

A BILL FOR AN ACT

To require all contractors to be licensed in the Commonwealth of the Northern Mariana Islands; and for other purposes.

BE IT ENACTED BY THE TWENTY-FOURTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE:

1 **Section 1. Findings and Purpose.** The Legislature finds that the Commonwealth
2 of the Northern Mariana Islands is one of the few jurisdictions within the United States that
3 does not have contractor licensing laws and regulations. The Legislature further finds that
4 such laws are highly necessary to protect both the contractors and customers from any
5 negative actions committed by either party. In the event that either party commits a
6 detrimental act, there are no regulations in place that would establish how to assess and
7 mitigate the situation. As a fellow United States jurisdiction, it is imperative to implement
8 such laws that would govern our contractors and provide proper accountability while they
9 conduct their day-to-day operations.

10 The Legislature also finds that in implementing such regulation measures, the
11 probable fees that may be generated can be utilized to fund construction apprenticeship
12 programs. Presently, the CNMI is faced with a dreadful shortage in construction labor
13 forcing residents and companies alike to take drastic measures in seeking off-island
14 services and/or to pause any further construction projects. The Legislature finds that the
15 probable realized funds that may be generated can be used to fund any construction-related
16 apprenticeships in order to rectify and provide a feasible solution to any current
17 construction labor issues we are facing. The benefits realized in this proposed legislation
18 will provide great financial opportunities in establishing necessary programs for the benefit
19 of Commonwealth and its residents.

20 Therefore, the purpose of this Act is to require all contractors to be licensed in the
21 Commonwealth of the Northern Mariana Islands to provide equal opportunities and

1 accountability for all contractors within the CNMI and to provide our construction
2 workforce with the necessary financial assistance to train our future construction
3 workforce.

4 **Section 2. Enactment.** The following is enacted subject to codification by the
5 Law Revision Commission:

6 **“§101. Title.** This Act shall be known as the “Contractor’s Licensing Act.”

7 **§102. Definitions.**

8 As used in this Chapter:

9 (a) “Board” means the Contractors License Board.

10 (b) “Contractor” means any person who undertakes to construct, alter,
11 repair, add to, subtract from, improve, move, wreck or demolish any building,
12 highway, road, railroad, excavation or other structure, project development or
13 improvement or do any part thereof, including the erection of scaffolding or other
14 structure of works in connection therewith for another person for a fee.

15 (c) “Contractor” includes a subcontractor and a specialty contractor.

16 (d) “Person” means an individual, partnership, joint venture, corporation or
17 any combination thereof. Corporation includes an association, business trust or any
18 organized group of persons.

19 (e) “Self-construction” means a project or operation performed by the
20 owner for personal needs on personal premises; a self-constructed/performed
21 project or operation shall otherwise be deemed performed by a contractor.

22 (f) “Investigator” means an employee with the Contractors License Board
23 who conducts thorough investigations of applicants applying for a contractor’s
24 license and who inspects, regulates, and enforces the laws, rules and regulations of
25 the Licensing Board for Contractors.

26 (g) “Responsible Management Employee” means the individual responsible
27 for the direct management of the contracting business of the licensee.

28 **§103. Licenses Required.**

1 No person within the purview of this Chapter shall act, or assume to act, or
2 advertise, as general engineering contractor, general building contractor or
3 specialty contractor without a license previously obtained under and in compliance
4 with this Chapter and the rules and regulations of the Contractors License Board.

5 **§104. Exemptions.**

6 This Chapter shall not apply to:

7 (a) An officer or employee of the United States, the Territory or any political
8 subdivision, if the project or operation is performed by employees thereof;

9 (b) Any person acting as a receiver, trustee in bankruptcy, administrator or
10 executor, or any other person acting under any order or authorization of any court;

11 (c) A person who sells or installs any finished products, materials or articles
12 or merchandise which are not actually fabricated into and do not become a
13 permanent fixed part of the structure, or to the construction, alteration,
14 improvement or repair of personal property;

15 (d) Any project or operation for which the aggregate contract price for labor,
16 materials and all other items is less than Two Thousand Five Hundred Dollars
17 (\$2,500). This exemption shall not apply in any case wherein the undertaking is by
18 a licensed contractor or is only part of a

