



HOUSE COMMITTEE ON APPROPRIATIONS
2009-10 Legislative Session

FISCAL NOTE

SENATE BILL: 973

PRINTER'S NO: 1447

PRIME SPONSOR: Tomlinson

FISCAL IMPACT SUMMARY	FY 2009/10	FY 2010/11
Expenditure Increase/(Decrease):		
General Fund	\$0	\$0

OVERVIEW:

Senate Bill 973 amends the Home Improvement Consumer Protection Act of October 17, 2008 (Act).

This bill defines "home improvement retailer" as a person, whether or not the person is registered under this act, who sells materials for use in a home improvement contract. Where a driver's license is currently required for registering as a contractor, the bill provides for other forms of identification as permitted by the Bureau of Consumer Protection (Bureau) in the Office of the Attorney General (OAG). Where proof of insurance is required under this Act, the Bureau shall develop the necessary forms to accept proof of self-insurance attested to by an applicant.

Senate Bill 973 establishes the Home Improvement Account which shall be a restricted revenue account.

The current Act restricts a contractor from collecting a deposit of more than one-third of a contract price of more than \$1,000. Senate Bill 973 provides for a contractor to collect a deposit of no more than one-third of a contract price if the contract price is more than \$5,000. This legislation also exempts *home improvement retailers* from the one-third limit on the collection of a deposit regardless of the contract price when the following apply:

- the home improvement retailer posts an irrevocable letter of credit to the Bureau in the amount of \$100,000 per store location, but not to exceed \$2 million; and
- the home improvement retailer ensures that its contractors are registered under this Act and have proof of liability insurance.

In the event of a dispute, a home owner may file a complaint with the Bureau and request a draw upon the home improvement retailer's line of credit. The Bureau, upon receiving a complaint, shall notify the home improvement retailer and investigate the complaint. If the Bureau determines that the home improvement retailer is in default of the contract, it may draw upon the irrevocable letter of credit to satisfy a consumer's complaint. A home improvement retailer with two draws on an irrevocable letter of credit within a two-year period shall be prohibited from posting an irrevocable letter of credit for five years.

This act shall take effect immediately.

ANALYSIS:

According to the OAG, they expect no additional costs related to the implementation of the provisions in this legislation. All fees and penalties collected under this Act are to be deposited into this account. The funds in the Home Improvement Account and any interest earned will be appropriated to OAG for administering and enforcing the provision of the Act and to protect consumers with respect to home improvements through consumer education and other means.

The enactment of Senate Bill 973 is not expected to have a negative fiscal impact on Commonwealth funds.

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House Appropriations Committee, (D)

DATE: October 9, 2009

General Note and Disclaimer: *This Fiscal Note was prepared pursuant to House Rule 19(a), and the elements considered and reported above are required by Section 5 of the rule. Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*