



House of Representatives

General Assembly

File No. 96

January Session, 2009

Substitute House Bill No. 5414

House of Representatives, March 19, 2009

The Committee on General Law reported through REP. SHAPIRO of the 144th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING DISCLOSURES BY HOME IMPROVEMENT CONTRACTORS AND NEW HOME CONSTRUCTION CONTRACTORS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (a) of section 20-417d of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective July*
3 *1, 2009*):

4 (a) A new home construction contractor shall (1) prior to entering
5 into a contract with a consumer for new home construction, provide to
6 the consumer a copy of the new home construction contractor's
7 certificate of registration and a written notice that (A) discloses that the
8 certificate of registration does not represent in any manner that such
9 contractor's registration constitutes an endorsement of the quality of
10 such person's work or of such contractor's competency by the
11 commissioner, (B) advises the consumer to contact the Department of
12 Consumer Protection to determine (i) if such contractor is registered in
13 this state as a new home construction contractor, (ii) if any complaints
14 have been filed against such contractor, and (iii) the disposition of any

15 such complaints, [and] (C) advises the consumer to request from such
16 contractor a list of consumers of new homes constructed to completion
17 by the contractor during the previous twenty-four months and to
18 contact several individuals on the list to discuss the quality of such
19 contractor's new home construction work, and (D) discloses each
20 corporation, limited liability company, partnership, sole proprietorship
21 or other legal entity, which is or has been a new home construction
22 contractor under the provisions of this chapter or a home
23 improvement contractor under the provisions of chapter 400, in which
24 the owner or owners of the new home construction contractor
25 providing the written notice required by this section are or have been a
26 shareholder, member, partner or owner during the previous five years,
27 (2) state in any advertisement, including any advertisement in a
28 telephone directory, the fact that such contractor is registered, and (3)
29 include such contractor's registration number in any such
30 advertisement. The new home construction contractor, or his agent,
31 shall also discuss with the consumer the installation of an automatic
32 fire extinguishing system in a new home.

33 Sec. 2. Subsection (a) of section 20-429 of the general statutes is
34 repealed and the following is substituted in lieu thereof (*Effective July*
35 *1, 2009*):

36 (a) No home improvement contract shall be valid or enforceable
37 against an owner unless it: (1) Is in writing, (2) is signed by the owner
38 and the contractor, (3) contains the entire agreement between the
39 owner and the contractor, (4) contains the date of the transaction, (5)
40 contains the name and address of the contractor and the contractor's
41 registration number, (6) contains a notice of the owner's cancellation
42 rights in accordance with the provisions of chapter 740, (7) contains a
43 starting date and completion date, [and] (8) is entered into by a
44 registered salesman or registered contractor, and (9) includes a
45 provision disclosing each corporation, limited liability company,
46 partnership, sole proprietorship or other legal entity, which is or has
47 been a home improvement contractor pursuant to the provisions of
48 this chapter or a new home construction contractor pursuant to the

49 provisions of chapter 399a, in which the owner or owners of the home
 50 improvement contractor are or have been a shareholder, member,
 51 partner, or owner during the previous five years. Each change in the
 52 terms and conditions of a contract shall be in writing and shall be
 53 signed by the owner and contractor, except that the commissioner
 54 may, by regulation, dispense with the necessity for complying with the
 55 requirement that each change in a home improvement contract shall be
 56 in writing and signed by the owner and contractor.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2009	20-417d(a)
Sec. 2	July 1, 2009	20-429(a)

GL *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note**State Impact:** None**Municipal Impact:** None

OLR Bill Analysis**sHB 5414*****AN ACT CONCERNING DISCLOSURES BY HOME IMPROVEMENT CONTRACTORS AND NEW HOME CONSTRUCTION CONTRACTORS.*****SUMMARY:**

This bill requires contractors to include a disclosure provision in new home construction contracts and home improvement construction contracts. They must disclose every corporation, limited liability company, partnership, sole proprietorship, or other legal entity that is or has been a home improvement or new home construction contractor in which they were shareholders, members, partners, or owners within the past five years.

EFFECTIVE DATE: July 1, 2009

BACKGROUND***New Home Contractor Disclosure***

The law requires new home contractors to register with the Department of Consumer Protection (DCP). Applicants must identify themselves, show that they have liability insurance and any required workers' compensation coverage, and provide the names of the insurers. The law requires a new home contractor to inform customers, before entering into a contract, that they should (1) check with DCP to see if the contractor is properly registered and request his or her complaint history and (2) ask the contractor for a list of customers over the last 24 months to discuss the quality and timeliness of the contractor's work. Contractors must also advise their customers to ask about their customer service policy and if they will hold customers harmless for work performed subcontractors (CGS §§ 20-417a to 20-417j).

Home Improvement Contracts

All home improvement contracts must include certain provisions describing the contractor and the job. Contracts must:

1. be written, dated, and signed by both parties;
2. include the entire agreement;
3. identify the contractor and state his or her address and registration number,
4. include a notice of cancellation rights,
5. include starting and completion dates, and
6. be entered by registered contractors or salesmen. The contractor must give the homeowner a copy. A contractor, in any ensuing litigation, may recover payment for the work actually performed if the contract meets the above criteria (CGS § 20-429).

COMMITTEE ACTION

General Law Committee

Joint Favorable Substitute

Yea 18 Nay 0 (03/05/2009)