19 larger or major project or operation, whether undertaken by the same or a
20 different contractor or in which a division of the project or operation is made in
21 contracts of amounts less than Two Thousand Five Hundred Dollars (\$2,500) for
22 the purpose of evading this Chapter or otherwise;

23 (e) A registered architect or professional engineer acting solely in a
24 professional capacity;

25 (f) Any person who engages in the activities herein regulated as an
26 employee with wages as sole compensation;

27 (g) Any person who undertakes either personally or through his or her
28 employees, any project or operation for himself or herself; and

1 (h) Any co-partnership or joint venture if all members thereof hold licenses
2 issued under this Chapter or if the person or persons who have direct management
3 of the contracting business thereof hold a license for purposes of requiring
4 additional contractor's licenses for the co partnership or joint venture.

5 **§105. Contractors License Board.**

6 (a) There shall be a Contractors License Board compose of seven (7)
7 members; two (2) of which shall be appointed by the Governor from the
8 construction industry; three (3) of which shall be appointed by the Governor from
9 the general public and who shall have no interest in the construction industry; the
10 Director of Revenue and Taxation, ex-officio; and the Secretary of Public Works,
11 ex-officio. Those members appointed by the Governor are subject to the advice and
12 consent of the Senate. Their terms shall be four (4) years. Furthermore, pursuant to
13 1 CMC §2901(g), the Board shall have at least one female member, at least one
14 member who is of Carolinian descent, and at least one member from each senatorial
15 district.

16 (b) A quorum shall consist of four (4) members of the Board.

17 (c) Organization, Records, Reports. Immediately upon the appointment and
18 qualifications of the original members, and annually thereafter, the Board shall
19 organize by the election of one (1) member as Chairman and one (1) member as
20 Vice-Chairman. The Board shall keep a complete record of all its proceedings and
21 shall compile a citizen centric report annually to the Governor and the people of the
22 CNMI through the Executive Director to include a detailed statement of the
23 previous year, proceedings and such recommendations as the Board may deem
24 proper.

25 (d) Compensation. Members of the Board shall receive the sum of Fifty
26 Dollars (\$50) for each attendance at the meetings of the Board, provided, however,
27 that no member shall receive more than One Hundred Dollars (\$100) per month.

28 **§106. Powers and Duties of Board.**

1 In addition to any other duties and powers granted by this Chapter, the
2 Contractors License Board shall:

3 (a) Grant licenses to contractors pursuant to this Chapter;

4 (b) Make, amend or repeal such rules and regulations as it may deem proper
5 to fully effectuate this Chapter and carry out the purpose thereof, which purpose is
6 the protection of the general public. All such rules and regulations shall be adopted
7 pursuant to the Administrative Procedures Act, as amended (1 CMC §9101 et. seq).
8 The rules and regulations may forbid acts or practices deemed by the Board to be
9 detrimental to the accomplishment of the purpose of this Chapter. The rules and
10 regulations may require contractors to make reports to the Board containing such
11 items of information as will better enable the Board to enforce this Chapter and
12 rules and regulations, or as will better enable the Board from time to time to amend
13 the rules and regulations more to fully effectuate the purposes of this Chapter. The
14 rules and regulations may require contractors to furnish reports to owners
15 containing such matters of information as the Board deems necessary to promote
16 the purpose of this Chapter. The enumeration of specific matters which may
17 properly be made the subject of rules and regulations shall not be construed to limit
18 the Board's general power to make all rules and regulations necessary to fully
19 effectuate the purpose of this Chapter;

20 (c) Enforce this Chapter and rules and regulations adopted pursuant thereto;

21 (d) Suspend or revoke any license for any cause prescribed by §122 or for
22 any cause for suspension or revocation prescribed by the rules and regulations, and
23 refuse to grant any license for any cause which would be grounds for revocation or
24 suspension of a license;

25 (e) Publish and distribute pamphlets and circulars containing such
26 information as it deems proper to further the accomplishment of the purpose of this
27 Chapter;

1 (f) Contract professional testing services as deemed necessary to prepare,
2 administer, and grade applicant examinations as may be required for the purpose of
3 this Chapter; and

4 (g) In addition to all the rules and regulations, the Board shall promulgate
5 additional rules and regulations needed to effectuate this Act.

