HLS 22RS-1631 ORIGINAL

AN ACT

2022 Regular Session

HOUSE BILL NO. 971

1

BY REPRESENTATIVE ROMERO

CONTRACTORS: Provides relative to home improvement contracting

2 To amend and reenact R.S. 37:2150.1(introductory paragraph) (7), and (8), 2171.2(B), 3 2175.1(A)(introductory paragraph), (2), and (7), (B), and (D)(1) and (2), 2175.2(A), 4 (B)(introductory paragraph) and (3), and (D), 2175.3(A)(2), (3), (6), (7), and (10), 5 2175.4(B) and (C), 2175.5(A)(5), and 2175.6, relative to home improvement 6 contracting; to provide for the definition of "home improvement contracting"; to 7 provide for the definition of "home improvement registrant"; to change references 8 to "home improvement contractor" found in Title 37 of the Louisiana Revised 9 Statues of 1950 to "home improvement registrant"; to provide for an upper and 10 lower threshold on the value of projects that qualify as home improvement 11 contracting; to reduce the threshold on the value of projects that require a home 12 improvement registrant to obtain a residential building contractor's license; and to 13 provide for related matters. 14 Be it enacted by the Legislature of Louisiana: 15 Section 1. R.S. 37: 2150.1 (introductory paragraph), (7), and (8), 2171.2 (B), 16 2175.1(A) (introductory paragraph), (2), and (7), (B), and (D)(1) and (2), 2175.2(A), 17 (B)(introductory paragraph) and (3), and (D), 2175.3(A)(2), (3), (6), (7), and (10), 2175.4(B) 18 and (C), 2175.5(A)(5), and 2175.6 are hereby amended and reenacted to read as follows:

§2150.1. Definitions

2	As used in this Chapter, the following words and phrases shall be defined as
3	follows terms have the following meanings:
4	* * *
5	(7) "Home improvement contracting" means the reconstruction, alteration,
6	renovation, repair, modernization, conversion, improvement, removal, or demolition,
7	or the construction of an addition to any pre-existing owner-occupied building which
8	building is used or designed to be used as a residence or dwelling unit, or to
9	structures which are adjacent to such residence or building where the project value
10	exceeds seven thousand five hundred dollars but is not greater than fifty thousand
11	dollars. "Home improvement contracting" shall not include services rendered
12	gratuitously.
13	(8) "Home improvement contractor" registrant" means any person, including
14	a contractor or subcontractor, who undertakes or attempts to undertake or submits
15	a price or bid on any home improvement contracting project.
16	* * *
17	§2171.2. Requirements; building permit
18	* * *
19	B. In addition to and notwithstanding the requirements set forth in
20	Subsection A of this Section, a nonresident commercial, residential, or home
21	improvement contractor registrant applicant shall provide its federal taxpayer
22	identification number to the local building permit official, as well as proof of
23	registration to do business in the state of Louisiana.
24	* * *
25	§2175.1. Home improvement contracting; written contract required; right to cancel
26	A. Every agreement to perform home improvement contracting services, as
27	defined by this Part, in an amount in excess of one thousand five hundred dollars, but

1	not in excess of seventy-five fifty thousand dollars, shall be in writing and shall
2	include the following documents and information:
3	* * *
4	(2) The full names, addresses, and the registration number of the home
5	improvement contractor registrant.
6	* * *
7	(7) If the contract is for goods or services in connection with the repair or
8	replacement of a roof system to be paid from the proceeds of a property or casualty
9	insurance policy, a fully completed form in duplicate, captioned "NOTICE OF
10	CANCELLATION", which shall be attached to the contract but easily detachable,
11	and which shall contain, in boldface type of a minimum size of ten points, the
12	following statement:
13	"NOTICE OF CANCELLATION
14	If your insurer denies all or any part of your claim to pay for goods and
15	services in connection with the repair or replacement of a roof system to be provided
16	under this contract, you may cancel the contract by mailing or delivering a signed
17	and dated copy of this cancellation notice or any other written notice to (name of
18	home improvement contractor registrant) at (address of contractor's registrant's place
19	of business) at any time within seventy-two hours after you have been notified that
20	your claim has been denied. If you cancel, any payments made by you under the
21	contract, except for certain emergency work already performed by the contractor,
22	shall be returned to you within ten business days following receipt by the contractor
23	of your cancellation notice.
24	I HEREBY CANCEL THIS TRANSACTION
25	
26	(Date)
27	
28	(Insured's Signature)"

B. At the time of signing, the owner shall be furnished with a copy of the contract signed by both the home improvement contractor registrant and the owner. No work shall begin prior to the signing of the contract and transmittal to the owner of a copy of the contract.

