

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. House Bill 1336

PRINTER'S NO. 2091

AMOUNT

No Significant Fiscal Impact

FUND

General

DATE INTRODUCED

April 12, 2011

PRIME SPONSOR

Representative Godshall

HISTORY OF BILL

Referred to CONSUMER AFFAIRS, April 12, 2011

Reported as committed, May 4, 2011

First consideration, May 4, 2011

Laid on the table, May 4, 2011

Removed from table, May 11, 2011

Second consideration, May 23, 2011

Re-committed to APPROPRIATIONS, May 23, 2011

Re-reported as committed, May 24, 2011

Third consideration and final passage, May 24, 2011 (201-0)

In the Senate

Referred to CONSUMER PROTECTION AND PROFESSIONAL LICENSURE,
June 3, 2011

Reported as amended, June 14, 2011

First consideration, June 14, 2011

Re-referred to APPROPRIATIONS, June 22, 2011

Re-reported as committed, June 26, 2011

DESCRIPTION AND PURPOSE OF BILL

House Bill 1336 amends the Home Improvement Consumer Protection Act to provide that proof of insurance may include information indicating the applicant is self-insured. It allows for the Bureau of Consumer Protection in the Office of the Attorney General to determine the adequacy of the self-insurance and the manner by which it is maintained.

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The bill establishes a restricted revenue account, the Home Improvement Account, in the General Fund for the transfer of all fees and penalties collected prior to and after the effective date into the account. The funds and any interest may be appropriated to the Attorney General to administer the Act.

The value of home improvement projects is increased from \$1,000 to \$5,000 to which the maximum of one-third of the contract price for deposit applies. The bill further clarifies that the contractor can collect the cost of special order materials in addition to the one-third deposit as designated in the written home improvement contract.

The bill specifies that the limitations on the maximum amounts of the deposits shall not apply to a home improvement retailer who 1) posts an irrevocable letter of credit payable to the bureau in the amount of \$100,000 per store, not to exceed \$2,000,000 for a retailer with multiple stores; and 2) ensures that its contractors are registered and have proof of insurance.

The bill defines a "home improvement retailer" as a person who sells materials for use in home improvement contracts, whether or not the person is registered under the Act.

In the event of a dispute with a home improvement retailer or contractor who does work on behalf of the retailer, an owner may file a complaint against the retailer and request a draw upon the letter of credit. The bureau is required to notify the retailer of the complaint and to conduct an investigation. The bill allows the bureau to draw on the letter of credit to satisfy a consumer complaint following mediation or a civil action if the retailer is in default of the contract. It prohibits a home improvement retailer with two draws on an irrevocable letter of credit from posting an irrevocable letter of credit for a period of five years from the date of the second draw.

The act takes effect immediately.

FISCAL IMPACT:

The enactment of the bill will have no adverse fiscal impact on the Commonwealth. The Home Improvement Contractor registration fees are currently deposited in the General Fund as miscellaneous revenue. As of June 30, 2010, the total fees collected were \$2.167 Million. With the establishment of the Home Improvement restricted revenue account within the General Fund, this specific revenue will be available to support the costs of the Office of the Attorney General's Bureau of Consumer Protection to administer and enforce the provisions of the Home Improvement Consumer Protection Act.