

Department of Legislative Services
Maryland General Assembly
2016 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1412 (Delegate Fraser-Hidalgo, *et al.*)
Environment and Transportation

Real Property - New Residential Property - Information on Renewable Energy
Alternatives

This bill requires a home builder to provide written information about energy-saving alternatives, in a contract for the initial sale of a new home, including (1) green roofing; (2) solar photovoltaic panels or solar/thermal devices; (3) rain gardens and bayscaping; (4) home weatherization; and (5) energy storage systems. The information must cover topics such as the cost of installation and maintenance, energy efficiency, long-term savings, and the availability of tax credits. The bill also requires the builder to facilitate the installation of any energy-saving alternative that the purchaser selects before the home is completed. A builder who violates the bill's requirements is subject to a fine of up to \$7,500.

Fiscal Summary

State Effect: Potential minimal increase in general fund revenues due to the bill's penalty provision. The Office of the Attorney General, Consumer Protection Division (CPD), can handle the bill's requirements with existing resources, assuming 50 or fewer new complaints are generated by the bill.

Local Effect: The bill is not anticipated to materially impact the operations or finances of local governments.

Small Business Effect: Minimal.

Analysis

Current Law: New home builders are required to register with the Home Builder and Home Builder Sales Representative Registration Unit within CPD. A new home is defined under the Maryland Home Builder Registration Act as a newly constructed residential dwelling and the fixtures that are part of the dwelling. A new home contract means an agreement between a home builder and a consumer for the sale or construction of a new home.

A contract for the initial sale of a new home in Baltimore City and all counties except Montgomery County must include, in conspicuous type:

- the builder registration number of the seller of the new home;
- a provision stating that the new home must be constructed in accordance with all applicable building codes;
- a provision referencing specified performance standards or guidelines that the seller must comply with, and that must prevail in the performance of the contract and any arbitration or adjudication of a claim arising from the contract; and
- a provision detailing the purchaser's right to receive a consumer information pamphlet as provided under the Home Builder Registration Act.

In Prince George's County, a contract for the sale of a new home must also include information about specified deferred private water and sewer assessments.

In Montgomery County, builders are subject to similar registration and licensing requirements, and they are required to provide specified disclosures, including notice of specified performance standards and the existence of a specified new home warranty.

Additional notice and disclosure requirements apply, statewide, to contracts for the initial sale or resale of residential real property.

Background: The U.S. Census Bureau reports that, in 2014, the most recent year for which complete data is available, 16,331 housing units were newly authorized for construction in the State. These included 10,541 single units, as well as 140 structures containing five or more units.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Office of the Attorney General (Consumer Protection Division), Judiciary (Administrative Office of the Courts), Maryland Energy Administration, Public Service Commission, U.S. Census Bureau, Department of Legislative Services

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