\* \* \*

- D.(1) A person who has entered into a written contract with a home improvement contractor registrant to provide goods or services in connection with the repair or replacement of a roof system to be paid from the proceeds of a property or casualty insurance policy may cancel the contract within seventy-two hours after the insured party has been notified by the insurer that all or any part of the claim has been denied. Cancellation shall be evidenced by the insured party giving written notice of cancellation to the home improvement contractor registrant at the address stated in the contract. Notice of cancellation, if given by mail, shall be by certified mail, return receipt requested, and shall be effective upon deposit into the United States mail, postage prepaid, and properly addressed to the home improvement contractor registrant. Notice of cancellation need not take a particular form and shall be sufficient if it indicates, by any form of written expression, the intention of the insured party not to be bound by the contract.
- (2) Within ten days after a contract referred to in this Subsection has been cancelled, the home improvement contractor registrant shall tender to the owner or possessor of the residential real estate any payments, partial payments, or deposits made by the insured party and any note or other evidence of indebtedness. If, however, the home improvement contractor registrant has performed any emergency services, acknowledged by the insured in writing to be necessary to prevent damage to the premises, the home improvement contractor registrant shall be entitled to the reasonable value of such services.

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1	§2175.2. Home improvement contracting; registration required
2	A.(1) No person shall undertake, offer to undertake, or agree to perform
3	home improvement contracting services unless registered with and approved by the
4	Residential Building Contractors Subcommittee of the State Licensing Board for
5	Contractors as a home improvement contractor. registrant.
6	(2) Any home improvement contractor registrant who possessed a certificate
7	of registration from the subcommittee as of October 1, 2007, shall be entitled to
8	complete any preexisting contracts he has entered into in excess of seventy-five fifty
9	thousand dollars without having to obtain a residential <u>building</u> contractor's license
10	as provided for in this Chapter. However, such home improvement contractor
11	registrant shall be required to obtain a residential building contractor's license prior
12	to bidding or entering into any contracts in excess of seventy-five fifty thousand
13	dollars after October 1, 2007.
14	(3) Any home improvement registrant who possesses a certificate of
15	registration from the subcommittee as of August 1, 2022, shall be entitled to
16	complete any preexisting contracts he has entered into in excess of fifty thousand
17	dollars without having to obtain a residential building contractor's license as
18	provided for in this Chapter. However, such home improvement registrant shall be
19	required to obtain a residential building contractor's license prior to bidding or
20	entering into any contracts in excess of fifty thousand dollars after August 1, 2022.
21	B. In order to be registered as a home improvement contractor become a
22	home improvement registrant, an applicant must make a written application under
23	oath to the subcommittee. The application shall set forth information that includes
24	the following:
25	* * *
26	(3) A statement <u>addressing</u> whether the applicant has ever been previously

registered in the this state as a home improvement contractor registrant, under what other names he was previously registered, whether there have been previous

1	judgments or arbitration awards against him, and whether his registration has ever
2	been suspended or revoked.
3	* * *
4	D. The subcommittee shall fix fees, in an amount not to exceed fifty dollars,
5	in a manner established by its rules for the registration and renewal for home
6	improvement contractors registrants.
7	* * *
8	§2175.3. Home improvement contracting; prohibited acts; violations
9	A. The following acts are prohibited by persons performing home
10	improvement contracting services:
1	* * *
12	(2) Abandoning or failing to perform, without justification, any contract or
13	project engaged in or undertaken by a registered home improvement contractor
14	registrant, or deviating from or disregarding plans or specifications in any material
15	respect without the consent of the owner.
16	(3) Failing to credit the owner any payment they have that the owner made
17	to the home improvement contractor registrant in connection with a home
18	improvement contracting transaction.
19	* * *
20	(6) Failing to notify the subcommittee of any change of trade name or
21	address, or conducting a home improvement contracting business in any name other
22	than the one in which the home improvement contractor registrant is registered.
23	(7) Failing to pay for materials or services rendered in connection with his
24	operating as a home improvement contractor registrant where he has received
25	sufficient funds as payment for the particular construction work, project, or operation
26	for which the services or material were rendered or purchased.
27	* * *

