



Senate

General Assembly

File No. 105

January Session, 2013

Substitute Senate Bill No. 319

Senate, March 25, 2013

The Committee on General Law reported through SEN. DOYLE of the 9th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT PROHIBITING MANDATORY ALTERNATIVE DISPUTE RESOLUTION CLAUSES IN HOME IMPROVEMENT AND NEW HOME CONSTRUCTION CONTRACTS.

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

1 Section 1. Subsection (b) of section 20-429 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective July*
3 *1, 2014*):

4 (b) No home improvement contract shall be valid or enforceable
5 against an owner if it includes: [any] (1) A provision obligating the
6 owner to instruct the home improvement contractor, by a date
7 determined by such contractor, that periodic home improvements are
8 not to be performed unless it also includes a provision requiring the
9 contractor to remind the owner of that obligation by means of a card or
10 letter mailed to the owner and postmarked not earlier than twenty
11 days, and not later than ten days, prior to such date, or (2) a
12 mandatory alternative dispute resolution clause.

13 Sec. 2. Section 20-417d of the general statutes is amended by adding
14 subsection (e) as follows (*Effective July 1, 2014*):

15 (NEW) (e) No contract shall be valid or enforceable against a
16 consumer if it includes a mandatory alternative dispute resolution
17 clause.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2014</i>	20-429(b)
Sec. 2	<i>July 1, 2014</i>	20-417d

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**Explanation**

There is no fiscal impact to the Department of Consumer Protection (DCP) in making a contract for new home construction or home improvement services that includes a clause mandating alternative dispute resolution invalid and unenforceable against the owner as the DCP currently acts upon contractual disputes and few additional disputes are anticipated.

The Out Years**State Impact:** None**Municipal Impact:** None

OLR Bill Analysis**sSB 319*****AN ACT PROHIBITING MANDATORY ALTERNATIVE DISPUTE RESOLUTION CLAUSES IN HOME IMPROVEMENT AND NEW HOME CONSTRUCTION CONTRACTS.*****SUMMARY:**

This bill makes a contract for new home construction or home improvement services that includes a clause mandating alternative dispute resolution invalid and unenforceable against the home owner. Alternative dispute resolution (ADR) describes a group of processes, including negotiation, mediation, and arbitration, that aim to help parties resolve disputes without resorting to judicial actions.

The bill also makes unenforceable against the owner certain home improvement contracts that are currently invalid.

The bill does not specify whether its ADR provisions apply to existing contracts.

The bill makes other conforming changes.

EFFECTIVE DATE: July 1, 2014

INVALID HOME IMPROVEMENT CONTRACTS

Under current law, a home improvement contract is invalid if it covers periodic home improvement services that the owner has to opt out of and the contractor does not have to remind the owner of upcoming servicing with a card or letter postmarked about two weeks before the servicing. The bill additionally makes such contracts unenforceable against the owner.

COMMITTEE ACTION

General Law Committee

Joint Favorable Substitute

Yea 14 Nay 4 (03/12/2013)