



General Assembly

February Session, 2020

**Raised Bill No. 5373**

LCO No. 1549



Referred to Committee on INSURANCE AND REAL ESTATE

Introduced by:  
(INS)

***AN ACT CONCERNING HOME IMPROVEMENT CONTRACTORS AND SALESPERSONS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 20-419 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2020*):

3 As used in this chapter and sections 2 and 3 of this act, unless the  
4 context otherwise requires:

5 (1) "Business day" has the same meaning as provided in section 42-  
6 134a.

7 ~~[(1)]~~ (2) "Certificate" means a certificate of registration issued under  
8 section 20-422.

9 ~~[(2)]~~ (3) "Commissioner" means the Commissioner of Consumer  
10 Protection or any person designated by the commissioner to  
11 administer and enforce this chapter.

12 ~~[(3)]~~ (4) "Contractor" means any person who owns and operates a

13 home improvement business or who undertakes, offers to undertake  
14 or agrees to perform any home improvement. "Contractor" does not  
15 include a person for whom the total price of all of his home  
16 improvement contracts with all of his customers does not exceed one  
17 thousand dollars during any period of twelve consecutive months.

18 [(4)] (5) "Home improvement" includes, but is not limited to, the  
19 repair, replacement, remodeling, alteration, conversion,  
20 modernization, improvement, rehabilitation or sandblasting of, or  
21 addition to any land or building or that portion thereof which is used  
22 or designed to be used as a private residence, dwelling place or  
23 residential rental property, or the construction, replacement,  
24 installation or improvement of driveways, swimming pools, porches,  
25 garages, roofs, siding, insulation, sunrooms, flooring, patios,  
26 landscaping, fences, doors and windows, waterproofing, water, fire or  
27 storm restoration or mold remediation in connection with such land or  
28 building or that portion thereof which is used or designed to be used  
29 as a private residence, dwelling place or residential rental property or  
30 the removal or replacement of a residential underground heating oil  
31 storage tank system, in which the total price for all work agreed upon  
32 between the contractor and owner or proposed or offered by the  
33 contractor exceeds two hundred dollars. "Home improvement" does  
34 not include: (A) The construction of a new home; (B) the sale of goods  
35 by a seller who neither arranges to perform nor performs, directly or  
36 indirectly, any work or labor in connection with the installation or  
37 application of the goods or materials; (C) the sale of goods or services  
38 furnished for commercial or business use or for resale, provided  
39 commercial or business use does not include use as residential rental  
40 property; (D) the sale of appliances, such as stoves, refrigerators,  
41 freezers, room air conditioners and others which are designed for and  
42 are easily removable from the premises without material alteration  
43 thereof; and (E) any work performed without compensation by the  
44 owner on his own private residence or residential rental property.

45 [(5)] (6) "Home improvement contract" means an agreement

46 between a contractor and an owner for the performance of a home  
47 improvement.

48 [(6)] (7) "Owner" means a person who owns or resides in a private  
49 residence and includes any agent thereof, including, but not limited to,  
50 a condominium association. An owner of a private residence shall not  
51 be required to reside in such residence to be deemed an owner under  
52 this subdivision.

53 [(7)] (8) "Person" means an individual, partnership, limited liability  
54 company or corporation.

55 [(8)] (9) "Private residence" means a single family dwelling, a  
56 multifamily dwelling consisting of not more than six units, or a unit,  
57 common element or limited common element in a condominium, as  
58 defined in section 47-68a, or in a common interest community, as  
59 defined in section 47-202, or any number of condominium units for  
60 which a condominium association acts as an agent for such unit  
61 owners.

62 [(9)] (10) "Salesman" means any individual who (A) negotiates or  
63 offers to negotiate a home improvement contract with an owner or (B)  
64 solicits or otherwise endeavors to procure by any means whatsoever,  
65 directly or indirectly, a home improvement contract from an owner on  
66 behalf of a contractor.

67 [(10)] (11) "Residential rental property" means a single family  
68 dwelling, a multifamily dwelling consisting of not more than six units,  
69 or a unit, common element or limited common element in a  
70 condominium, as defined in section 47-68a, or in a common interest  
71 community, as defined in section 47-202, which is not owner-occupied.

72 [(11)] (12) "Residential underground heating oil storage tank  
73 system" means an underground storage tank system used with or  
74 without ancillary components in connection with real property  
75 composed of four or less residential units.

76 [(12)] (13) "Underground storage tank system" means an  
77 underground tank or combination of tanks, with any underground  
78 pipes or ancillary equipment or containment systems connected to  
79 such tank or tanks, used to contain an accumulation of petroleum,  
80 which volume is ten per cent or more beneath the surface of the  
81 ground.