1	(10) Advertising or promising to pay or rebate all or any portion of an
2	applicable insurance deductible as an inducement to the sale of goods or services in
3	connection with the repair or replacement of a roof system. For the purposes of this
4	Section, a promise to pay or rebate the an insurance deductible shall include granting
5	any allowance or offering any discount against the fees to be charged or paying the
6	insured party any form of compensation for any reason, including but not limited to
7	permitting the home improvement contractor registrant to display a sign or any other
8	type of advertisement at the insured party's premises, or paying an insured party for
9	providing a letter of referral or recommendation. If a home improvement contractor
10	registrant violates this Paragraph:
11	(a) The ,then the insurer to whom the insured party tendered the claim shall
12	not be obligated to consider the estimate prepared by the contractor registrant, and
13	the <del>.</del>
14	(b) The insured party or the applicable insurer may bring an action against
15	the home improvement contractor registrant in a court of competent jurisdiction for
16	damages sustained as a result of the home improvement contractor's registrant's
17	violation.
18	* * *
19	§2175.4. Home improvement contracting; administrative penalties
20	* * *
21	B. The subcommittee may assess an administrative penalty not to exceed one
22	hundred dollars or twenty-five percent of the total contract price, whichever is
23	greater, payable within thirty days of their its order, for each violation of any of the
24	provisions provision of this Part, committed by the home improvement contractor
25	registrant who is registered or who is required to be registered, plus any
26	administrative costs incurred by the subcommittee.
27	C. In determining whether to impose an administrative penalty, the
28	administrator shall consider the seriousness of the violation, the effect of the

violation on the complainant, any good faith on the part of the home improvement

1	<del>contractor</del> <u>registrant</u> , and the home improvement <del>contractor's</del> <u>registrant's</u> history of
2	previous violations.
3	§2175.5. Home improvement contracting; exceptions
4	A. The following persons are excepted from the provisions of this Part:
5	* * *
6	(5) Any person who performs labor or services for a home improvement
7	contractor registrant for wages or salary and who does not act in the capacity as of
8	a home improvement contractor registrant.
9	* * *
10	§2175.6. Home improvement contracting; claims of unregistered persons
11	No home improvement contractor person engaged in home improvement
12	contracting who fails to obtain a certificate of registration as provided for in this Part
13	shall be entitled to file a statement of claim or a statement of lien or privilege with
14	respect to monetary sums allegedly owed under any contract, whether express,
15	implied, or otherwise, when any provision of this Part requires that the home
16	improvement contractor person engaged in home improvement contracting possess
17	a certificate of registration issued by the subcommittee in order to have properly
18	entered into such a contract.

## **DIGEST**

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 971 Original

2022 Regular Session

Romero

**Abstract:** Changes the definition of "home improvement contracting" to only include projects above \$7,500 and not greater than \$50,000.

<u>Present law</u> defines "home improvement contracting" as the construction or other creation of an addition to a pre-existing residential building or dwelling unit or to structures adjacent to such residence or building.

<u>Proposed law</u> retains <u>present law</u> and adds that a project is required to be greater than \$7,500 but not more than \$50,000 in order to qualify as home improvement contracting. <u>Present law</u> defines the term "home improvement contractor" to mean any person, including a contractor or subcontractor, who engages, or attempts to engage, in home improvement contracting.

CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

<u>Proposed law</u> retains the definition but changes the term <u>from</u> "home improvement contractor" <u>to</u> "home improvement registrant". Further, <u>proposed law</u> changes references found in present law to such term.

<u>Present law</u> authorizes any home improvement contractor to complete any contracts in which he entered prior to Oct. 1, 2007 that are valued in excess of \$75,000 without obtaining a residential contractor's license, but requires such persons to obtain a residential contractor's license prior to entering home improvement contracts valued in excess of \$75,000 and entered into after Oct. 1, 2007.

<u>Proposed law</u> retains <u>present law</u> but lowers the threshold for residential contractor licensure from \$75,000 to \$50,000.

<u>Proposed law</u> authorizes any home improvement registrant to complete any contracts into which he entered prior to Aug. 1, 2022, that are valued in excess of \$50,000 without obtaining a residential contractor's license, but requires such persons to obtain a residential contractor's license prior to entering home improvement contracts valued in excess of \$50,000 and entered into after Aug. 1, 2022.

(Amends R.S. 37:2150.1(intro. para.), (7), and (8), 2171.2(B), 2175.1(A)(intro. para.), (2), and (7), (B), and (D)(1) and (2), 2175.2(A), (B)(intro. para.) and (3), and (D), 2175.3(A)(2), (3), (6), (7), and (10), 2175.4(B) and (C), 2175.5(A)(5), and 2175.6)