



SB855 Business Regulation – Home Improvement Contracts – Deposits by Financial Institutions
Education, Health, and Environmental Affairs Committee
March 3, 2022

Position: Favorable

Background: SB855 would allow a person to receive more than 1/3 of a home improvement contract price before the time of execution of the contract if the full amount of the deposit is being financed by a financial institution.

Comments: SB855 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, but restrictions regarding when payments may be made can have a negative impact on the progress of a project. Today, consumers 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. These laws can additionally slow down large projects like full home renovations, which are more likely to be funded through a financial institution. Allowing contractors to collect more than 1/3 of the agreed-upon contract price before work begins for financed contracts will allow projects to proceed smoothly, especially as contractors purchase and process the individual products and supplies required to begin scheduling 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.

Thank you for your consideration, and we urge a favorable report on SB855.