

The Connecticut General Assembly

House Democrats



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March 12, 2007

Re: Testimony for H.B. 6897, An Act Concerning Liquidated Damages Provisions in Contracts

Dear Senator McDonald, Representative Lawlor and Honorable Judiciary Committee Members:

Thank you for this opportunity to provide testimony on H.B. 6897, An Act Concerning Liquidated Damages Provisions in Contracts.

I support H.B. 6897 because it will bring much needed fairness and stability to business to business contracting in the state of Connecticut; specifically in the service contract context.

H.B. 6897 is directly aimed at eliminating the non-disclosure of liquidated damages provisions in contracts. Far too often small businesses in our state experience an "unfair surprise" when they learn for the first time that they are stuck in a service contract with a liquidated damages clause. Too often these provisions go unseen due to being buried in the fine print (*see sample attached hereto*). I have also heard accounts of misleading statements by sales reps contributing to this problem. Whatever the cause may be, the reoccurring theme is that these harsh provisions invariably go unnoticed, and unread, by the people who need to understand them the most. H.B. 6897 goes a long way toward addressing this problem by requiring the purchaser of the services to sign or initial a disclosure in the contract stating that they "understand this liquidated damages provision". The act of signing or initialing a specific provision in the contract will provide the necessary warning to the purchaser about the significance of that particular provision, which warning will in turn trigger a dialogue between the parties. This will go a long way toward insuring fair disclosure of these harsh contract provisions to Connecticut small business owners. Right now, no such state law goes far enough to provide this level of guaranty.

H.B. 6897 presents a simple, effective, and cost-effective way to provide greater fairness in contracting and end the ugly business practice that accompanies liquidated damages provisions. Your support of this bill and protecting small businesses is applauded and appreciated.

Thank you again for your time and consideration.