

Department of Legislative Services

Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 1348

Economic Matters

(Delegate Amprey)

Education, Energy, and the Environment

**Home Improvement Contractors - Disaster Mitigating Services - Regulation and
Prohibition**

This bill expands the definition of “home improvement” to include the provision of “disaster mitigating services,” thereby requiring any entities providing those services to be licensed and regulated by the Maryland Home Improvement Commission (MHIC). Each home improvement contract for disaster mitigating services must contain a notice of the owner’s right to rescind the contract, as specified. The bill also authorizes the governing body of a county to impose certain limitations on in-person solicitation of a victim of a disaster by a contractor offering disaster mitigation services.

Fiscal Summary

State Effect: Special fund revenues and expenditures increase minimally beginning in FY 2026 due to additional licensing fee revenues and ongoing administrative costs. As revenues and expenditures are expected to largely offset, there is no net effect on general fund revenues due to reversions. The increase in special fund licensing revenues may be mitigated to the extent disaster mitigating services are already provided by existing licensees, which is not known. Nonbudgeted revenues and expenditures increase minimally beginning in FY 2026 due to additional assessments paid to – and potentially claims paid from – the Home Improvement Guaranty Fund.

Local Effect: The bill does not materially affect local government finances or operations.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: “Disaster mitigating services” includes (1) boarding up windows or doors to secure a building; (2) demolition of a structure to prevent further damage; (3) setting water mitigation equipment; (4) tarping or caulking a roof or building after damage; and (5) securing a wall or roof to prevent further damage.

An owner may rescind a home improvement contract for disaster mitigating services within five days after entering into the contract. An owner who does so may not be required to pay more than the amount of the penalty indicated in the contract. A contract must (1) comply with specified provisions of the Maryland Door-to-Door Sales Act and (2) include a notice informing the owner of the right to rescind within five days.

“Disaster” means a serious event that (1) causes harm to a home, building, or other structure and (2) requires emergency response services. The governing body of a county may impose limitations on in-person solicitation of a victim of a disaster by a contractor offering disaster mitigation services, including limitations on the hours during which (and areas within which) in-person solicitation may occur. These provisions do not apply to a contractor, or a person acting on behalf of a contractor, who is engaged in an ongoing business relationship, other than mere solicitation, with a victim of a disaster before the disaster occurs. Additionally, the existence of a disaster is not contingent on the declaration of a State of Emergency by the federal government or the Governor, or a local disaster declaration, as specified

Current Law: MHIC in the Maryland Department of Labor licenses and regulates home improvement contractors and salespersons, subject to specified requirements for licensure and ongoing licensee behavior. MHIC also administers a guaranty fund for the purpose of reimbursing homeowners for actual losses due to the errors and omissions of licensed contractors and their subcontractors, salespersons, and employees.

“Home improvement” means (1) the addition to or alteration, conversion, improvement, modernization, remodeling, repair, or replacement of a building or part of a building that is used or designed to be used as a residence or dwelling place or a structure adjacent to that building or (2) an improvement to land adjacent to the building.

“Home improvement” includes (1) construction, improvement, or replacement, on land adjacent to the building, of a driveway, fall-out shelter, fence, garage, landscaping, deck, pier, porch, or swimming pool; (2) a shore erosion control project for a residential property; (3) connection, installation, or replacement, in the building or structure, of a dishwasher, disposal, or refrigerator with an icemaker to existing exposed household plumbing lines; (4) installation, in the building or structure, of an awning, fire alarm, or storm window; and (5) work done on individual condominium units.

The Secretary of Labor must calculate the direct and indirect costs attributable to MHIC annually, and MHIC must establish fees based on those calculations. Fees may not be increased annually by more than 12.5% of the existing and corresponding fees. Fee revenues are deposited into the Maryland Home Improvement Commission Special Fund, which covers MHIC's operating costs. At the end of each fiscal year, any unspent and unencumbered balance in the fund in excess of \$100,000 reverts to the general fund.

Home Improvement Guaranty Fund

MHIC must establish a Guaranty Fund that must be kept at a minimum level of \$1,000,000 to compensate homeowners for an "actual loss" that results from an act or omission by a licensed home improvement contractor or other violations, as discussed in further detail below.

Licensees pay a \$100 fee to the Guaranty Fund as a condition of getting a license; if the balance of the Guaranty Fund is projected to fall below \$1,000,000, the commission must (1) assess each licensed contractor an additional fee of \$50 and (2) submit a report to specified committees of the General Assembly. The report must be made within 30 days of any such projection and must detail actions that are being taken to restore the balance of the fund to a sustainable level.

Small Business Effect: Small businesses that provide residential disaster mitigation services will be impacted, as they are subject to MHIC licensing and regulation requirements under the bill. Additionally, to the extent payouts increase under the bill, MHIC licensees may have to pay higher Guaranty Fund assessments and/or reimbursements to maintain the fund at the appropriate level.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Maryland Department of Labor; Department of Natural Resources; Department of Legislative Services

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