6 **§107. Executive Director; Other Assistants.**

7 (a) The Contractors License Board shall employ an Executive Director. The
8 Executive Director shall be employed with due regard to his or her fitness, thorough
9 administrative ability and knowledge of and experience in the business of
10 contracting. The Executive Director shall act only with the advice and consent of
11 the Board and shall be responsible to the Board. The Executive Director shall
12 devote his or her entire time to the duties of the office and shall not be actively
13 engaged or employed in any other business, vocation or employment, nor have any
14 pecuniary interest, direct or indirect, in any contracting enterprise or enterprises
15 conducted or carried on within the Territory.

16 (b) The Executive Director shall, under the supervision of the Board,
17 administer this Chapter and the rules and regulations and orders established
18 thereunder and perform such other duties as the Board may require; shall attend but
19 not vote at all meetings of the Board; and shall be in charge of the offices of the
20 Board and responsible to the Board for the preparation of reports and the collection
21 and dissemination of data and other public information relating to contracting.

22 (c) The Board may, by written order filed in its office, delegate to the
23 Executive Director such of its powers or duties as it deems reasonable and proper
24 for the effective administration of this Chapter, except the power to make rules or
25 regulations. The delegated powers and duties may be exercised by the Executive
26 Director in the name of the Board.

27 (d) Subject to the regulations of the Office of Personnel Management, the
28 Executive Director may employ and remove such administrative and clerical
29 assistants as may be required, and prescribe their powers and duties.

1 **§108. Place of Meeting.**

2 The Executive Director shall provide suitable quarters for meetings of the
3 Contractors License Board and for the transaction of its other business.

4 **§109. Classification.**

5 (a) For the purpose of classification, the contracting business includes any
6 or all of the following branches:

- 7 (1) General Engineering Contracting;
- 8 (2) General Building Contracting;
- 9 (3) Specialty Contracting; and
- 10 (4) Responsible Management Employee (R.M.E.).

11 (b) A General Engineering Contractor is a contractor whose principal
12 contracting business is in connection with fixed works requiring specialized
13 engineering knowledge and skill, including the following divisions or subjects:
14 irrigations, drainage, water power, water supply, flood control, inland waterways,
15 harbors, docks and wharves, shipyards and ports, dams and hydroelectric projects,
16 levees, river control and reclamation works, highways, streets and roads, tunnels,
17 airports and airways, sewer, sewage disposal plants and systems, waste reduction
18 plants, bridges, overpasses, underpasses and other similar works, pipelines and
19 other systems for the transmission of petroleum and other liquid or gaseous
20 substances, parks, playgrounds and other recreational works, refineries, chemical
21 plants and similar industrial plants requiring specialized engineering knowledge
22 and skill, powerhouses, power plants and other utility plants and installations,
23 mines and metallurgical plants, land leveling and earth-moving projects,
24 excavating, grating, trenching, paving and surfacing work and cement and concrete
25 works in connection with the above-mentioned fixed works.

26 (c) A General Building Contractor is a contractor whose principal
27 contracting business is in connection with any structure built, being built or to be
28 built, for the support, shelter and enclosure of persons, animals, chattels or movable

1 property of any kind, requiring in its construction the use of more than two (2)
2 unrelated building trades or crafts, or to do or
3 superintend the whole or any part thereof.

4 (d) A Specialty Contractor is a contractor whose operations as such are the
5 performance of construction work requiring special skill and whose principal
6 contracting business involves the use of specialized building trades or crafts.

7 (e) A Responsible Management Employee is an individual responsible for
8 the direct management of the contracting business of the licensee and has proved
9 contracting knowledge by both written examination, as administered by the Board,
10 and the fulfillment of requirements, as stated in the Contractors License Board
11 Rules and Regulations.

