

# Home Builders & Remodelers Association of Connecticut

(2015 regular session)

## **HB 5785, Transforms registration of home improvement contractors (HICs) to licensing.**

A bill was passed in the General Law Committee on March 12 by an 11-7 vote that requires, among other things, HICs to take an exam or take a course of study based on DCP's HIC booklet that outlines requirements of the HIC Registration Act and consumer protection laws and the. HICs who have held a registration for 5 years, or any HIC with less than \$30K gross receipts, are exempt from the test/education requirement. The effective date is Jan. 1, 2016.

- ***The bill needs a lot of work to get it into a shape that we can support.*** The HBRA would accept some limited testing or education for HICs provided there's no additional fee and there's a significant increase in enforcement:
  - ***We will not accept a higher fee because HICs already pay more than enough to register and for the HIC guaranty fund.*** The fund is raided for the general treasury and more costs should not be put onto HICs because the state has not been able to get its fiscal house in order. ***The bill does not contain a higher fee as passed by the committee but given there will likely be a significant adverse fiscal note attached to the bill we fear a fee could be added by amendment to fix the fiscal note.***
  - More enforcement is necessary because without it, the 10,000 – 15,000 contractors who remain unregistered in violation of the law will continue to go unlicensed. Thus, the new exam or education requirement will fall onto only the 23,000 registered HICs. The playing field will become even more uneven than it is already. ***The bill only charges DCP to study its enforcement and report back on July 1, 2016 (i.e., six months after the exam and education requirements take effect).***
- The bill requires all HICs to carry liability insurance in an amount not less than \$1 million. This is good, but ***we oppose the provision to show proof of insurance every time an HIC gets a building permit.*** Under current law, HICs must show their HIC No. on building permit applications. With this bill, an HIC has to show proof of insurance to DCP to get an HIC No., so showing proof again to a local building official is duplicative. It would require both HICs and building officials to maintain copies of insurance certificates, a paperwork burden that is unnecessary.
- ***The bill needs to tie both the exam and the alternative education into the DCP HIC booklet more specifically.*** And since HICs are usually a business entity (most often a LLC) it needs to provide for the designation of a responsible person to take the exam or education. Private entities such as the HBRA's educational subsidiary, CIPBR Inc., may offer the test and education with approval by DCP. This should be made more clear in the legislation. The bill does not raise the cap on a consumer's claim from the guaranty fund (which we support and was in the original proposal).