

GENERAL ASSEMBLY OF NORTH CAROLINA
1997 SESSION

SESSION LAW 1997-489
SENATE BILL 122

AN ACT TO ALLOW A CONTRACTOR ON A PUBLIC PROJECT, ON BEHALF OF A SUBCONTRACTOR, TO FILE AN ACTION AGAINST THE OWNER REGARDING A CLAIM ARISING OUT OF THE CONTRACT BETWEEN THE SUBCONTRACTOR AND THE CONTRACTOR FOR THE SAME PROJECT THAT IS THE SUBJECT OF THE CONTRACT BETWEEN THE CONTRACTOR AND THE OWNER AND TO MAKE NO DAMAGE FOR DELAY CLAUSES IN PUBLIC CONTRACTS UNENFORCEABLE.

The General Assembly of North Carolina enacts:

Section 1. Article 8 of Chapter 143 of the General Statutes is amended by adding the following new sections to read:

"§ 143-134.2. Actions by contractor on behalf of subcontractor.

(a) A contractor may, on behalf of a subcontractor of any tier under the contractor, file an action against an owner regarding a claim arising out of or relating to labor, materials, or services furnished by the subcontractor to the contractor pursuant to a contract between the subcontractor and the contractor for the same project that is the subject of the contract between the contractor and the owner.

(b) In any action filed by a contractor against an owner under subsection (a) of this section, it shall not be a defense that the costs and damages at issue were incurred by a subcontractor and that subcontractor has not been paid for these costs and damages. The owner shall not be required to pay the contractor for the costs and damages incurred by a subcontractor, unless the subcontractor submits proof to the court that the contractor has paid these costs and damages to the subcontractor.

"§ 143-134.3. No damage for delay clause.

No contractual language forbidding or limiting compensable damages for delays caused solely by the owner or its agent may be enforced in any construction contract let by any board or governing body of the State, or of any institution of State government, or of any county, city, town, or other political subdivision thereof. For purposes of this section, the phrase 'owner or its agent' does not include prime contractors or their subcontractors."

Section 2. This act becomes effective October 1, 1997, and applies to contracts entered into on or after that date.

In the General Assembly read three times and ratified this the 28th day of August, 1997.

s/ Marc Basnight
President Pro Tempore of the Senate

s/ Harold J. Brubaker
Speaker of the House of Representatives

s/ James B. Hunt, Jr.
Governor

Approved 11:13 a.m. this 10th day of September, 1997