

OFFICE OF FISCAL ANALYSIS

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sSB-266

AN ACT CONCERNING NEW HOME CONSTRUCTION CONTRACTORS, HOME IMPROVEMENT CONTRACTORS, TRADE APPRENTICESHIPS AND LOCKSMITHS.

As Amended by Senate "A" (LCO 9795)

Senate Calendar No.: 50

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 22 \$	FY 23 \$
Consumer Protection, Dept.	Home Improvement Guaranty Fund - Potential Revenue Gain	See Below	See Below
Resources of the General Fund	GF - Revenue Impact	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill makes various changes to the Department of Consumer Protection (DCP) statutes resulting in the revenue impacts described below.

Section 1 changes the new home construction contractor license from \$240 biennially to \$120 annually and results in no fiscal impact in FY 22 and 23.

Section 1 also allows a new home construction contractor to engage in home improvement work resulting in a potential revenue loss to the state if these contractors seek to engage in this additional work. Current law requires new home construction contractors to receive a

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home improvement contractor license which has a \$120 annual fee in order to perform this additional work. There are approximately 2,300 new home construction contractors and 26,000 home improvement contractors licensed by DCP.

Section 3 changes the new home construction contractors' guaranty fund contributions from \$480 biennially to \$240 annually and results in no fiscal impact in FY 22 and 23.

Section 4 increases the definition of home improvement by including alarm system work that doesn't involve a licensed electrician resulting in a potential revenue gain to the state if additional home improvement licenses are applied for. The fee for a home improvement contractor license is \$120.

Section 8 requires new home construction contractors who opt to engage in home improvement work to pay a \$100 fee to the Home Improvement Guaranty Fund resulting in a potential revenue gain to the extent these contractors engage in home improvement work.

Senate "A" strikes the underlying bill and its associated fiscal impact resulting in the impact described above.

The Out Years

State Impact:

Agency Affected	Fund-Effect	FY 24 \$	FY 25 \$	FY 26 \$
Resources of the General Fund	GF - Revenue Impact	(270,000)	270,000	(270,000)
Consumer Protection, Dept.	New Home Construction Guaranty Fund - Revenue Impact	(500,000)	500,000	(500,000)

Note: GF=General Fund

Municipal Impact: None

Explanation

The change in new home construction contractors' license fees and guaranty fund contributions (described above) results in the revenue

impacts listed due to the change from biennial to annual licensure renewal and the current cycle of biennial payments.

The new home construction contractor license modification results in a \$270,000 revenue loss in FY 24 and 26 and a \$270,000 revenue gain in FY 25.

The New Home Construction Guaranty Fund modification results in a revenue loss of \$500,000 in FY 24 and 26 and a \$500,000 revenue gain in FY 25.