82 Sec. 2. (NEW) (*Effective October 1, 2020*) Notwithstanding any  
83 provision of the general statutes, no contractor shall:

84 (1) Require, as a precondition to entering into or performing home  
85 improvements under a home improvement contract, an owner to  
86 deposit with the contractor more than one-half of the total cash price of  
87 all work to be performed pursuant to a home improvement contract;

88 (2) Advertise, offer or promise to provide, directly or indirectly, any  
89 allowance, compensation, discount, payment or rebate to an owner for  
90 any portion of the owner's insurance deductible as an inducement for  
91 such owner to enter into a home improvement contract with such  
92 contractor; or

93 (3) Induce the sale of any goods or services by advertising, offering  
94 or promising to provide, directly or indirectly, to an owner any  
95 allowance, bonus, compensation, coupon, credit, discount, fee, gift,  
96 payment, prize, referral fee, trade-in or trade-in payment.

97 Sec. 3. (NEW) (*Effective October 1, 2020*) Each contractor shall notify  
98 the commissioner of any change in such contractor's business or trade  
99 name, or primary residence or business address, not later than thirty  
100 days after the date of such change.

101 Sec. 4. Subsection (a) of section 20-420 of the general statutes is  
102 repealed and the following is substituted in lieu thereof (*Effective*  
103 *October 1, 2020*):

104 (a) (1) No person shall hold himself or herself out to be a contractor

105 or salesperson without first (A) obtaining a certificate of registration  
106 from the commissioner as provided in this chapter, except that an  
107 individual or partner, or officer or director of a corporation registered  
108 as a contractor shall not be required to obtain a salesperson's  
109 certificate, and (B) presenting evidence of (i) bodily injury, property  
110 damage liability, public liability and workers' compensation insurance  
111 coverage in amounts prescribed by the commissioner in consultation  
112 with the Insurance Commissioner, except as provided in subdivision  
113 (3) of this subsection, and (ii) any insurance coverage required by  
114 federal law.

115       (2) No certificate shall be given to any person who holds himself or  
116 herself out to be a contractor that performs radon mitigation unless  
117 such contractor provides evidence, satisfactory to the commissioner,  
118 that the contractor is certified as a radon mitigator by the National  
119 Radon Safety Board or the National Environmental Health  
120 Association.

121       (3) No certificate shall be given to any person who holds himself or  
122 herself out to be a contractor that performs removal or replacement of  
123 any residential underground heating oil storage tank system unless  
124 such contractor provides evidence, satisfactory to the commissioner,  
125 that the contractor [(1)] (A) has completed a hazardous material  
126 training program approved by the Department of Energy and  
127 Environmental Protection, and [(2)] (B) has presented evidence of  
128 liability insurance coverage of one million dollars.

129       Sec. 5. Subsection (a) of section 20-421 of the general statutes is  
130 repealed and the following is substituted in lieu thereof (*Effective*  
131 *October 1, 2020*):

132       (a) Any person seeking a certificate of registration shall apply to the  
133 commissioner in writing, on a form provided by the commissioner.  
134 The application shall include: [the]

135       (1) The applicant's name [ , residence address, business address,

136 business telephone number] and trade name, if the applicant is a  
137 natural person, or business name, if the applicant is not a natural  
138 person;

139 (2) The applicant's principal residence address, if the applicant is a  
140 natural person, or principal business address, if the applicant is not a  
141 natural person;

142 (3) The applicant's business telephone number, electronic mail  
143 address and Internet web site address;

144 (4) The applicant's Social Security number, if the applicant is a  
145 natural person, or federal employer identification number, if the  
146 applicant is not a natural person;

147 (5) For each affiliate, partner, subsidiary or trustee of the applicant,  
148 the name, trade name and principal residence address, or business  
149 name and principal business address, of such affiliate, partner,  
150 subsidiary or trustee;

151 (6) If the applicant is not a natural person, the name and principal  
152 residence address of each director, officer or principal shareholder of  
153 such applicant;

154 (7) A statement, signed and sworn to by the applicant, disclosing  
155 whether (A) the applicant previously held a certificate of registration  
156 and, if the applicant previously held such a certificate, (i) under what  
157 name or names such applicant held such certificate, and (ii) whether  
158 such certificate was suspended or revoked, and (B) any judgment or  
159 arbitration award has been entered against the applicant;

160 (8) Proof that the applicant maintains the insurance coverage  
161 required under subsection (a) of section 20-420, as amended by this act;  
162 and [such]

163 (9) Such other information as the commissioner may require.

