SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR
SENATE, No. 1890

STATE OF NEW JERSEY

DATED: NOVEMBER 30, 2023

The Senate Budget and Appropriations Committee reports favorably the Senate Committee Substitute for Senate Bill No. 1890 (1R).

The Senate Committee Substitute establishes a board to govern licensed contractors in the home improvement and home elevation industries. The substitute also updates current law to oversee the registration of home improvement and home elevation contractors' businesses.

Additionally, under the substitute, a new level of licensure is created to allow an individual to provide services in a limited specialty of home improvement. The board is to establish specific requirements, which may include passage of an exam, for the specialty services licensees. Moreover, with board membership, the Governor has until the first day of the sixth month after enactment of the bill to appoint members. The board is to meet within 60 days after the appointment of the members. Rules and regulations are to be promulgated for specific provisions of the substitute prior to it being fully operative but a set time in which to promulgate the rules and regulations is updated to align with the effective date of the substitute, which is to be fully operative on the first day of the twenty-fifth month after the date of enactment.

Added as part of the board's responsibilities is the requirement that if a license of a contractor at any level – principal, limited, or regular home improvement or home elevation – is not renewed or is suspended or revoked, the board is to notify the Division of Consumer Affairs so that the division is aware and ensures that the individual with the encumbered license does not impact the registration of the business that employs the individual. Moreover, the board is to establish standards for the scopes of practice for each type of licensee it oversees and for the supervision of licensees, except for those at the principal level. Additionally, the board is to develop curriculum for or to identify courses in which an applicant can enroll to prepare for examinations.

Under the substitute, licensure as either a home improvement or home elevation contractor can be achieved through completion of an apprenticeship or through experience. If applying through the

experience option, an individual is to perform services subject to the direct oversight of a contractor, include the name of the home improvement or home elevations business for whom the individual worked on the application, and is to attest, as part of the application, that, when performing contracting services, industry best practices where adhered to and standard procedures were followed in a safe and healthy manner.

The substitute stipulates that individuals, including limited specialty services licensees, are subject to fines if it is determined that an individual made false statements in connection with the process to obtain licensure. It is also prohibited in the substitute to falsely advertise, including through electronic media, regarding qualifications of an individual to provide contracting services. Additionally, the substitute specifies individuals exempt from licensure. The exemption includes individuals who provide home improvement services but earn a maximum of $1,500 per contract and $25,000 annually. An individual exempted under these maximum amounts is to still subject to the requirement to maintain annual registration, to be handled by the Division of Consumer Affairs rather than the board. However, a party exempted pursuant to these maximum dollar amounts will be required to obtain licensure by the board if, at the time of annual registration renewal, the earnings of the individual demonstrate that the dollar amounts increased in the previous calendar year. The substitute also requires the board to establish the process by which a limited specialty services licensee can obtain full licensure as a home improvement or home elevation contractor.

The substitute preserves and updates most provisions in current law that govern the registration requirements and process for contractors' businesses. It also stipulates that a contractor business is to employ at least one licensed contractor.

The substitute updates language on the oversight of home improvement and home elevation businesses by the Division of Consumer Affairs. Language is added throughout the current law to ensure that its provisions apply to the contractors' businesses. This includes incorporating the provisions requiring general liability insurance, workers' compensation insurance, and either a bond, letter of credit, or other type of security. Language is also added to require certain contracts for home improvement services to include the name and license number of the contractor providing the services and the registration number of the business for which the contractor provides services. Additionally, the division is to notify the board when a contractor business has its registration suspended, revoked or not renewed.

As adopted and reported by the committee, the Senate Committee Substitute for Senate Bill No. 1890 (1R) is identical to Assembly Bill No. 2138 (3R), which was amended and reported by the committee on this same date.

FISCAL IMPACT:
Fiscal information for tthis bill is currently unavailable.