



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 1543

PRINTERS NO. 4242

PRIME SPONSOR: Killion

COST / (REVENUE)

FUND	FY 2014/15	FY 2015/16
General Fund	\$0	\$0

SUMMARY: House Bill 1543, Printer's Number 4242, amends the Home Improvement Consumer Protection Act to further provide for procedures for registration as a contractor and to permit the use of "time and materials" contracts. The legislation shall take effect immediately upon enactment.

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 contractor 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 the 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.

A new subsection is added to Section 4 of the Act to require registered contractors to update any required information in the contractor's active registration that has changed within 30 days of the change. There shall be no fee imposed for updating information in an active registration.

The bill, as amended, maintains the General Assembly's authority to appropriate funds in the General Appropriations Act from the restricted Home Improvement Account for the administration and enforcement of the Home Improvement Consumer Protection Act.

HB1543/PN4242

Page 2

FISCAL IMPACT: Enactment of this bill will have no adverse fiscal impact on Commonwealth funds.

PREPARED BY: Lisa Taglang
Jeffrey Clukey
House Appropriations Committee (R)

DATE: October 8, 2014

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