

2022 Regular Session

HOUSE BILL NO. 971

BY REPRESENTATIVE ROMERO

CONTRACTORS: Provides relative to home improvement contracting

1 AN ACT

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:

1 §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~~ owner-
8 occupied building which building is used or designed to be used as a residence or
9 dwelling unit, or to structures which are adjacent to such residence or building where
10 the project value exceeds seven thousand five hundred dollars but is not greater than
11 fifty thousand dollars for labor. "Home improvement contracting" shall not include
12 services rendered 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)"

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 ~~possesses~~ possessed
7 a certificate of registration from the subcommittee as of October 1, 2007, shall be
8 entitled to complete any preexisting contracts he has entered into in excess of
9 ~~seventy-five~~ fifty thousand dollars without having to obtain a residential building
10 contractor's license as provided for in this Chapter. However, such home
11 improvement ~~contractor~~ registrant shall be required to obtain a residential building
12 contractor's license prior to bidding or entering into any contracts in excess of
13 ~~seventy-five~~ fifty thousand 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~~ shall make a written application
23 under oath to the subcommittee. The application shall set forth information that
24 includes the following:

25 * * *

26 (3) A statement addressing whether the applicant has ever been previously
27 registered in ~~the~~ this state as a home improvement ~~contractor~~ registrant, under what
28 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:

11 * * *

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 * * *

28 (10) Advertising or promising to pay or rebate all or any portion of an
29 applicable insurance deductible as an inducement to the sale of goods or services in

1 connection with the repair or replacement of a roof system. For the purposes of this
2 Section, a promise to pay or rebate ~~the~~ an insurance deductible shall include granting
3 any allowance or offering any discount against the fees to be charged or paying the
4 insured party any form of compensation for any reason, including but not limited to
5 permitting the home improvement ~~contractor~~ registrant to display a sign or any other
6 type of advertisement at the insured party's premises, or paying an insured party for
7 providing a letter of referral or recommendation. If a home improvement ~~contractor~~
8 registrant violates this Paragraph:

9 (a) ~~The~~ then the insurer to whom the insured party tendered the claim shall
10 not be obligated to consider the estimate prepared by the ~~contractor~~ registrant, and
11 the:

12 (b) ~~The~~ insured party or the applicable insurer may bring an action against
13 the home improvement ~~contractor~~ registrant in a court of competent jurisdiction for
14 damages sustained as a result of the ~~home improvement contractor's~~ registrant's
15 violation.

16 * * *

17 §2175.4. Home improvement contracting; administrative penalties

18 * * *

19 B. The subcommittee may assess an administrative penalty not to exceed one
20 hundred dollars or twenty-five percent of the total contract price, whichever is
21 greater, payable within thirty days of ~~their~~ its order, for each violation of any ~~of the~~
22 ~~provisions~~ provision of this Part; committed by the home improvement ~~contractor~~
23 registrant who is registered or who is required to be registered, plus any
24 administrative costs incurred by the subcommittee.

25 C. In determining whether to impose an administrative penalty, the
26 administrator shall consider the seriousness of the violation, the effect of the
27 violation on the complainant, any good faith on the part of the home improvement
28 ~~contractor~~ registrant, and the home improvement ~~contractor's~~ registrant's history of
29 previous violations.

1 §2175.5. Home improvement contracting; exceptions

2 A. The following persons are excepted from the provisions of this Part:

3 * * *

4 (5) Any person who performs labor or services for a home improvement
5 ~~contractor~~ registrant for wages or salary and who does not act in the capacity as of
6 a home improvement ~~contractor~~ registrant.

7 * * *

8 §2175.6. Home improvement contracting; claims of unregistered persons

9 No ~~home improvement contractor~~ person engaged in home improvement
10 contracting who fails to obtain a certificate of registration as provided for in this Part
11 shall be entitled to file a statement of claim or a statement of lien or privilege with
12 respect to monetary sums allegedly owed under any contract, whether express,
13 implied, or otherwise, when any provision of this Part requires that the ~~home~~
14 ~~improvement contractor~~ person engaged in home improvement contracting possess
15 a certificate of registration issued by the subcommittee in order to have properly
16 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 Reengrossed 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.

Present law 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.

Proposed law retains present law and adds that a project is required to be greater than \$7,500 but not more than \$50,000 for labor in order to qualify as home improvement contracting. Present law 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.

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

Present law 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.

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

Proposed law 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)

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Commerce to the original bill:

1. Make technical changes.

The House Floor Amendments to the engrossed bill:

1. Limit the scope of what costs are considered relative to the threshold for home improvement contracting.
2. Make technical corrections.