

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE
Revised

Senate Bill 53 (Chairman, Economic and Environmental Affairs Committee)
(Departmental - Labor, Licensing and Regulation)

Economic and Environmental Affairs

Home Improvement Guaranty Fund - Claims

This departmental bill increases the maximum amount that the Home Improvement Commission may award from the Home Improvement Guaranty Fund from \$50,000 to \$100,000 to multiple claimants for acts or omissions of one contractor.

The bill would not affect the policies and procedures of the Department of Labor, Licensing, and Regulation in determining the personal financial solvency of a home improvement contractor.

Fiscal Summary

State Effect: The average annual Home Improvement Guaranty Fund balance could decline approximately \$50,000.

Local Effect: None.

Small Business Effect: The Department of Labor, Licensing, and Regulation has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Fiscal Analysis

Background: The current \$50,000 cap on fund payouts has been in effect since the fund was established in 1985. The statutory minimum fund balance is \$250,000. In November 1998, the fund balance was \$1,851,200. The following chart describes the fund's history since 1991.

	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
Claims	471	497	434	498	550	506	493	504
Payouts thousands	\$829.9	\$1,051.9	\$785.3	\$749.5	\$718.6	\$761.1	\$563.1	\$822.2
No. of Payouts	180	289	287	239	189	280	199	249
Balance thousands	\$1,319.9	\$849.1	\$1,200.2	\$1,275.7	\$1,798.3	\$1,707.4	\$2,247.3	\$2,142.7

State Effect: Since 1990, there have been eight cases in which multiple claims have been made and awards have been granted against the fund for acts or omissions of one contractor. In each case, the maximum \$50,000 was paid out. During the same period, the average annual fund balance was \$1,567,600. Assuming one multiple claims case per year, increasing the maximum payout to \$100,000 would cause the average annual fund balance to decline to \$1,517,600.

However, it should be noted that the Home Improvement Commission does not expect any prorated claims to be paid out in fiscal 1999. Assuming there are none, this bill would not affect State finances in fiscal 1999.

Information Source: Department of Labor, Licensing, and Regulation

Fiscal Note History: First Reader - January 19, 1999
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