

Residential Contractor Registration

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Issue

Provide an overview of the (1) credentials needed for a general contractor to do work on a residential building and (2) state guaranty fund for customers to be reimbursed for losses from registered home improvement contractors' failures to fulfill their contracts.

Summary

The general credential required for doing residential improvements is the home improvement contractor registration. Connecticut requires home improvement contractors to register with the Department of Consumer Protection (DCP). The contractors are subject to various contract requirements and to enforcement mechanisms (e.g., fines or registration penalties). The law also requires those who perform certain work on buildings above certain statutory thresholds (e.g., over 60 feet high) to register or be licensed as "major contractors."

The Home Improvement Guaranty Fund reimburses consumers (up to \$15,000 per claim) who are unable to recover losses due to the failure of a registered home improvement contractor to fulfill a contract valued at more than \$200. It is funded by annual fees paid by home improvement contractors. The fund is capped at \$750,000 annually, with excess funds transferred to DCP's Consumer Protection Enforcement Account and the General Fund.

Home Improvement Contractors

Registration

By law, home improvement contractors must [register](#) with DCP and pay \$220 annually, \$100 of which goes to the Home Improvement Guaranty Fund (see below) ([CGS §§ 20-420, -421 & -432](#)). Applicants are not required to demonstrate competency.

For this purpose, a "contractor" is anyone performing home improvements who earns more than \$1,000 from the business in any 12-month period. "Home improvement" is generally repairing, replacing, or improving any land or building used as a private residence if the cost of the project is more than \$200. It includes work on driveways, swimming pools, porches, garages, roofs, siding, insulation, solar energy systems, flooring, patios, yards, fences, doors, and windows. It also includes sandblasting and waterproofing. But it does not include building new homes, selling when the work is done by another business, selling materials or home appliances, and work performed by a homeowner on his or her own property ([CGS § 20-419\(4\)](#)).

State-licensed professionals working in their field are exempt from registering, as are government employees and schools offering vocational education program courses in home improvement ([CGS § 20-428](#)).

Contract Requirements

All home improvement contracts must include certain provisions describing the contractor and the job involved. Contracts must (1) be written, (2) be signed by both parties, (3) include the entire agreement and transaction date, (4) provide the contractor's address and registration number, (5) include a notice of cancellation rights, (6) include starting and completion dates, and (7) disclose the business entities the contractor has been an owner or other stakeholder during the previous five years. The homeowner must receive a copy of the contract ([CGS § 20-429](#)).

Home improvement contracts must also comply with the requirements for home solicitation sales contracts. Specifically, consumers have three business days in which to cancel a contract. Sellers must inform consumers of this fact by including a notice in the contract and providing a separate sheet that explains a consumer's rights ([CGS § 42-135a](#)).

Other Required Actions

By law, a home improvement contractor must show his or her registration certificate when requested, exhibit his or her registration, and include the registration number in all advertising ([CGS § 20-427\(a\)](#)).

Prohibited Acts

The law prohibits anyone from (1) presenting another's registration certificate as his or her own; (2) giving false material evidence for registration; (3) impersonating a registered individual, (4) using an expired, suspended, or revoked registration; (5) making or offering to make home improvements without being registered; (6) representing that registration constitutes state-endorsement; (7) employing an unregistered salesman; or (8) failing to make a refund within 10 days if no substantial part of the work is done and more than 30 days have passed since the scheduled start date ([CGS § 20-427\(b\)](#)).

Enforcement

The DCP commissioner may investigate and hold hearings on any home improvement related matter. She may seek enforcement orders in court or ask the attorney general to seek a temporary or permanent restraining order to prevent a contractor from violating home improvement law ([CGS § 20-424](#)).

The commissioner can suspend, revoke, refuse to issue, or refuse to renew a contractor's registration and put a contractor on probation, issue a letter of reprimand, or require a contractor to post a bond as a condition of registration renewal ([CGS §§ 20-422 & 20-426](#)). She may take these actions for such things as untruthful or misleading advertising, failing to reimburse the guaranty fund (see below), unfair or deceptive business practices, or any home improvement law violation ([CGS § 20-426](#)).

DCP can impose civil fines for such things as working without being registered, willfully employing or supplying for employment an unregistered person, or violating home improvement law. The penalties are up to \$500 for a first violation, up to \$750 for a second violation, and up to \$ 1,500 for subsequent violations. Higher penalties occur only if the second or subsequent violations occur within three years of the preceding violation ([CGS § 20-427](#)). And by law, all home improvement law violations are also violations under the Connecticut Unfair Trade Practices Act which, among other things, may result in civil penalties of up to \$5,000 for willful violations and \$25,000 for violating restraining orders ([CGS § 42-110a](#) et seq.).

