

No. 2014-160

AN ACT

HB 1543

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 "time and materials"; and further providing for procedures for registration as a contractor and for home improvement contracts.

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:

* * *

"Time and materials." A construction practice where the contractor and owner agree that the contractor will perform the home improvement and the owner will pay the contractor under the home improvement contract based on the actual cost of labor at a specified hourly rate and the actual costs of materials and use of equipment, plus an agreed-upon percentage of the total actual costs or a fixed amount, over and above the actual costs, to cover the contractor's fee and overhead costs reasonably incurred in the performance of the home improvement.

Section 2. Section 4 of the act is amended by adding a subsection to read:
Section 4. Procedures for registration as a contractor.

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(c) Reporting of changes in registration information.—Any contractor required to register under this act shall update the information required to be included in the contractor's application for registration within 30 days after any change in the required information. No fee shall be required for updating the information in an active registration.

Section 3. Section 7(a)(8) of the act is amended to read:
Section 7. Home improvement contracts.

(a) Requirements.—No home improvement contract shall be valid or enforceable against an owner unless it:

* * *

(8) Includes the total sales price due under the contract ***or includes a time and materials provision wherein the contractor and owner agree in writing to the performance of the home improvement by the contractor and payment for the home improvement by the owner, based on time and materials. If the contract includes a time and materials provision:***

(i) The contractor shall provide an initial cost estimate in writing to the owner before any performance of the home improvement commences.

(ii) The contract shall state:

(A) The dollar value of the initial cost estimate for the services to be performed under the time and materials provision.

(B) That the cost of the services to be performed under the time and materials provision may not exceed 10% above the dollar value indicated in the initial cost estimate.

(C) The total potential cost of the services to be performed under the time and materials provision, including the initial cost estimate and the 10% referenced in clause (B), expressed in actual dollars.

(D) A statement that the cost of the services to be performed under the time and materials provision shall not be increased over the initial cost estimate plus a 10% increase without a written change order signed by the owner and contractor.

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Section 4. This act shall take effect immediately.

APPROVED—The 22nd day of October, A.D. 2014

TOM CORBETT