

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 916

(Delegate Adams, *et al.*)

Economic Matters

Finance

Business Regulation - Home Improvement Contracts - Deposits

This bill authorizes a person to receive a deposit of up to one-half (instead of one-third) of a home improvement contract price before or at the time of execution of the contract.

Fiscal Summary

State Effect: The bill does not materially affect State finances or operations.

Local Effect: None.

Small Business Effect: Meaningful.

Analysis

Current Law: A person may not demand or receive any payment for a home improvement before the home improvement contract is signed. A person may not receive a deposit of more than one-third of the home improvement contract price before or at the time of execution of the contract.

Background: The Maryland Home Improvement Commission (MHIC) issues licenses to home improvement contractors and salespersons. MHIC is mandated to pursue violators of the home improvement laws and effect remedies or file criminal charges on behalf of the public. Timely complaint resolution is critical due to the nature of the work performed. Home improvement contractors, in particular, often perform complex residential services. Many complaints involve damage to a residence that requires immediate attention.

MHIC has approximately 30,000 licensees and typically receives several hundred Guaranty Fund claims each year. There were an average of 93 Guaranty Fund claims paid annually from fiscal 2016 through 2017, with an average payment of approximately \$8,285.

Small Business Effect: Many businesses in the home improvement industry are small businesses and benefit from the ability to receive up to one-half of a home improvement contract price up front under the bill, which improves their cash flow.

Additional Information

Prior Introductions: HB 1058 of 2017, an identical bill as amended, passed the House but received an unfavorable report from the Senate Education, Health, and Environmental Affairs Committee.

Cross File: None.

Information Source(s): Department of Labor, Licensing, and Regulation; Department of Legislative Services

Fiscal Note History: First Reader - February 15, 2018
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