12 **§110. Powers to Classify and Limit Operations.**

13 (a) The Contractors License Board may adopt rules and regulations
14 necessary to effect the classification of contractors and shall require a written
15 examination in a manner consistent with established usage and procedure as found
16 in the construction business, and may limit the field and scope of the operations of
17 a licensed contractor to those in which the licensed contractor is classified and
18 qualified to engage, as defined in §108.

19 (b) A licensee may make application for classification and be classified in
20 more than one (1) classification if the licensee meets the qualifications prescribed
21 by the Board for such additional classification. For qualifying or classifying in
22 additional classifications, the licensee shall pay the appropriate application fee but
23 shall not be required to pay any additional license fee.

24 (c) This Section shall not prohibit a specialty contractor from taking and
25 executing a contract involving the use of two (2) or more crafts or trades, if the
26 performance of the work in the crafts or trades, other than in which the specialty
27 contractor is licensed, is less than thirty-five percent (35%) and supplemental to the
28 performance of work in the craft for which the specialty contractor is licensed.

1 (d) Any licensee that does not have a physical office within the
2 Commonwealth must enter into a partnership agreement with a licensed contractor
3 who possesses a physical office within the Commonwealth.

4 **§111. Advertising.**

5 (a) A Contractor may advertise in print or broadcast medium only if the
6 contractor includes in the advertisement or listing the contractor's applicable and
7 current license number, and provides proof of the number's validity to the publisher
8 or producer of the advertising medium. Violation of this Section may be subject to
9 the provisions of §122 and/or §127.

10 **§112. Investigation Permitted.**

11 The Contractors License Board may investigate, classify and qualify
12 applicants for contractor's licenses, and investigate for compliance with the rules
13 and regulations of the Board and the provisions of this Chapter.

14 **§113. Investigation Citation Authority.**

15 (a) In addition to any other remedy available, the investigator of the
16 Contractors License Board may issue citations to acting contractors, licensed or
17 unlicensed, in violation of the provisions of this Chapter and rules promulgated.

18 (b) Each citation shall be in writing and shall describe the basis of the
19 citation, including the statutory provisions alleged to have been violated. The
20 citation shall also contain an order to cease and desist from the violation, and an
21 assessment of civil penalties no less than Two Hundred Dollars (\$200) but not to
22 exceed fifty percent (50%) of the value of the project.

23 (c) Recipients of contractual work shall be notified of each violation in a
24 timely manner.

25 **§114. Immediate Cease Work Order Permitted.**

26 The investigator may issue an immediate cease work order to any person's
27 construction activity where serious safety concerns are present.

28 **§115. Cease Work Order Permitted.**

1 The Executive Director may issue a cease work order to any person's
2 construction activity if found to be in violation of this Chapter and/or of any
3 Contractors License Board rules and regulations.

4 **§116. No License Issued When.**

5 No license hereunder shall be issued to:

6 (1) Any person unless said person has filed an application and paid the
7 applicable fees therefore;

8 (2) Any person who does not possess a good reputation for honesty,
9 truthfulness, financial integrity and fair dealing;

10 (3) Any co-partnership or joint venture who does not actively participate in
11 at least one (1) construction job in the course of the license year in the contracting
12 business and thereof does not hold an appropriate license;

13 (4) Any corporation, unless the contracting business thereof is under the
14 direct management of an officer or employee thereof, and unless the officer or
15 employee holds an appropriate Responsible Management Employee license;

16 (5) Any individual, unless eighteen (18) years of age or more; and

17 (6) Any person who employs other individuals as employees unless
18 satisfactory proof is submitted by the person of a current workers' compensation
19 insurance policy.

20 **§117. Application: Fees.**

21 (a) Every applicant for a license under this Chapter shall file an application
22 with the Contractors License Board in such form and setting forth such information
23 as may be prescribed or required by the Board, and shall furnish such additional
24 information bearing upon the issuance of the license as it shall require. Every
25 application shall be sworn to before an officer authorized to administer oaths. In
26 the case of a co-partnership, joint venture or corporation, any member or officer
27 thereof may sign the application and verify the same on behalf of the applicant.

