

No. 2011-52

AN ACT

HB 1336

Amending the act of October 17, 2008 (P.L.1645, No.132), entitled "An act providing for the regulation of home improvement contracts and for the registration of certain contractors; prohibiting certain acts; and providing for penalties," providing for the definition of "home improvement retailer"; and further providing for procedures for registration as a contractor and for prohibited acts.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. Section 2 of the act of October 17, 2008 (P.L.1645, No.132); known as the Home Improvement Consumer Protection Act, is amended by adding a definition to read:

Section 2. Definitions.

The following words and phrases when used in this act shall have the meanings given to them in this section unless the context clearly indicates otherwise:

* * *

"Home improvement retailer." A person, whether or not the person is registered under this act, who sells materials for use in home improvement contracts.

* * *

Section 2. Sections 4(a)(1)(i) and (ix), 5 and 9(10) of the act are amended to read:

Section 4. Procedures for registration as a contractor.

(a) Application.—

(1) A person shall apply to the bureau in writing or electronically via a secure Internet connection, if permitted by the bureau, on a form provided by the bureau. The application shall include the following information:

(i) For an individual applicant, all of the following:

(A) Name.

(B) Date of birth.

(C) Home address and home telephone number.

(D) Driver's license number **[or]**, a copy of an identification card issued by the state in which the individual resides **or other form of identification as permitted by the bureau.**

(E) Business name, address and telephone number.

(F) Federal employer identification number, if applicable.

(G) Social Security number.

(H) All prior business names and addresses of home improvement businesses operated by the individual.

* * *

(ix) Proof of liability insurance covering personal injury in an amount not less than \$50,000 and insurance covering property

damage caused by the work of a home improvement contractor in an amount not less than \$50,000. *For the purpose of this subparagraph, proof of insurance may include information attested to by an applicant that the applicant is self-insured and the bureau shall develop forms for this purpose and make them available to applicants. The bureau may determine the sufficiency of the self-insurance and the manner in which it is maintained in compliance with this act.*

* * *

Section 5. Application fees.

(a) *Amount.*—Each application for a certificate for a home improvement contractor or renewal of that certificate shall be accompanied by a fee of \$50. After completion of the application and payment of the fee, the bureau shall issue the home improvement contractor a registration certificate identifying the name of the individual contractor, name and address of the business and a registration number. Renewals shall be on a biennial basis.

(b) *Home Improvement Account.*—

(1) *A restricted revenue account known as the Home Improvement Account is established in the General Fund. All fees and penalties collected under this act after the effective date of this subsection shall be deposited into the Home Improvement Account, which account shall be interest bearing.*

(2) *The funds in the Home Improvement Account and any interest earned on the funds may be appropriated to the Attorney General for administering and enforcing the provisions of this act and to protect consumers with respect to home improvements through consumer education and other means.*

Section 9. Prohibited acts.

No person shall:

* * *

(10) [~~For~~] (i) *Except as provided under subparagraph (ii), for a home improvement contract in which the total price is more than \$1,000] \$5,000, receive a deposit in excess of:*

[~~(i)~~] (A) *one-third of the home improvement contract price; or*

[~~(ii)~~] (B) *one-third of the home improvement contract price plus the cost of special order materials that [have been ordered] will be ordered, as designated in the written contract.*

(ii) *The provisions of subparagraph (i) shall not apply to a home improvement retailer, regardless of net worth, who does all of the following:*

(A) *Posts an irrevocable letter of credit payable to the bureau for the use and benefit of every person protected by the provisions of this subparagraph in a form approved by the bureau, in the amount of \$100,000 per store location but not to exceed \$2,000,000 for a home improvement retailer that has multiple stores.*

(B) *Ensures that its contractors are registered under this act and have proof of liability insurance as defined in section 4(a)(1)(ix).*

(iii) In the event of a dispute with a home improvement retailer or a contractor authorized to do work on behalf of the home improvement retailer, an owner may file with the bureau a complaint against the home improvement retailer and request a draw upon the home improvement retailer's letter of credit. The following shall apply:

(A) Upon receipt of a complaint, the bureau shall notify the home improvement retailer and investigate the complaint.

(B) Upon a determination by the bureau that the home improvement retailer is in default of the contract, the bureau may, after providing notice to the home improvement retailer, draw upon the irrevocable letter of credit to satisfy a consumer's complaint as part of its mediation process or a civil action brought under the act of December 17, 1968 (P.L.1224, No.387), known as the Unfair Trade Practices and Consumer Protection Law.

(C) A home improvement retailer with two draws on an irrevocable letter of credit within a two-year period issued for the purposes of this subparagraph shall be prohibited from posting an irrevocable letter of credit for purposes of this subparagraph for a period of five years beginning from the date of the second draw and shall be required to comply with subparagraph (i).

* * *

Section 3. This act shall take effect immediately.

APPROVED—The 7th day of July, A.D. 2011

TOM CORBETT