164 Sec. 6. Subsection (a) of section 20-426 of the general statutes is  
165 repealed and the following is substituted in lieu thereof (*Effective*  
166 *October 1, 2020*):

167 (a) (1) The commissioner may revoke, suspend or refuse to issue or  
168 renew any certificate of registration as a home improvement contractor  
169 or salesperson or place a registrant on probation or issue a letter of  
170 reprimand for:

171 ~~[(1)]~~ (A) Conduct of a character likely to mislead, deceive or defraud  
172 the public or the commissioner; ~~[(2) engaging]~~

173 (B) Engaging in any untruthful or misleading advertising; ~~[(3)~~  
174 ~~failing]~~

175 (C) Failing to reimburse the guaranty fund established pursuant to  
176 section 20-432 for any moneys paid to an owner pursuant to subsection  
177 (o) of section 20-432; ~~[(4) unfair]~~

178 (D) Unfair or deceptive business practices; ~~[or (5) violation]~~

179 (E) Violation of any of the provisions of the general statutes relating  
180 to home improvements or any regulation adopted pursuant to any of  
181 such provisions; ~~[.]~~

182 (F) Gross malpractice or incompetence, as determined by the  
183 commissioner;

184 (G) Failing to maintain insurance coverage required under  
185 subsection (a) of section 20-420, as amended by this act; or

186 (H) Failing to pay any fees or taxes due and owing to this state.

187 (2) The commissioner may refuse to issue or renew any certificate of  
188 registration as a home improvement contractor or salesperson of any  
189 person subject to the registration requirements of chapter 969.

190 Sec. 7. Section 20-429 of the general statutes is repealed and the

191 following is substituted in lieu thereof (*Effective October 1, 2020, and*  
192 *applicable to home improvement contracts entered into, amended or renewed*  
193 *on or after said date*):

194 (a)(1)(A) No home improvement contract shall be valid or  
195 enforceable against an owner unless it:

196 (i) Is in writing; [ ]

197 (ii) [is] Is signed by the owner and the contractor; [ ]

198 (iii) [contains] Contains the entire agreement between the owner  
199 and the contractor; [ (iv) contains]

200 (iv) Contains an itemized list and description of all home  
201 improvements to be performed pursuant to the contract;

202 (v) Contains the cash price of each home improvement to be  
203 performed pursuant to the contract;

204 (vi) Contains a reasonable estimate by the contractor of the total  
205 cash price of all home improvements to be performed pursuant to the  
206 contract;

207 (vii) Contains the date of the transaction; [ (v) contains the name  
208 and address of the contractor and the contractor's registration number,  
209 (vi) contains]

210 (viii) Contains the contractor's full legal name, business and trade  
211 names, principal residence or business address, business telephone  
212 number, business electronic mail address and registration number;

213 (ix) Contains the information required by subparagraph (A)(viii) of  
214 this subdivision for each person who will perform any home  
215 improvements described in the contract in such person's capacity as a  
216 day laborer, independent contractor or subcontractor;

217 (x) Contains a notice of the owner's cancellation rights in accordance



218 with the provisions of chapter 740; [, (vii) contains]

219 (xi) Contains a notice of the owner's cancellation rights in  
220 accordance with subparagraph (B) of this subdivision;

221 (xii) Contains not fewer than two cancellation forms in accordance  
222 with subparagraph (B) of this subdivision;

223 (xiii) Contains a starting date and completion date; [, (viii) is]

224 (xiv) Is entered into by a registered salesman or registered  
225 contractor; [, and (ix) includes]

226 (xv) Includes a provision disclosing each corporation, limited  
227 liability company, partnership, sole proprietorship or other legal  
228 entity, which is or has been a home improvement contractor pursuant  
229 to the provisions of this chapter or a new home construction contractor  
230 pursuant to the provisions of chapter 399a, in which the owner or  
231 owners of the home improvement contractor are or have been a  
232 shareholder, member, partner, or owner during the previous five  
233 years;

234 (xvi) Includes a provision disclosing that the contractor maintains  
235 the insurance coverage required under subsection (a) of section 20-420,  
236 as amended by this act, the name of each insurer that issued such  
237 coverage to the contractor and the coverage limits under each policy  
238 providing such coverage; and

239 (xvii) Includes a provision allowing the owner, at the owner's  
240 discretion, to make payments to the contractor pursuant to the contract  
241 by cash, check or credit card.

242 (B) (i) Each contract shall provide the owner with a right to cancel  
243 such contract and include a statement, in substantially the following  
244 form, in not less than ten-point, boldface type located immediately  
245 above the place provided in such contract for the owner's signature:

246 "You may cancel this contract not later than midnight on the third  
247 business day after both you and the contractor signed this contract or  
248 you received notice from your insurer denying any part of your claim  
249 for the cost of the home improvements to be performed pursuant to  
250 this contract, whichever last occurs. Please see the attached notice of  
251 cancellation forms for additional information."

