

*Testimony of Representative Gerald Fox (D) of Stamford
Before the General Law Committee on
Proposed Bill 5414, An Act Concerning Disclosures by Home Improvement
Contractors and New Home Contractors.*

Senator Colapietro, Representative Shapiro, and members of the General Law Committee. I would like to thank you for raising HB 5414, **AN ACT CONCERNING DISCLOSURES BY HOME IMPROVEMENT CONTRACTORS AND NEW HOME CONTRACTORS.**

The proposed bill before you is aimed to better protect Connecticut residents from contractors who work in the area of home improvement and new home construction. If adopted into law, it would require home improvement contractors and new home contractors to fully disclose to customers all associated corporations, limited liability companies and partnerships. I would also request that language be added to the bill that requires all businesses controlled by a spouse or close family member who engages in home improvement and new home construction be disclosed.

Home improvement and new home construction contractors are required to register with the Department of Consumer Protection (DCP). However, home contractors annually receive some of the highest number of complaints of any type of business with the DCP.

Many times, contractors will form a limited liability company for a specific project. The newly formed company signs the contract and has no assets other than this individual project. An individual contractor may have formed numerous LLC's during the course of his or her career. In addition, I have seen an example where a contractor with legal troubles had his spouse form numerous LLC's to continue to engage in the business of new home construction. People deserve to have a full picture of a contractor's business interests when they hire a company to do work at their home. Unanticipated delays and additional costs are common, almost expected with undertaking a home improvement or building project, but there is no reason for a contractor to not disclose their affiliations.

Full disclosure requirements would discourage contractors from failing to complete projects and would be helpful to consumers if a contractor does walk away. With full disclosure, a contractor's reputation would extend to all associated business entities, and also provide additional potential remedies for consumers. Also, full disclosure will allow a homeowner to do a proper background check on the individual with whom they are contracting.

I thank you very much for this opportunity today and I urge the committee's favorable report.