

Department of Legislative Services
Maryland General Assembly
2021 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 395

(Delegate Adams)

Economic Matters

Education, Health, and Environmental Affairs

Business Regulation – Home Improvement Contracts – Deposits

This bill limits the portion of a home improvement contract price that a person may receive (1) prior to work commencing or (2) generally, prior to work being completed. Specifically, a person may not receive more than one-half of the total amount of a home improvement contract price before work commences on the project or the remaining amount of the contract price until the home improvement specified in the contract is complete. However, for a contract valued at \$10,000 or more, if applicable, payment may also be received in the manner specified under a draw schedule that the parties mutually agreed to at the time the contract was signed.

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. These requirements are unaffected by the bill.

The Maryland Home Improvement Commission (MHIC) in the Maryland Department of Labor licenses home improvement contractors and salespersons, subject to specified

requirements for licensure and ongoing licensee behavior. MHIC is mandated to pursue violators of the home improvement laws and effect remedies or file criminal charges on behalf of the public.

Small Business Effect: Many businesses in the home improvement industry are small businesses and are affected by the bill's limitations on receiving payments prior to work commencing and prior to work being completed. The effect on a particular business depends on individual businesses practices, but could be meaningful.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Maryland Department of Labor; Office of the Attorney General (Consumer Protection Division); Department of Legislative Services

Fiscal Note History: First Reader - January 13, 2021
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