HB 82

Department of Legislative Services

Maryland General Assembly
2001 Session

FISCAL NOTE
Revised

House Bill 82 (Chairman, Economic Matters Committee)
(Departmental – Labor, Licensing, and Regulation)

Economic Matters Finance

Home Builders – Regulation

This departmental bill transfers the responsibility for holding homebuilders' surety bonds and letters of credit, and for the approval and monitoring of third party warranty plans, from the Department of Labor, Licensing, and Regulation to the Consumer Protection Division of the Office of the Attorney General.

The bill provides that a homebuilder constructing a custom home is not required to disclose to the owner any actual knowledge of any hazardous or regulated materials present at the new home site.

This bill also corrects an oversight in the State Home Builders Registration Act by requiring a new homebuilder to disclose to a customer that the builder must be registered with the Consumer Protection Division of the Office of the Attorney General.

This bill is effective July 1, 2001.

Fiscal Summary

State Effect: The Consumer Protection Division (CPD) could handle the increased responsibilities with existing budgeted resources. The Department of Labor, Licensing, and Regulation's (DLLR) expenditures would not be materially affected. No effect on revenues.

Local Effect: None.

Small Business Effect: DLLR 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.)

Analysis

Current Law: Homebuilders must currently place their surety bonds and letters of credit with DLLR and have any third party warranty plans monitored and approved by DLLR. But, homebuilders must be registered with the CPD, which also administers the Home Builder Registration Fund.

Background: The Home Builders Registration Act (Chapter 522 of 2000) established a homebuilders' regulatory program within the CPD. Some homebuilder regulations that predate the enactment of Chapter 522 are still the responsibility of DLLR.

State Fiscal Effect: According to DLLR, the responsibilities being transferred are minor and require a minimal amount of time and effort to perform. Consequently, it is anticipated that DLLR expenditures will not be materially affected. Likewise, it is expected that CPD expenditures will not be materially affected either.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Labor, Licensing, and Regulation; Office of the Attorney General (Consumer Protection Division); Department of Legislative Services

Fiscal Note History: First Reader – January 16, 2001
jm/jr Revised – House Third Reader – March 22, 2001

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