

# OFFICE OF FISCAL ANALYSIS

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HB-5272

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

## AMENDMENT

LCO No.: 4307

File Copy No.: 440

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 amendment strikes the underlying bill and its associated fiscal impact resulting in the following impact.

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4/23/24  
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The amendment 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 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 Fund<sup>1</sup> (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.<sup>2</sup>
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 proprietor<sup>3</sup> 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

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<sup>1</sup>The 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.

<sup>2</sup>In 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.

<sup>3</sup>Current law only allows for payments from the fund for judgments against construction companies.

revenue gain to the NHCGF to the extent violations occur and contractors and proprietors repay the Fund.

*The preceding Fiscal Impact statement is prepared for the benefit of the members of the General Assembly, solely for the purposes of information, summarization and explanation and does not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.*