

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[Third Reprint]

ASSEMBLY, No. 2138

with committee amendments

STATE OF NEW JERSEY

DATED: NOVEMBER 30, 2023

The Senate Budget and Appropriations Committee reports favorably and with amendments Assembly Bill No. 2138 (3R).

As amended, this bill establishes a board to govern licensed contractors in the home improvement and home elevation industries. The bill also updates current law to oversee the registration of home improvement and home elevation contractors' businesses.

Additionally, under the bill, a new level of licensure is created to allow an individual to provide services in a limited specialty of home improvement or home elevation. The board is to establish specific requirements, which may include passage of an exam, for the specialty services licensees. Moreover, with board membership, the Governor has until the first day of the sixth month after enactment of the bill to appoint members. The board is to meet within 60 days after the appointment of the members. Rules and regulations are to be promulgated for specific provisions of the bill prior to the bill being fully operative but a set time in which to promulgate the rules and regulations is updated to align with the effective date of the bill, which is to be fully operative on the first day of the twenty-fifth month after the date of enactment.

Added as part of the board's responsibilities is the requirement that if a license of a contractor at any level – principal, limited, or regular home improvement or home elevation – is not renewed or is suspended or revoked, the board is to notify the Division of Consumer Affairs so that the division is aware and ensures that the individual with the encumbered license does not impact the registration of the business that employs the individual. Moreover, the board is to establish standards for the scopes of practice for each type of licensee it oversees and for the supervision of licensees, except for those at the principal level.

Under the bill, licensure as either a home improvement or home elevation contractor can be achieved through completion of an apprenticeship or through experience. If applying through the experience option, an individual is to perform services subject to

the direct oversight of a contractor, include the name of the home improvement or home elevations business for whom the individual worked on the application and is to attest, as part of the application, that, when providing contracting services, standard procedures were followed in a safe and healthy manner.

The bill stipulates that individuals, including limited specialty services licensees, are subject to fines if it is determined that an individual made false statements in connection with the process to obtain licensure. It is also prohibited in the bill to falsely advertise, including through electronic media, regarding qualifications of an individual to provide contracting services. Additionally, the bill specifies individuals exempt from licensure. The exemption includes individuals who provide home improvement services but earn a maximum of \$1,500 per contract and \$25,000 annually. An individual exempted under these maximum amounts is to still be subject to the requirement to maintain annual registration, to be handled by the Division of Consumer Affairs rather than the board. However, a party exempted pursuant to these maximum dollar amounts will be required to obtain licensure by the board if, at the time of annual registration renewal, the earnings of the individual demonstrate that the dollar amounts increased in the previous calendar year. The bill also requires the board to establish the process by which a limited specialty services licensee can obtain full licensure as a home improvement or home elevation contractor.

The bill preserves and updates most provisions in current law that govern the registration requirements and process for contractors' businesses. It also stipulates that a contractor business is to employ at least one licensed contractor.

The bill also updates language on the oversight of home improvement and home elevation businesses by the Division of Consumer Affairs. Language is added throughout the current law to ensure that its provisions apply to the contractors' businesses. This includes incorporating the provisions requiring general liability insurance, workers' compensation insurance, and either a bond, letter of credit, or other type of security. Language is also added to require certain contracts for home improvement services to include the name and license number of the contractor providing the services and the registration number of the business for which the contractor provides services. Additionally, the division is to notify the board when a contractor business has its registration suspended, revoked or not renewed.

As amended and reported by the committee, Assembly Bill No. 2138 (3R) is identical to Senate Bill No. 1890 (1R), which was amended and reported by the committee on this same date.

COMMITTEE AMENDMENTS:

The committee amended the bill to:

1) remove all language and provisions on the oversight of contractor businesses, including the requirements for registration as a contractor business, from the board. Contractor businesses are instead required to maintain contractor business registration with the Division of Consumer Affairs;

2) add definitions of “limited specialty services license” and “limited specialty services licensee” to the bill and remove definitions related to contracts for home improvement or home elevation services;

3) clarify membership to the board by trade associations and grant the Governor up to the first day of the sixth month after the bill is enacted to appoint board members;

4) require the board to meet within 60 days of first members’ appointments;

5) remove the requirement that rules and regulations be promulgated by the first day of the tenth month after the bill is enacted and align the promulgation with the date in which the bill will be fully operative;

6) require the board to notify the Division of Consumer Affairs when a license it otherwise issued is suspended, revoked, or rejected for renewal;

7) move responsibility to maintain registration of certain parties exempted from licensure from the board to the Division of Consumer Affairs and require licensure by the board of these parties if financial earnings demonstrate the need for licensure;

8) authorize the board to develop curriculum for identifying courses in which an applicant may enroll to prepare for examinations; to issue limited specialty services licenses, establish requirements to obtain these licenses, and to make certain requirements for licensees already in the bill applicable to this level of licensee;

9) stipulate the board is to establish standards on the scope of practice for the types of licenses it issues and on the supervision of employees of varying levels of licensure and when the board is to notify the Division of Consumer Affairs of an encumbered license of a contractor;

10) require an applicant applying for licensure as a home improvement or home elevation contractor through experience to attest that services they provided were performed subject to the direct oversight of a contractor and adhered to industry best practices while following standard procedures in a safe and healthy manner;

11) added penalties applicable to individuals determined to be in violation, as determined by the board, of the bill;

12) remove the requirement that a business notify when its sole licensed contractor leaves employment and the requirement that a new licensee be employed within 60 days;

13) prohibit the distribution of false advertising of a person's qualifications to provide contracting services, including a limited specialty services licensee, through electronic media;

14) exempts individuals seeking licensure through two years of experience from certain provisions of the bill;

15) clarify that the bill supersedes municipal ordinances and regulations regarding the protection of homeowners by bonds or warranties required to be provided by contractors' businesses;

16) stipulate at least one employee of a contractor business is to employ a licensed contractor;

17) establish ranges of the values of contracts for the provision of home improvement or home elevation services so as to indicate the level of licensee a contractor business is to employ;

18) require the Division of Consumer Affairs to notify the board when a contractor business loses its registration;

19) add that use of electronic media to advertise that a person qualifies to provide home improvement or home elevation services in New Jersey is subject to the provisions of the contractors' business law;

20) require written contracts for home improvement services include the name, signature, and license number of the licensee;

21) remove provisions related to licensees and to the Division of Consumer Affairs regarding the issuance of identification badges;

22) modify the reasons a registration may be revoked to align with current law; and

23) make technical corrections and updates.

FISCAL IMPACT:

Fiscal information for this bill is currently unavailable.