

BRIAN E. FROSH
Attorney General

ELIZABETH F. HARRIS
Chief Deputy Attorney General

CAROLYN QUATTROCKI
Deputy Attorney General



WILLIAM D. GRUHN
Chief
Consumer Protection Division


STATE OF MARYLAND
OFFICE OF THE ATTORNEY GENERAL
CONSUMER PROTECTION DIVISION

Writer's Direct Dial No.

410-576-7942
kstraughn@oag.state.md.us
Fax: 410-576-7040

January 15, 2021

To: The Honorable Dereck E. Davis
Chair, Economic Matters Committee

From: Karen S. Straughn 
Consumer Protection Division

Re: House Bill 408 – Business Regulation – Home Improvement Contracts – Payments
(SUPPORT)

The Consumer Protection Division of the Office of the Attorney General submits the following written testimony in support of House Bill 408 sponsored by Delegate Dereck E. Davis. This bill increases the maximum amount of a home improvement contract that can be collected as a deposit from one-third to one-half but prohibits the contractor from collecting the balance until the project has been completed..

The Consumer Protection Division receives complaints from consumers advising the Division that they have been scammed by a contractor who collected a deposit, often collecting additional payments before the job is even started, and then fails to complete the work or does not even begin the work. In many of these cases the contractor can no longer be found and refuses to return phone calls. While this office has concerns about increasing the deposit that a contractor may collect up front to one-half of the total cost, limiting the amount that can be collected prior to the completion of the work will limit the number of consumers who will be harmed by disreputable or under-capitalized contractors. We, therefore, are willing to accept a higher down payment in exchange for limiting collection of the balance prior to the completion of the contract.

For these reasons, we ask that the Economic Matters Committee return a favorable report on this bill.

cc: The Honorable Dereck E. Davis
Members, Economic Matters Committee

