



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 1543

PRINTERS NO. 3829

PRIME SPONSOR: Killion

COST / (REVENUE)

FUND	FY 2013/14	FY 2014/15
General Fund	\$0	\$0

SUMMARY: House Bill 1543, Printer's Number 3829, amends the Home Improvement Consumer Protection Act to permit the use of "time and materials" contracts.

ANALYSIS: This bill amends the Home Improvement Consumer Protection Act (Act 132 of 2008) to permit the use of "time and materials" contracts being defined as "a construction practice where the contactor and owner agree that the contractor will perform the home improvement and the owner will pay the contractor under the home improvement contract based on the actual cost of labor at a specific hourly rate and the actual cost of materials and use of equipment, plus an agreed upon percentage of the total actual costs or a fixed amount, over and above the actual costs, to cover the contractor's fee and overhead costs reasonably incurred in the performance of a home improvement."

If a contractor includes a time and materials provision in a home improvement contract, the contract must include: an initial cost estimate, in writing; a statement that cost of services may not exceed 10% above the initial cost estimate; the total potential cost of services, which includes the initial cost estimate and the potential 10% increase above the initial cost estimate; and a statement that the cost of services may not exceed the initial cost estimate plus a 10% increase without a written change order signed by both the owner and the contractor.

The bill also states that funds and any interest in the Home Improvement Account are to be appropriated to the Attorney General on a continuing basis for the administration and enforcement of the act to protect consumers with respect to home improvements through consumer education and other means.

The legislation shall take effect immediately upon enactment.

FISCAL IMPACT: Enactment of this bill will have no adverse fiscal impact on Commonwealth funds. The amended language regarding funds to the Attorney General eliminates the term "may be appropriated" and replaces it with "are hereby appropriated on a continuing basis."

This ensures consistent funding to support the administrative and enforcement of the program with annual disbursements of approximately \$1.2 million.

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House Appropriations Committee (R)

DATE: June 29, 2014

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.