

OFFICE OF FISCAL ANALYSIS

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sHB-5272

AN ACT CONCERNING THE EXPIRATION OF CERTAIN LAND
USE APPROVALS AND THE NEW HOME CONSTRUCTION
GUARANTY FUND.

As Amended by House "A" (LCO 4410)

House Calendar No.: 284

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 25 \$	FY 26 \$
Consumer Protection, Dept.	New Home Construction Guaranty Fund - Various	See Below	See Below
Consumer Protection, Dept.	Consumer Protection Enforcement Account - Potential Revenue Gain	See Below	See Below

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 25 \$	FY 26 \$
All Municipalities	Potential Revenue Gain	See Below	See Below

Explanation

The bill makes various changes regarding the expiration of land use approvals and the New Home Construction Guaranty Fund resulting in the impact described below.

Sections 1-5: allow municipalities to take enforcement action when certain zoning regulations are violated regarding incomplete work. This

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4/30/24

results in a potential revenue gain to municipalities beginning in FY 25 to the extent that fines are imposed by zoning enforcement officers.

Sections 6-7 makes various changes to the New Home Construction Guaranty Fund and the Consumer Protection Enforcement account resulting in the following impacts.

1. The cap on the New Home Construction Guaranty Fund¹ (NHCGF) is reduced from \$750,000 to \$650,000 resulting in a potential revenue loss to the fund to the extent future revenues exceed the cap.
2. The excess transfer from NHCGF to the Consumer Protection Enforcement account is increased from \$300,000 to \$400,000 resulting in a potential revenue gain to the extent excess funding is transferred.²
3. The maximum payment per claim from the NHCGF is increased from \$30,000 to \$50,000 and consumers are allowed to make claims against the fund if a judgement is awarded against a proprietor³ resulting in a potential cost to the fund depending on the number and size of future claims.
4. New home construction contractors and proprietors are held liable for the resulting debt to the fund resulting in a potential revenue gain to the NHCGF to the extent violations occur and contractors and proprietors repay the Fund.

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

¹The New Home Construction Guaranty Fund can reimburse consumers who are unable to collect for losses resulting from work performed by a registered new home builder. Homeowners may be eligible to receive up to \$30,000 from the fund if certain criteria are met.

²In FY 23 there were two restitution claims paid from the fund totaling \$60,000 and \$101,000 was transferred to the Consumer Protection Enforcement Account.

³Current law only allows for payments from the fund for judgments against construction companies.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the number of claims paid by the fund.