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**TESTIMONY OF
ATTORNEY GENERAL RICHARD BLUMENTHAL
BEFORE THE JUDICIARY COMMITTEE
MARCH 12, 2007**

I appreciate the opportunity to support House Bill 6897, An Act Concerning Liquidated Damages Provisions in Contracts.

This legislation requires a party potentially liable for liquidated damages to sign a statement stating that the party has read the provision and understands its meaning. Any such provision that is not signed cannot be enforced.

House Bill 6897 is consistent with current case law limiting the enforceability of liquidated damages provisions to situations where the court finds:

1. the value of the damage as a result of the breach is expected to be uncertain or difficult to prove;
2. there was intent on the part of the parties to agree to a liquidated damage amount;
3. the amount in the contract is reasonable and not disproportionate to the amount of loss presumed by the contractual parties.

See, *Berger v. Shanahan*, 142 Conn. 726 (1955).

Onerous liquidated damages are used to intimidate consumers. They may have unknowingly agreed to such amount and then have difficulty proving they did not agree to it. This legislation may help some consumers -- and some businesses -- by drawing special attention to the existence and extent of a liquidated damages provision.

Proponents are concerned about the use of liquidated damages in certain solid waste contracts. I have proposed legislation to prohibit liquidated damages clauses in solid waste hauler contracts when the consumer cancels the contract prior to the end of the contract period.

I urge the committee's favorable consideration of House Bill 6897.