28 (b) Every application, in the case of an individual, shall be accompanied by
29 sworn certificates of not less than two (2) persons who have known the applicant

1 for a period of not less than six (6) months certifying that the applicant bears a good
2 reputation for honesty, truthfulness and fair dealings.

3 (c) The Board shall establish any reasonable application fees that they deem
4 necessary.

5 **§118. Form of Licenses.**

6 The form of every license shall be prescribed by the Contractors License
7 Board and shall be issued in the name of the Board.

8 **§119. Place of Business and Posting of License.**

9 A licensed contractor shall have and maintain a definite place of business
10 in the commonwealth and shall display therein a personal contractor's license.

11 **§120. Fees; Annual.**

12 (a) The Board shall establish annual fees for each license thereof prescribed
13 by this Chapter as follows:

14 (1) License Fees

- 15 License to act as specialty contractor
- 16 License to act as general engineering contractor
- 17 License to act as general building contractor

18 (2) License Fee for Responsible Management Employee (RME) License to
19 act as RME in specialty Contracting

- 20 License to act as RME in general engineering
- 21 contracting
- 22 License to act as RME in general building
- 23 contracting

24 (3) Reissuance of a license or issuance of a
25 certified copy of license

26 (4) Application:

- 27 (5) Application for Additional Classifications
- 28 (6) Letter of Good Standing
- 29 (7) Study Guide

1 (8) Inactive license fee (in lieu of renewal fee)

2 (9) Exam Fee

3 (b) The annual fee or inactive license fee shall be paid on or before June 30
4 of each year for a license year beginning on July 1. Failure, neglect or refusal of
5 any licensee to pay the annual fee before such date shall constitute a forfeiture of
6 license. Any such license may be restored upon written application, therefore,
7 within one (1) year from such date and the payment of the required fee plus an
8 amount equal to ten percent (10%) thereof.

9 (c) Upon written request by a contractor, and for good cause, the Board shall
10 place an active license in an inactive status. The license, upon payment of the
11 annual inactive license fee, may continue inactive for a period of three (3) years
12 after which time it must be reactivated or shall automatically become forfeited. The
13 license may be reactivated at any time within the three (3)-year period by fulfilling
14 the requirements for renewal, including the payment of the appropriate renewal fee.

15 **§121. Action on Application.**

16 Within forty-five (45) days after the filing of a proper application for a
17 license and the payment of the required fees, the Contractors License Board shall:

18 (a) Conduct an investigation of the applicant and in such
19 investigation may post pertinent information, including, but not limited to,
20 the name and address of the applicant, and if the applicant is associated in
21 any partnership, corporation or other entity, the names, addresses and
22 official capacities of associates; and

23 (b) Either issue a license to the applicant or else notify the applicant
24 in writing by registered mail of the Board's decision not to grant the license
25 and specifically notify applicant of the right to have a hearing within fifteen
26 (15) days from the receipt of the Board's decision. The hearing shall be
27 conducted in accordance with §123.

28 **§122. Revocation, Suspension and Renewal of Licenses.**

1 (a) The Contractors License Board may revoke any license issued
2 hereunder, or suspend the right of the licensee to use such licenses, or refuse to
3 renew any such license for any of the following causes:

4 (1) Conviction of any felony or misdemeanor involving moral
5 turpitude;

6 (2) Any dishonest or fraudulent or deceitful act as a contractor which
7 causes a substantial damage to another;

8 (3) Pursuing a continued and flagrant course of misrepresentation or
9 of making false promises through advertising or otherwise;

10 (4) Abandonment of any construction project or operation without
11 reasonable or legal excuse;

12 (5) Willful departure from or willful disregard of plans or
13 specifications in any material respect without consent of the owner or his
14 duly authorized representative, which is prejudicial to a person entitled to
15 have the construction project or operation completed in accordance with
16 such plans and specifications;

17 (6) Willful violation of any law of the Territory or of any political
18 subdivision thereof, relating to building, including any violation of any
19 applicable rule or regulation of the Department of Public Health, or of any
20 applicable safety or labor law;

21 (7) Failure to make and keep records showing all contracts,
22 documents, records, receipts and disbursements by a licensee of all his
23 transactions as a contractor for a period of not less than three (3) years after
24 completion of any construction project or operation to which the records
25 refer or to permit inspections of such records by the Board;

