voided because a homeowner qualifies for protection under the Residence Lien Restriction and Lien Recovery Fund Act.

In 1994, the Utah Legislature recognized a problem within the residential construction industry. A few contractors were taking money for construction but not paying subcontractors and suppliers. Therefore, homeowners had to pay the subcontractors and suppliers directly to prevent loss of the home due to lien foreclosure. In effect, the homeowner had to pay twice for the same product or service. To correct this inequity, the Legislature passed the Utah Residence Lien Restriction and Lien Recovery Fund Act.

In 2018, the Utah Legislature passed H.B. 310 which modified the Residence Lien Restriction and Lien Recovery Fund Act. The bill discontinued both initial and special assessments to provide money for the continuing operation of the Residence Lien Recovery Fund. The bill also required the Division of Occupational and Professional Licensing (DOPL) to report the status of the Fund to the Utah Legislature and the Business and Labor Interim Committee by October 1 of each year.

ANNUAL REPORT

In compliance with H.B. 310 and pursuant to Utah Code § 38-11-206, the Division of Occupational and Professional Licensing (DOPL) provides this report as follows:

(1) the amount of money in the fund, including the encumbered fund balance;

As of the end of FY2021, the total amount of money in the fund, including the encumbered fund balance, is \$1,247,588.30

As of the end of FY2021, the total amount of money included in the above-listed fund balance to administer the fund is \$269,757.40.

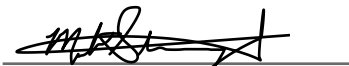
(2) an estimate of when the fund will have insufficient money to continue to pay claims under this chapter;

Based on the prior claims paid, the Division estimates that the fund will have insufficient money to continue to pay claims on or after **July 1, 2025**. *Obviously, this estimated date will change based on actual claims paid each fiscal year.*

(3) a recommendation to the Legislature of whether the substantive provisions of this chapter should be repealed due to insufficient money in the fund.

As there is sufficient money in the Fund to pay anticipated claims for the next fiscal year, the Division does not yet recommend repeal of this chapter due to insufficient money in the Fund.

Sincerely,



Mark Steinagel (Oct 28, 2021 09:31 MDT)

Mark B. Steinagel
Director
Division of Occupational & Professional Licensing

cc: Margaret Busse, Executive Director, Utah Department of Commerce
Joseph Giacalone, Budget and Policy Analyst, GOPB
Adam J. Sweet, Policy Analyst, Business and Labor Interim Committee