

MBIA HB 395 Testimony.pdf

Uploaded by: Graf, Lori

Position: FAV

March 33, 2021

The Honorable Paul G. Pinsky
Chairman, Senate Education, Health, and Environmental Affairs Committee
Senate Office Building, 2 West
11 Bladen Street
Annapolis, MD 21401

RE: Support of House Bill 395 (Business Regulation – Home Improvement Contracts – Payments)

Dear Chairman Pinsky:

The Maryland Building Industry Association, representing 1,100 member firms statewide, appreciates the opportunity to participate in the discussion surrounding **HB 395 - Business Regulation – Home Improvement Contracts – Payments**. MBIA supports this bill.

MBIA supports the fact that the contractors should be able to collect up to half of the amount at the start of the job. This allows the contractor to purchase materials needed at the beginning of the project.

MBIA supports the language to implement a draw schedule for larger projects. This allows clients and financiers to pay for work as it is being completed rather than limiting the total amount of money that can be withdrawn prior to project completion. This allows for clients to have control over when and how much money they spend while still requiring remodelers to make progress on a project prior to withdrawing additional funds.

MBIA respectfully requests the Committee and give this measure a favorable report. Thank you for your consideration.

For more information about this position, please contact Lori Graf at 410-800-7327 or lgraf@marylandbuilders.org.

cc: Members of the Senate Education, Health, and Environmental Affairs Committee

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Uploaded by: Price, Sarah

Position: FAV



HB395 Business Regulation – Home Improvement Contracts – Deposits
Education, Health, and Environmental Affairs Committee
March 23, 2021

Position: Favorable

Background: HB395 would allow a person or entity to receive up to ½ of a home improvement contract price before or at the time of execution of the contract, and allows for a payment draw schedule to be established for certain contracts.

Comments: At this time, Maryland is one of fewer than ten states with partial pay laws remaining on the books, and HB395 make progress towards allowing contractors to collect payment in a timely manner. Partial pay laws were devised before the advent of the large home improvement store models and were designed to protect consumers from fly-by-night contractors. Home improvement contractors today are largely unable to vanish without a trace, and must be highly cognizant of their treatment of customers in the world of 21st century social media. In addition to the ease with which customers can publicize poor treatment from a contracting company, consumers also have numerous protection options through the Consumer Protection Division and the Maryland Home Improvement Commission in the case that they are dissatisfied with a service provider.

Partial pay laws were written with protection in mind, and now have the unintended consequence of leaving home improvement entities with little protection when facing customers who refuse to pay for services rendered. Allowing contractors to collect up to half of the agreed-upon contract price before work begins and to establish a payment draw schedule for larger contracts will allow projects to proceed smoothly, especially as contractors purchase and process the individual products and supplies required in installations. Increasing the amount of partial pay that contractors may collect will also have a great impact on the cash flow of small businesses and independent contractors and will decrease their administrative costs spent on bookkeeping and debt collection.

Thank you for your consideration, and we urge a favorable report on HB395.

Cross of HB 395 Support Letter 2021.pdf

Uploaded by: Straughn, Karen

Position: FAV

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March 23, 2021

To: The Honorable Paul G. Pinsky
Chair, Education, Health and Environmental Affairs Committee

From: Karen S. Straughn
Consumer Protection Division

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

The Consumer Protection Division of the Office of the Attorney General submits the following written testimony in support of House Bill 395 sponsored by Delegate Christopher T. Adams. This bill clarifies that a deposit of one third may be collected up front, but the maximum amount of a home improvement contract that can be collected before work has begun is one half of the contract price. In addition, it prohibits the contractor from collecting the balance until the project has been completed if the job is less than \$10,000. If the job is more than \$10,000, the balance may not be collected until the job is complete or in accordance with a draw schedule.

The Consumer Protection Division receives complaints from consumers advising the Division that they have been scammed by a contractor who collected a deposit, often collecting additional payments before the job is even started, and then fails to complete the work or does not even begin the work. In many of these cases the contractor can no longer be found and refuses to return phone calls. While this office has concerns about increasing the deposit that a contractor may collect before work is started to one-half of the total cost, limiting the amount that can be collected prior to the completion of the work will limit the number of consumers who will be harmed by disreputable or under-capitalized contractors. We, therefore, are willing to accept a higher payment in advance of beginning the work in exchange for limiting collection of the balance prior to the completion of the contract.

For these reasons, we ask that the Education, Health and Environmental Affairs Committee return a favorable report on this bill.

cc: The Honorable Christopher T. Adams
Members, Education, Health and Environmental Affairs Committee