252 (ii) Each contract shall contain not fewer than two cancellation  
253 forms, in substantially the following form and in not less than ten-  
254 point, boldface type, attached to, and easily detachable from, such  
255 contract:

256 NOTICE OF CANCELLATION

257 You may cancel this contract not later than midnight on the third  
258 business day after both you and the contractor sign this contract or you  
259 receive notice from your insurer denying any part of your claim for the  
260 cost of the home improvements to be performed pursuant to this  
261 contract, whichever last occurs. In order to cancel this contract, you  
262 must sign, date and deliver, mail or electronically mail this notice to  
263 (insert name of contractor) at (insert principal business address and  
264 business electronic mail address of contractor) by the end of the three-  
265 day period described in this notice. If you cancel this contract, the  
266 contractor shall return all payments that you have made to the  
267 contractor pursuant to this contract, less the reasonable cost of any and  
268 all home improvements that the contractor performed pursuant to this  
269 contract prior to cancellation, and cancel the contractor's security  
270 interest, if any, in any home improvements performed prior to  
271 cancellation not later than ten business days after the contractor  
272 receives this notice. You should retain a copy of this notice for your  
273 records.

274 I HEREBY CANCEL THIS TRANSACTION:

275 Signature

276        (Insert date)

277        [(B)] (C) Each change in the terms and conditions of a contract shall  
278 be in writing and shall be signed by the owner and contractor, except  
279 that the commissioner may, by regulation, dispense with the necessity  
280 for complying with the requirement that each change in a home  
281 improvement contract shall be in writing and signed by the owner and  
282 contractor.

283        (2) A contract for repair, remediation or mitigation as set forth in  
284 section 38a-313a shall conform to the requirements set forth in  
285 subparagraph (A) of subdivision (1) of this subsection and section 38a-  
286 313a.

287        (b) No home improvement contract shall be valid if it includes any  
288 provision obligating the owner to instruct the home improvement  
289 contractor, by a date determined by such contractor, that periodic  
290 home improvements are not to be performed unless it also includes a  
291 provision requiring the contractor to remind the owner of that  
292 obligation by means of a card or letter mailed to the owner and  
293 postmarked not earlier than twenty days, and not later than ten days,  
294 prior to such date.

295        (c) The contractor shall provide and deliver to the owner, without  
296 charge, a completed copy of the home improvement contract at the  
297 time such contract is executed.

298        (d) The commissioner may, by regulation, require the inclusion of  
299 additional contractual provisions.

300        (e) Each home improvement contract entered into shall be  
301 considered a home solicitation sale pursuant to chapter 740 and shall  
302 be subject to the requirements of said chapter regardless of the location  
303 of the transaction or of the signing of the contract. Each home  
304 improvement contract in which the owner agrees to repay the  
305 contractor an amount loaned or advanced to the owner by the

306 contractor for the purposes of paying for the goods and services  
 307 provided in such contract, or which contains a finance charge, (1) shall  
 308 set forth the information required to be disclosed pursuant to the  
 309 Truth-in-Lending Act, sections 36a-675 to 36a-685, inclusive, (2) shall  
 310 allow the owner to pay off in advance the full amount due and obtain  
 311 a partial refund of any unearned finance charge, and (3) may contain a  
 312 finance charge set at a rate of not more than the rate allowed for loans  
 313 pursuant to section 37-4. As used in this subsection, "finance charge"  
 314 means the amount in excess of the cash price for goods and services  
 315 under the home improvement contract to be paid by the owner for the  
 316 privilege of paying the contract price in installments over a period of  
 317 time.

318 (f) Nothing in this section shall preclude a contractor who has  
 319 complied with subparagraphs (A)(i), (ii), [(vi)] (x), [(vii)] (xiii) and  
 320 [(viii)] (xiv) of subdivision (1) of subsection (a) of this section from the  
 321 recovery of payment for work performed based on the reasonable  
 322 value of services which were requested by the owner, provided the  
 323 court determines that it would be inequitable to deny such recovery.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2020</i>	20-419
Sec. 2	<i>October 1, 2020</i>	New section
Sec. 3	<i>October 1, 2020</i>	New section
Sec. 4	<i>October 1, 2020</i>	20-420(a)
Sec. 5	<i>October 1, 2020</i>	20-421(a)
Sec. 6	<i>October 1, 2020</i>	20-426(a)
Sec. 7	<i>October 1, 2020, and applicable to home improvement contracts entered into, amended or renewed on or after said date</i>	20-429

***Statement of Purpose:***

To: (1) Modify both the permissible and required terms of home improvement contracts; (2) preclude home improvement contractors from engaging in certain conduct to induce owners to enter into home improvement contracts; (3) require home improvement contractors to notify the commissioner regarding changes in their business names, trade names and addresses; (4) require home improvement contractors to maintain insurance coverage; (5) expand the required content of the application for a certificate of registration as a home improvement contractor; and (6) modify the grounds on which the Commissioner of Consumer Protection may (A) reprimand or place a home improvement contractor or salesperson on probation, or (B) revoke, suspend, or refuse to issue or renew a certificate of registration as a home improvement contractor or salesperson.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*