26 (8) When the licensee being a co-partnership or a joint venture
27 permits any member of such co-partnership or joint venture who does not
28 hold a license to actively participate in the contracting business thereof;

1 (9) When the licensee being a corporation permits any officer or
2 employee of such corporation who does not hold a license to have the direct
3 management of the contracting business thereof;

4 (10) Misrepresentation of a material fact by an applicant in obtaining
5 a license;

6 (11) Failure of a licensee to complete in a material respect any
7 construction project or operation for the agreed price if such failure is
8 without legal excuse;

9 (12) Willful failure in any material respect to comply with this
10 Chapter or the rules and regulations promulgated pursuant thereto;

11 (13) Willful failure or refusal to prosecute a project or operation to
12 completion with reasonable diligence;

13 (14) Willful failure to pay when due a debt incurred for services of
14 materials rendered or purchased in connection with his operations as a
15 contractor when the individual has the ability to pay or when the individual
16 has received sufficient funds therefor as payment for the particular operation
17 for which the services or materials were rendered or purchased;

18 (15) The false denial of any debt due or the validity of the claim
19 therefor with intent to secure for licensee, employer or other person, any
20 discount of such debt or with intent to hinder, delay or defraud the person
21 to whom such debt is due;

22 (16) Failure to secure or maintain workmen's compensation
23 insurance;

24 (17) Knowingly entering into a contract with an unlicensed
25 contractor involving work or activity for the performance of which licensing
26 is required under this Chapter; or

27 (18) When the Responsible Management Employee and/or the
28 majority stockholders have, under another corporate or company structure,

1 caused the non-payment of employees wages and/or the abandonment of
2 alien workers to become a burden on the Government.

3 (19) Willful failure to pay when due a debt or penalty incurred for
4 damaging a public utility operated by the Commonwealth Utilities
5 Corporation and the Department of Public Works.

6 (20) Knowingly taps into any power, water, sewer line, or facility
7 belonging to the Commonwealth Utilities Corporation without first
8 obtaining permission through the established service rules and regulations
9 of each respective governmental agency.

10 (b) No license shall be suspended for longer than two (2) years and no
11 person whose license is revoked shall be eligible for a new license until the
12 expiration of two (2) years.

13 (c) For purposes of this Section, the Contractors License Board in
14 cooperation and in conjunction with the Department of Public Works, Department
15 of Finance's Division of Revenue and Taxation and the Department of Labor may
16 have investigative powers for purposes of carrying out the intent of this Section.

17 **§123. Hearings.**

18 (a) In every case where it is proposed to refuse to grant a license or to revoke
19 or suspend a license or to refuse to renew a license, the Contractors License Board
20 shall give the person concerned notice and hearing in conformity with the
21 Administrative Procedures Act, as amended (1 CMC §9101 et. seq). The notice
22 shall be given in writing by registered or certified mail with return receipt requested
23 at least fifteen (15) days before the hearing.

24 (b) In all proceedings before it, the Board, and each member thereof, shall
25 have the same powers with respect to administering oaths, compelling the
26 attendance of witnesses and the production of documentary evidence and
27 examining witnesses as are possessed by circuit judges at chambers. In case of
28 disobedience by any person of any order of the Board, or any member thereof, or
29 any subpoena issued by it, or the person, or the refusal of any witness to testify to

1 any matter regarding which the individual may be questioned lawfully, any judge
2 of the Superior Court, on application by the Board thereof, shall compel obedience
3 as in the case of disobedience of the requirements of a subpoena issued by the
4 Superior Court, or a refusal to testify therein.

5 **§124. Appeal to Superior Court.**

6 An applicant who has been refused a license and every licensee whose
7 license has been suspended, revoked or not renewed may appeal the Contractors
8 License Board's decision to the Superior Court in the manner provided in the
9 Administrative Procedures Act, as amended (1 CMC §9101 et. seq).

