

**PRINCE GEORGE'S COUNTY COUNCIL
AGENDA ITEM SUMMARY**

Meeting Date: 5/2/95

Reference No.: CB-11-1995

Proposer: MacKinnon

Draft No.: 2

Sponsors: MacKinnon

Item Title: An Act concerning Building Contractor's Licenses for the purpose of requiring licensed building contractors to participate in a new home warranty security plan as a condition of being licensed

Drafter: Ralph E. Grutzmacher
Legislative Officer

Resource Personnel: JoAnne Brown
Legislative Aide

LEGISLATIVE HISTORY:

Date Presented:	3/7/95	Executive Action:	6/2/95	S
Committee Referral:	(1) 3/7/95	THE	Effective Date:	7/18/95
Committee Action:	(1) 4/20/95	FAV(A)		
Date Introduced:	5/2/95			
Pub. Hearing Date:	(1) 5/23/95	1:30 PM		

Council Action: (1) 5/23/95 Enacted
Council Votes: AMc:A, DB:A, SD:A, JE:A, IG:A, WM:A, RVR:A, AS:A, MW:A
Pass/Fail: P

Remarks: _____

TRANSPORTATION, HOUSING AND ENVIRONMENT COMMITTEE DATE: 4/20/95

Committee Vote: Favorable as amended, 3-0 (In favor: Council Members Del Giudice, Scott and Wilson).

New Home Warranty Security Plans, as approved by the State Department of Licensing and Regulation provide warranty coverage of:

- one year on materials and workmanship
- two years on electrical, plumbing, heating, cooling and ventilating systems; and
- five years against structural defects (i.e. load bearing capability).

The County's Department of Environmental Resources, which is the County's licensing entity, submitted written support of the legislation. The Suburban Maryland Building Industry Association builders of new homes to issue written warranties, but opposition to mandated participation in third party insured warranty programs. Hamer Campbell of the SMBIA indicated that such a requirement would have a detrimental effect on small volume builders (staff estimates the current cost of participation in a third-party warranty program to range from \$250 to \$350 per house). The SMBIA further indicated that builders should be given the option of providing their own written warranty.

Tom Welsh, Chairman of the County Board of Registration for Building Contractors, indicated that the requirement proposed in CB-11 would shorten the Board's certification process and would significantly increase protection for new home purchasers against defects in workmanship and materials. Mr. Welsh also indicated that warranties backed by the builder are subject to the financial position of that builder and are less reliable.

The Office of Law offered a technical amendment to reference the appropriate State law regarding new home warranty security plans, which are not specifically defined in the County code. This amendment was accepted by the Committee.

BACKGROUND INFORMATION/FISCAL IMPACT

(Includes reason for proposal, as well as any unique statutory requirements)

The proposed legislation requires that each person who applies to be licensed as a building contractor must participate in a new home warranty program. The current State law requires that builders must disclose whether they participate in a new home warranty program.

CODE INDEX TOPICS:

Licenses

<u>Application; fee; qualification</u>	2-253.09
Building contractors	2-253.06