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January 15, 2021

To: The Honorable Dereck E. Davis
Chair, Economic Matters Committee

From: Karen S. Straughn *KS*
Consumer Protection Division

Re: House Bill 395 – Business Regulation – Home Improvement Contracts – Deposits
(OPPOSE)

The Consumer Protection Division of the Office of the Attorney General submits the following written testimony in opposition to House Bill 395 sponsored by Delegate Christopher T. Adams. This bill increases the maximum amount of a home improvement contract that can be collected as a deposit from one-third to one-half.

By collecting one-third as a deposit, a contractor is able to purchase necessary supplies without those expenses coming out of pocket. But often contractors do not finish the job, perform the work poorly, or, in some cases, do not even begin the work at all. By increasing the amount of the initial deposit, it increases the harm to consumers in these situations.

The Consumer Protection Division receives complaints from consumers advising the Division that they have been scammed by a contractor who collected a deposit and then failed to complete the work or did not even begin the work. In many of these cases the contractor can no longer be found and refuses to return phone calls. By increasing the amount that can be collected as a deposit, these situations may increase. Moreover, there can be disputes even with honest and reputable contractors. This bill diminishes the recourse available to consumers who find that the work is severely delayed, poorly done or not completed.

For these reasons, we ask that the Economic Matters Committee return an unfavorable report on this bill.

cc: The Honorable Christopher T. Adams
Members, Economic Matters Committee

