

LEGISLATIVE FISCAL ESTIMATE TO
ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, Nos. 2258 and 1923

STATE OF NEW JERSEY

NOVEMBER 19, 1997

Assembly Committee Substitute for Assembly Bill Nos. 2258 and 1923 of 1996 requires contractors to register with the director of the Division of Consumer Affairs in the Department of Law and Public Safety before being authorized to perform home improvements on residential or non-commercial property. The director may deny registration to applicants who have been convicted of certain crimes under title 2C of the New Jersey Statutes or similar laws in another jurisdiction. The bill requires home improvement contractors to maintain a bond, letter of credit or security in an amount established by the director in the event that an individual suffers a loss resulting from a violation of the bill's provisions. Violators of the bill are also subject to penalties under the consumer fraud law, P.L.1960, c.39 (C.56:8-1 et seq.).

The bill would penalize contractors who make or publish any false or deceptive advertisement or representation concerning their services or products, engage in repeated acts of negligence, malpractice or incompetence, or engage in misconduct as defined in regulation by the director.

The bill requires the director to conduct a public education campaign to inform home improvement contractors and consumers of its provisions. The director is authorized to set a reasonable fee to defray the division's expenses incurred in administering this bill.

The division informally estimates that approximately 25,000 home improvement contractors fall under the provisions of this bill. According to the division, the cost of registering these contractors and enforcing the provisions of the bill would total \$847,000 in the first year following enactment. This figure includes \$414,000 for the salaries and fringes benefits of four investigators, four consumer service representatives and four clerks. The division estimates another \$293,000 will be required for other services, including licensing, data processing, travel, telephone, postage, professional services and reimbursements to the Division of Law for assistance related to investigations. The figure also includes \$140,000 for materials and supplies, maintenance and equipment. After adjusting for inflation and certain one-time costs, the division estimates the second and third year costs of the bill at \$809,000 and \$855,000, respectively.

Based on the estimated 25,000 contractors, the division estimates that an annual registration fee of approximately \$35 per contractor will be needed to defray these administrative costs.

The Office of Legislative Services (OLS) concurs with this estimate. OLS notes that the State of Connecticut annually registers approximately 15,000 home improvement contractors and reserves \$60 per application from its registration fee to offset the cost of administration and enforcement of its law. The number of home improvement contractors registered there since the law was enacted in 1980 has remained stable, according to Connecticut's Department of Occupational Licensing.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.