

# SENATE BILL 578

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5lr3411

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By: **Senator Lam**

Introduced and read first time: January 23, 2025

Assigned to: Finance

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 11, 2025

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Business Regulation – Home Improvement Guaranty Fund – Alterations**

3 FOR the purpose of authorizing the Maryland Home Improvement Commission to award a  
4 claimant a certain amount for attorney’s fees from the Home Improvement Guaranty  
5 Fund; altering the content in a final court judgment or final award in arbitration  
6 that a claimant must provide to the Commission to claim payment from the Fund  
7 under a certain provision of law; and generally relating to recovery awards from the  
8 Home Improvement Guaranty Fund.

9 BY repealing and reenacting, without amendments,  
10 Article – Business Regulation  
11 Section 8–201, 8–401, 8–403(a), and 8–405(a) and (b)  
12 Annotated Code of Maryland  
13 (2024 Replacement Volume)

14 BY repealing and reenacting, with amendments,  
15 Article – Business Regulation  
16 Section 8–405(e) and 8–409(a)  
17 Annotated Code of Maryland  
18 (2024 Replacement Volume)

19 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
20 That the Laws of Maryland read as follows:

21 **Article – Business Regulation**

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 8-201.

2 There is a Maryland Home Improvement Commission in the Department.

3 8-401.

4 In this subtitle, "actual loss" means the costs of restoration, repair, replacement, or  
5 completion that arise from an unworkmanlike, inadequate, or incomplete home  
6 improvement.

7 8-403.

8 (a) The Commission shall:

9 (1) establish a Home Improvement Guaranty Fund;

10 (2) keep the Fund at a level of at least \$1,000,000; and

11 (3) submit a report detailing actions being taken to restore the balance of  
12 the Fund to a sustainable level to the Senate Committee on Education, Energy, and the  
13 Environment and the House Economic Matters Committee within 30 days of projecting that  
14 the Fund balance will be less than \$1,000,000.

15 8-405.

16 (a) Subject to this subtitle, an owner may recover compensation from the Fund  
17 for an actual loss that results from an act or omission by a licensed contractor or a violation  
18 of § 8-607(4) of this title as found by the Commission or a court of competent jurisdiction.

19 (b) For purposes of recovery from the Fund, the act or omission of a licensed  
20 contractor includes the act or omission of a subcontractor, salesperson, or employee of the  
21 licensed contractor, whether or not an express agency relationship exists.

22 (e) The Commission may not award from the Fund:

23 (1) more than \$30,000 to one claimant for acts or omissions of one  
24 contractor;

25 (2) more than \$250,000 to all claimants for acts or omissions of one  
26 contractor unless, after the Commission has paid out \$250,000 on account of acts or  
27 omissions of the contractor, the contractor reimburses \$250,000 to the Fund;

28 (3) an amount for [attorney fees,] consequential damages, court costs,  
29 interest, personal injury damages, or punitive damages;

1 (4) AN AMOUNT FOR ATTORNEY’S FEES GREATER THAN THE AMOUNT  
2 AWARDED FOR THE ACTUAL LOSS RESULTING FROM THE ACTS OR OMISSIONS OF  
3 THE CONTRACTOR, PROVIDED THAT THE TOTAL AMOUNT AWARDED TO A CLAIMANT  
4 DOES NOT EXCEED \$30,000;

5 (5) an amount as a result of a default judgment in court; or

6 [(5)] (6) an amount in excess of the amount paid by or on behalf of the  
7 claimant to the contractor against whom the claim is filed.

8 8–409.

9 (a) The Commission may order payment of a claim against the Fund only if:

10 (1) the decision or order of the Commission is final in accordance with Title  
11 10, Subtitle 2 of the State Government Article and all rights of appeal are exhausted; or

12 (2) the claimant provides the Commission with a certified copy of a final  
13 judgment of a court of competent jurisdiction or a final award in arbitration, with all rights  
14 of appeal exhausted, in which the court or arbitrator:

15 (i) [expressly] has found on the merits that the claimant is entitled  
16 to recover ~~under~~ COMPENSATION IN ACCORDANCE WITH § 8–405(a) of this subtitle; and

17 (ii) has found the value of the actual loss.

18 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
19 October 1, 2025.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.