In addition, violations of most home improvement laws are class B misdemeanors, subjecting a violator to up to six months in prison, a fine of up to \$1,000, or both. Failing to refund the amount paid for a contract within 10 days is a class A misdemeanor, subject to up to one year in prison, a fine of up to \$2,000, or both, if (1) no substantial portion of the work has been done, (2) more than 30 days have passed since the scheduled start date, and (3) the total cash price of the improvement is more than \$10,000 ([CGS § 20-427\(c\)](#)).

Major Contractors

Registration

By law, “major contractors” must register with DCP and pay \$500 annually in order to perform certain types of work on commercial and residential property ([CGS § 20-341gg](#) & [Conn. Agencies Regs., § 20-341gg-3\(b\)\(6\)](#)).

A major contractor [registration](#) is generally required for anyone in the construction business to perform structural repair, alteration, dismantling, or demolition of structures or additions above a certain threshold or who works under a general contractor who performs or offers work that affects a structure’s or addition’s structural integrity. This work specifically includes roofing, masonry, and structural framework.

In general, contractors must register if they work on buildings or structures with at least (1) four stories, (2) a height of 60 feet, (3) a width of 150 feet, (4) a floor area of 150,000 square feet, or (5) an occupancy capability of 1,000 people. There are additional threshold measures for institutional and residential buildings and storage facilities ([CGS § 29-276b](#)). Applicants are not required to demonstrate competency, but must provide a statement that he or she or a responsible member of the business is familiar with the major contractor laws and regulations. Applicants must also provide references, proof of general liability insurance, a certificate of good standing, and a certified copy of a trade name certificate ([Conn. Agencies Regs., § 20-341gg-3](#)).

Prohibited Acts

By law, the DCP commissioner may take disciplinary action for, among other things, the following actions: knowingly engaging in fraud or material deception to obtain a registration; illegally using or transferring a registration; performing grossly incompetent or negligent work; failing to remedy or abate violations of occupational safety, fire, or building codes; employing an unregistered major contractor; or violating any provision of the major contractor laws or regulations ([Conn. Agencies Regs., § 20-341gg-7](#)).

Enforcement

In addition to other actions allowed by law, the DCP commissioner may (1) revoke or suspend a registration, (2) issue a letter of reprimand, and (3) place a registrant on probation, and require him or her to report regularly on the matter of the probation, limit the practice, and require certain education until there is a satisfactory level of competence in the area of the probation ([Conn. Agencies Regs., § 20-341gg-6](#)).

Home Improvement Guaranty Fund

The state’s Home Improvement Guaranty Fund reimburses consumers who are unable to recover losses suffered because the registered home improvement contractor failed to fulfill a contract valued at over \$200. The maximum reimbursement per claim is \$15,000 ([CGS § 20-432](#)).

The amount allowed in the fund is annually capped at \$750,000. When the fund to exceeds its cap, the first \$400,000 of the excess is transferred into DCP’s Consumer Protection Enforcement Account. The remainder of the excess goes to the General Fund.

The fund is capitalized by an annual \$100 fee each annual home improvement contractor pays for the fund. Table 1 shows the total receipts, number of consumers who have accessed the guaranty fund, and the total and average amount paid out since FY 14.

Table 1: Home Improvement Guaranty Fund

<i>Fiscal Year</i>	<i>Total Receipts</i>	<i>Number of Restitutions Paid</i>	<i>Total Amount Paid</i>	<i>Average Amount Paid Per Claim</i>
2019 (as of May 31)	\$3,019,170	129	\$1,146,384	\$8,887
2018	3,086,520	117	999,628	8,544
2017	2,992,920	152	1,355,867	8,920
2016	3,097,617	130	986,658	7,590
2015	3,002,643	145	1,183,368	8,161
2014	3,067,752	170	1,404,322	8,260
Total	18,266,622	843	7,076,227	8,394

*Source: DCP

A consumer who obtains a court judgment against a registered contractor, or who is listed as a creditor in the contractor's bankruptcy discharge, may apply to DCP for restitution for the amount of the judgment other than punitive damages, minus any amount already recovered from the contractor. The request must be made within two years after the final judgment has been made or the time for appeal has passed.

The consumer must assign DCP the right to recover the money once he or she has been paid from the fund. The DCP commissioner may revoke any contractor’s registration whose actions have caused a guaranty fund payment and condition his or her reinstatement on repaying the fund. The commissioner may allow a contractor to register before repayment if he or she agrees to repay by a certain date.

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