

General Law Committee JOINT FAVORABLE REPORT

Bill No.: SB-201

AN ACT CONCERNING THE ATTORNEY GENERAL'S RECOMMENDATIONS REGARDING PRICE DISCLOSURE, SERVICE AGREEMENTS, THE NEW HOME CONSTRUCTION GUARANTY FUND AND THE CONNECTICUT

Title: UNFAIR TRADE PRACTICES ACT.

Vote Date: 3/12/2024

Vote Action: Joint Favorable Substitute

PH Date: 2/29/2024

File No.: 156

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SPONSORS OF BILL:

General Law Committee

REASONS FOR BILL:

The purpose of this legislation is to ban “junk fees”, which have been attached to goods and services after tickets and promotions have been advertised and open to the public for purchase, forcing the public to pay for unseen costs. This also allows for reparation when a contractor does not fulfill the contractual agreement. The legislation gives the DCP the ability to enforce Assurance of Voluntary Compliance (AVC) when faced with Connecticut unfair trade practices, covered by the Connecticut Unfair Trade Practices Act (CUTPA). In addition, this act protects homeowners from liens due to execution of unfair and excessive hidden costs.

RESPONSE FROM ADMINISTRATION/AGENCY:

The Office of the Attorney General of Connecticut, William Tong

This bill closes a loophole in legislation passed in 2023 by requiring any prices, advertisements or offers displayed not be open to any additional “junk fees” by the purchaser. It also addresses the issue of the New Home Construction Guaranty Fund (NHCGF) ability to pay a consumer remedy despite a criminal disposition against an individual contractor or business entity. It also makes the new home improvement contractor responsible for the debt to the NHCGF. The Attorney General’s office may also accept voluntary compliance (AVC) by a company to resolve the issue of a CUTPA complaint in lieu of litigation.

*Remarks to the same effect by Cara Passaro, Chief of Staff, Office of Attorney General Tong

Bryan Cafferelli, Department of Consumer Protection, Commissioner

This legislation provides protections for consumers from unseen and unfair costs in advertising goods and services, also referred to as “junk fees” and unfair trade practices in real estate transactions. It gives the DCP the ability to resolve disputes using Assurance of Voluntary Compliance (AVC) when there are cases of unfair trade practices under the Connecticut Unfair Trade Practices Act (CUTPA), avoiding costly punitive measures.

NATURE AND SOURCES OF SUPPORT:

John Erlingheuser, Senior Advocacy Director, AARP Connecticut – AARP specifically supports the section of this legislation that deals with unfair service agreements. Their concern is for older adults who have been victim to deceptive or misleading trade agreements by businesses, hyped as marketing tools which result in the homeowner paying hidden and undisclosed fees to the business.

Jim Heckman, General Counsel - CONNECTICUT REALTORS – this organization supports the protection of consumers when they are deceived through unlawful real estate contracts that do not disclose the ultimate cost of the agreement. Should they sell their home, because of the hidden costs in the contract, there is an encumbrance or lien on their property, which they are unaware of, due to predatory practices of real estate agencies.

Christopher Davis, Vice President of Public Policy, CBIA – CBIA supports sections 2 through 6 of this legislation as they are in favor of prohibition of unfair grade agreements. (See Opposition for section 1).

Antoinette Chick Spinelli, Waterbury Town Clerk

Mark H. Bernacki, New Britain Town & City Clerk – Connecticut Town Clerks

Association, Inc. - CTCA supports sections 4,5 and 6 of the legislation with some caveats. In section 4, it states that a Town Clerk may refuse to record an unfair trade agreement but, by law, Town Clerks must record documents and cannot, by law, determine their validity. Section 5 allows remedy for unfair service agreements recorded. The CTCA asks that when this is done, the original; volume and page of the agreement be cited so the proper agreement will be dissolved. Section 6 has their full support.

NATURE AND SOURCES OF OPPOSITION:

Kristina Baldwin - AMERICAN PROPERTY CASUALTY INSURANCE ASSOCIATION

(APCIA) – the opposition to this legislation is based on the insurance industry. They feel that, if provisions apply to insurance, it would unfairly subject insurance prices and fees, making them subject to dual regulation, as well as opening them up to lawsuits and class action suits. As the bill requires the “total price” be declared when the very nature of insurance and it’s pricing vary drastically depending on coverage types and risk characteristics of the insured. They ask that the insurance industry be exempted or amended to cover these necessary inconsistencies.

Christina Kennedy – DOORDASH – Doordash believes they are fair and transparent in their pricing to consumers. The Federal Trade Commission is set to announce rules on pricing and fees, and she requests that CT legislators postpone such legislation until the Federal

government makes it's ruling. She also concludes that this bill will result in flat fees as specials and various Doordash innovations would be unlawful.

Jim Perras, CEO, HOME BUILDERS & REMODELERS ASSOCIATION OF CONNECTICUT, INC. – this organization asks that the section of this bill that would “pierce the corporate veil” opening to all the Department of Consumer Protection to seek restitution to the Home Improvement Guaranty Fund from individual construction company owners.

Jill Ricard, Vice President, AMERICAN COUNCIL OF LIFE INSURERS, Eric George, President, ICA, Sarah Wood, Director, ICA – this legislation adversely affects the ability of insurance companies to execute their policies. They believe the Insurance Commission is the entity that should control all types of insurers and the pricing is so specific to each individual/business, it would be impossible to abide by this legislation.

Robert Wiedenmann, SUNWOOD DEVELOPMENT CORP. – there is issue with the ability in this legislation for DCP to impact builders, land developers and others in the construction field by imposing the seeking of restitution through the Guaranty Fund. This may force contractors to take measures to protect themselves from liability.

Kyle Innes, Managing Director, SIFMA – opposes as financial service firms are saddled with many regulations. This legislation would require the “total price” of any advertisement, display or offering of goods and services, which is an impossibility in our field. He asks that this bill exclude broker-dealers, agent and investment advisors.

Tim Phelan, CONNECTICUT RETAIL NETWORK - this bill would impact retail businesses across the state. It could harm merchants offering various things to attract business. This stops them from the ability to do so.

Reported by: Kathleen K. Zabel

Date: April 2, 2024