



Senate

General Assembly

File No. 204

January Session, 2017

Substitute Senate Bill No. 821

Senate, March 23, 2017

The Committee on General Law reported through SEN. LEONE of the 27th Dist. and SEN. WITKOS of the 8th Dist., Chairpersons of the Committee on the part of the Senate, that the substitute bill ought to pass.

***AN ACT CONCERNING ROOFING, WINDOW AND SIDING
CONSUMER WARRANTIES AND POST-SALE WARRANTY WORK
REIMBURSEMENT FOR POWER EQUIPMENT DEALERS.***

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

1 Section 1. (NEW) (*Effective January 1, 2018*) (a) Whenever a
2 manufacturer or supplier of residential roofing, window or siding
3 materials offers a consumer warranty for any such roofing, window or
4 siding materials, such manufacturer or supplier shall pay any
5 warranty claim made for materials and labor pursuant to such
6 warranty not later than thirty days after receipt and approval of such
7 claim by the manufacturer or supplier. The manufacturer or supplier
8 shall approve or disapprove a warranty claim not later than thirty days
9 after receipt of such claim by the manufacturer or supplier. If a
10 warranty claim is not disapproved in writing by the thirtieth day after
11 receipt of such claim by the manufacturer or supplier, it shall be
12 deemed to be approved and payment shall be made by the
13 manufacturer or supplier not later than thirty days thereafter.

14 (b) A manufacturer or supplier that pays a consumer warranty
 15 claim pursuant to subsection (a) of this section shall pay the consumer
 16 the full price for any materials and the hourly labor rate the consumer
 17 was charged, provided the consumer documents such price and rate in
 18 writing and further provided the total amount payable for such claim
 19 is not greater than the amount paid by the consumer for the original
 20 purchase and installation of the residential roofing, window or siding
 21 material.

22 Sec. 2. Section 42-351 of the general statutes is repealed and the
 23 following is substituted in lieu thereof (*Effective January 1, 2018*):

24 (a) Whenever a supplier and a dealer enter into a dealer agreement
 25 that provides for consumer warranties, the supplier shall pay any
 26 warranty claim made for parts and service not later than thirty days
 27 after receipt and approval of such claim by the supplier. The supplier
 28 shall approve or disapprove a warranty claim not later than thirty days
 29 after receipt of such claim by the supplier. If a warranty claim is not
 30 disapproved in writing by the thirtieth day after receipt of such claim
 31 by the supplier, it shall be deemed to be approved and payment shall
 32 be made by the supplier not later than thirty days thereafter.

33 (b) A supplier that pays a warranty claim pursuant to subsection (a)
 34 of this section shall pay the dealer the full retail price for any parts and
 35 the hourly labor rate the dealer charges consumers for nonwarranty
 36 repair work for service.

This act shall take effect as follows and shall amend the following sections:		
Section 1	January 1, 2018	New section
Sec. 2	January 1, 2018	42-351

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:

Agency Affected	Fund-Effect	FY 18 \$	FY 19 \$
Consumer Protection, Dept.	GF - Cost	29,179	58,357
Consumer Protection, Dept.	GF: Various Guaranty Funds - Potential Cost	20,000 - 40,000	40,000 - 80,000
State Comptroller - Fringe Benefits ¹	GF - Cost	8,867	17,733

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill results in costs to General Fund of \$38,045 in FY 18 and \$76,090 in FY 19, as well as potential costs to two Department of Consumer Protection (DCP) guaranty funds of \$20,000 to \$40,000 in FY 18 and \$40,000 to \$80,000 in FY 19, due to expected enforcement costs and consumer settlements generated by the bill's expansion of certain home warranties. The impact is higher in FY 19 because the bill takes effect on January 1, 2018, which means half of annual costs are considered for FY 18.

Investigating and resolving consumer complaints for roofing, windows, and siding suppliers is anticipated by DCP to generate ten to 20 claims to the applicable guaranty funds described below, as well as numerous consumer complaints outside guaranty fund eligibility.

¹The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 38.08% of payroll in FY 18 and FY 19.

Two part-time additional staff are needed, a Special Investigator (0.5 FTE) and a Paralegal Specialist (0.25 FTE). These part-time positions have salary costs of \$23,285 in FY 18 and \$46,569 in FY 19, and fringe benefit costs of \$8,867 in FY 18 and \$17,733 in FY 19. Other expenses and equipment costs associated with the positions, such as computers, total \$5,894 in FY 18 and \$11,788 in FY 19.

The Home Improvement Guaranty Fund and New Home Construction Guaranty Fund, which are funded by licensing fees from relevant professionals, are likely to receive ten to 20 more claims. Most of the additional claims will be for \$4,000 to \$6,000, for a total annual impact to both guaranty funds of \$40,000 to \$80,000. Fund balances were \$701,966 for the Home Improvement fund and \$763,332 for the New Construction Fund, as of February 28, 2017.

The bill also clarifies warranty claim payment requirements for farm, forestry, yard, and garden equipment warranties, which has no fiscal impact.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation, the volume of complaints, and the number of relevant guaranty fund claims.

OLR Bill Analysis**sSB 821*****AN ACT CONCERNING ROOFING, WINDOW AND SIDING CONSUMER WARRANTIES AND POST-SALE WARRANTY WORK REIMBURSEMENT FOR POWER EQUIPMENT DEALERS.*****SUMMARY**

This bill (1) sets certain payment conditions on warranties for residential roofing, window, and siding and (2) specifies that the warranty claims for farm, forestry, yard, and garden equipment include parts and hourly labor rates.

EFFECTIVE DATE: January 1, 2018

ROOFING, WINDOW, AND SIDING CONSUMER WARRANTY

The bill requires manufacturers or suppliers of residential roofing, window, or siding material who offer a consumer warranty for such material, to pay any claim made for materials and labor under the warranty within 30 days after they receive and approve the claim.

The manufacturer or supplier must approve or disapprove a claim within 30 days after receiving the claim. If a claim is not disapproved in writing by the 30th day after receipt, it is deemed to be approved and payment must be made by the manufacturer or supplier within 30 days after that.

Under the bill, a manufacturer or supplier that pays a consumer warranty, must pay the consumer the full price for any materials and the hourly labor rate the consumer was charged. The consumer must provide the price and rate in writing. The total amount payable for the claim must be equal to or less than the amount the consumer paid for the original purchase and installation.

FARM, FORESTRY, YARD, AND GARDEN EQUIPMENT WARRANTY

By law, for farm, forestry, yard, and garden equipment warranties, suppliers must pay any warranty claim made for parts and services within 30 days after they receive and approve the claim. The bill specifies that the supplier must pay the dealer the full retail price for any parts and the hourly labor rate the dealer charges consumers for non-warranty repair work for service.

COMMITTEE ACTION

General Law Committee

Joint Favorable Substitute

Yea 17 Nay 0 (03/07/2017)