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March 21, 2017

Senate Judiciary Committee
Hon. Richard Sears, Chair
115 State Street
Montpelier, VT 05633-5301

Re: Home Improvement Contracts

Dear Chairman Sears and Members of the Committee:

Thank you for inviting testimony on home improvement contracts. My name is Christopher Curtis. I am the Chief of the Public Protection Division at the Office of the Vermont Attorney General (AGO). The AGO previously testified before the Senate Government Operations committee in support of a "sunrise" review by the Vermont Secretary of State Office of Professional Regulation (OPR) to consider whether regulation of this industry is appropriate based on the number and size of complaints and losses experienced by Vermont consumers related to home improvement contractors.

A Million Dollar Problem

Over the last two years more than 200 complaints about a variety of home improvement contractors and services have been logged by the Attorney General's Consumer Assistance Program (CAP). Specifically, at least 215 Vermonters contacted our office with home improvement complaints ranging from alarm system installation to well drilling.

Together, **negligent work or deposit cases have cost Vermont consumers more than \$1 million in claimed losses according to home improvement complaints.**¹ The bulk of these complaints fall generally into the category of "contractor/builder" or "roofing." Examples of problems that might arise include accepting a deposit but failing to perform, failing to complete a job, or failing to perform up to standards the consumer might expect. Sometimes CAP is able to resolve these disputes. Unfortunately, that is not always the case.

Other States Regulate Home Improvement Contractors

At least 32 other states have licensed or regulated home improvement contractors.² In addition to licensure or registration some states require an examination, prior experience, proof of financial

¹ See attached "CAP Home Improvement Complaints 2015-2016."

² See attached "Appendix A: Home Improvement Contractor Laws, State Summary Law Chart." Available at: http://assets.aarp.org/rgcenter/consume/d16911_contractors.pdf

solvency, proof of insurance, or bonding – or a combination of one or more of those elements – in order to lawfully operate. Vermont currently does not currently require licensure, registration, or bonding or other financial protection or resources for consumers.

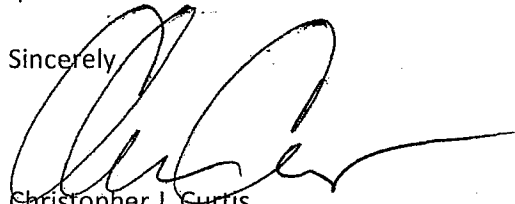
The legislation before you establishes a baseline of requirements for home improvement contracts: written contracts for jobs over \$5,000, pricing for work and materials, billing statements, scope of work, down payment and a warranty, among others. The AGO supports setting out minimum requirements in legislation. Following a sunrise review of the industry it may be that some additional form of regulation would be desirable (e.g., licensure, registration, or bonding). We look forward to working with the Office of Professional Regulation through its review process to answer that question.

Conclusion

In summary, based on our experience we support the proposed legislation on home improvement contracts, and we appreciate the work of the Government Operations Committee in referring the matter to the Office of Professional Regulation for “sunrise” review. The office of the Attorney General welcomes legislative efforts to reduce the incidence of consumer losses related to home improvement contracting.

Thank you for your time and consideration. Please do not hesitate to contact me with any questions.

Sincerely

A handwritten signature in black ink, appearing to read 'Christopher J. Curtis', with a long horizontal flourish extending to the right.

Christopher J. Curtis
Chief, Public Protection Division
Office of the Attorney General