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NFIB-Maryland – 60 West St., Suite 101 – Annapolis, MD 21401 – [www.NFIB.com/Maryland](http://www.NFIB.com/Maryland)

TO: House Economic Matters Committee

FROM: NFIB – Maryland

DATE: January 15, 2021

RE: **SUPPORT WITH AMENDMENT HOUSE BILL 408** – Business Regulation – Home Improvement Contracts - Deposits

Founded in 1943, NFIB is the voice of small business, advocating on behalf of America’s small and independent business owners, both in Washington, D.C., and in all 50 state capitals. With more than 250,000 members nationwide, and nearly 4,000 here in Maryland, we work to protect and promote the ability of our members to grow and operate their business.

On behalf of Maryland’s small businesses, NFIB supports with amendment House Bill 408 – legislation that would allow home improvement contractors to receive a deposit of up to one-half of a contract price before or at the time of execution of a contract.

Current law allows a contractor to receive a deposit of up to one-third of the contract price.

For contractors, particularly those in the home improvement industry, cash is the life blood of their business. Contractors must put up cash for various items related to a contract – materials, sub-contractors, equipment rental, etc. The current limitations simply do not match the needs of the industry especially given the realities of the current economy. Distributors are requiring more up front from contractors as supplies are limited because of supply line disruptions brought about by the COVID-19 pandemic.

HB408 still protects the consumer. Customers will still be able to settle contract disputes via the Maryland Home Improvement Commission or the Attorney General’s Office. Further, there is nothing in HB408 barring a consumer and contractor from negotiating different payment terms. This is simply enabling legislation.

NFIB asks the committee to consider amending out LINES 1-3 on PAGE 2 of the FIRST READER bill:

# HB408

(2) THE REMAINING AMOUNT OF THE HOME IMPROVEMENT CONTRACT PRICE UNTIL THE HOME IMPROVEMENT SPECIFIED IN THE CONTRACT IS COMPLETE.

This language will severely curtail the ability of certain industry contractors (i.e. home builders) within the home improvement sector to manage their cash flow appropriately. Some contractors use an installment plan, either quarterly or thirds, to receive payment from customers. Prohibiting the later installments as the above language would do, will have a deleterious effect on contractors who elect to receive payments on such a schedule.

For these reasons, **NFIB supports with amendment HB408**. We look forward to working with the sponsor and the committee to resolve the concerns stated above.