

OFFICE OF FISCAL ANALYSIS

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sHB-6963

AN ACT CONCERNING THE ENFORCEMENT OF REQUIREMENTS
IMPOSED BY CERTAIN MUNICIPAL APPROVALS AND THE NEW
HOME CONSTRUCTION GUARANTY FUND.

As Amended by House "A" (LCO 7317)

House Calendar No.: 381

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 26 \$	FY 27 \$
Consumer Protection, Dept.	New Home Construction Guaranty Fund-Various	See Below	See Below
Consumer Protection, Dept.	Consumer Protection Enforcement Account - Potential Revenue Gain	See Below	See Below

Municipal Impact:

Municipalities	Effect	FY 26 \$	FY 27 \$
All Municipalities	Potential Revenue Gain	See Below	See Below

Explanation

Sections 1-4 expand the authority of municipal Zoning Enforcement Officers (ZEO) to initiate enforcement action against businesses that violate various building requirements, resulting in a potential revenue

gain to municipalities to the extent that fines are imposed by the ZEO¹.

Sections 5-6 makes various changes to the New Home Construction Guaranty Fund and the Consumer Protection Enforcement account resulting in the following impacts.

1. The cap on the New Home Construction Guaranty Fund² (NHCGF) is reduced from \$750,000 to \$650,000 resulting in a potential revenue loss to the fund to the extent future revenues exceed the cap.
2. The excess transfer from NHCGF to the Consumer Protection Enforcement account is increased from \$300,000 to \$400,000 resulting in a potential revenue gain to the extent excess funding is transferred.³
3. The maximum payment per claim from the NHCGF is increased from \$30,000 to \$50,000 and consumers are allowed to make claims against the fund if a judgement is awarded against a proprietor⁴ resulting in a potential cost to the fund depending on the number and size of future claims.
4. New home construction contractors and proprietors are held liable for the resulting debt to the fund resulting in a potential revenue gain to the NHCGF to the extent violations occur and contractors and proprietors repay the Fund.

House Amendment “A” removed the definition of “incomplete work” from sections 1, 3, and 4, which does not result in a fiscal impact.

¹ The fines imposed by the ZEO must not exceed \$150 per day that the business is in violation of the statutes related to the bill.

²The New Home Construction Guaranty Fund can reimburse consumers who are unable to collect for losses resulting from work performed by a registered new home builder. Homeowners may be eligible to receive up to \$30,000 from the fund if certain criteria are met.

³In FY 24 there were four restitution claims paid from the fund totaling \$105,000 and \$300,000 was transferred to the Consumer Protection Enforcement Account.

⁴Current law only allows for payments from the fund for judgments against construction companies.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the number of civil penalties imposed on businesses and the number of claims requested from the NHCGF.