

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.

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 Cost	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 1-7: (1) establish an approval process under which land use boards may shorten the deadline for developers to complete certain ongoing projects before seeking reapproval the local land use boards,

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and (2) change date ranges specified in current law during which land use approvals qualify for an extended timeframe.

The sections result in a potential cost to municipalities beginning in FY 25 to the extent they go through the approval process to shorten the deadline for developers to complete certain projects as they must hold a public hearing as part of this process.

Section 8-9 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 controlling participant³ resulting in a potential cost to the fund depending on the number and size of future claims.
4. New home construction contractors and controlling participants are held liable for the restitution payments made

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.

to consumers, resulting in a potential revenue gain to the NHCGF to the extent violations occur and contractors and controlling participants repay the Fund.

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.