10 **§ 125. Death or Dissociation.**

11 No co-partnership, joint venture or corporation shall be deemed to have
12 violated any provision of this Chapter by acting or assuming to act as a contractor
13 after the death or dissociation of a licensee who had the direct management of the
14 contracting business thereof prior to final disposition by the Contractors License
15 Board of an application for a license made within thirty (30) days from the date of
16 the death or dissociation.

17 **§126. Violation, Penalty.**

18 Any person who violates or omits to comply with any of the provisions of
19 this Chapter shall be fined an amount no less than Two Hundred Dollars (\$200) but
20 not to exceed fifty percent (50%) of the value of the project.

21 **§127. Injunction.**

22 The Contractors License Board may, in addition to any other remedies
23 available, apply to a judge of the Superior Court for a preliminary or permanent
24 injunction restraining any person from acting or assuming to act or advertising as
25 general engineering contractor, general building contractor or specialty contractor,
26 without a license previously obtained under and in compliance with this Chapter
27 and the rules and regulations of the Board and upon hearing and for cause shown,
28 the judge may grant the preliminary or permanent injunction.”

1 **Section 3. Amendment.** Subject to codification by the CNMI Law Revision
2 Commission, Title 4, Division 5, Chapter 18 is hereby amended by adding a new provision
3 to read as follows:

4 “**§101. Lien for Work and Material Furnished by Licensed Contractor:
5 Notice; Sale; Application of Proceeds; Lienholder may Waive Lien and Sue for
6 Amount Due.**

7 (a) Any licensed contractor who produces contracting services to any person
8 shall have a lien upon such article or articles for the amount of any account that
9 may be due for the work done thereon. The lien shall also include the value or
10 agreed price, if any, of all materials furnished by the lienholder in connection with
11 the work.

12 (b) If any account for work done or materials furnished shall remain unpaid
13 for one year after completing the work, the lienholder may, upon 30 days’ notice in
14 writing to the owner specifying the amount due and informing him that the payment
15 of the amount due within 30 days will entitle him to redeem the property, sell any
16 such article or articles at public or bona fide private sale to satisfy the account.

17 (c) The notice may be served by registered or certified mail with return
18 receipt demanded, directed to the owner’s last known address, or, if the owner or
19 his address be unknown, it may be posted in two public places in the island where
20 the property is located.

21 (d) The proceeds of the sale, after paying the expenses thereof, shall first be
22 applied to liquidate the indebtedness secured by the lien, and the balance, if any,
23 shall be paid over to the owner.

24 (e) Nothing contained in this section shall be construed as preventing the
25 lienholder from waiving the lien herein provided for, and suing upon the amount if
26 he elects to do so.”

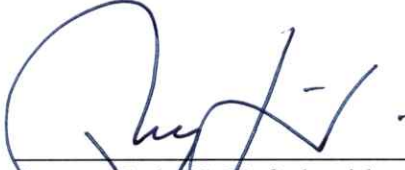
27 **Section 4. Severability.** If any provision of this Act or the application of any such
28 provision to any person or circumstance should be held invalid by a court of competent
29 jurisdiction, the remainder of this Act or the application of its provisions to persons or

1 circumstances other than those to which it is held invalid shall not be affected thereby.

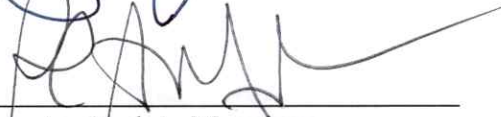
2 **Section 5. Savings Clause.** This Act and any repealer contained herein shall not
3 be construed as affecting any existing right acquired under contract or acquired under
4 statutes repealed or under any rule, regulation, or order adopted under the statutes.
5 Repealers contained in this Act shall not affect any proceeding instituted under or pursuant
6 to prior law. The enactment of the Act shall not have the effect of terminating, or in any
7 way modifying, any liability, civil or criminal, which shall already be in existence on the
8 date this Act becomes effective.

9 **Section 6. Effective Date.** This Act shall take effect upon its approval by the
10 Governor or becoming law without such approval.

Date: 9/23/2025

Introduced By: 

Senator Jude U. Hofschneider



Senator Paul A. Manglona

Reviewed for Legal Sufficiency by:



Senate Legal Counsel