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**Testimony in Support of *L.D. 1929, An Act to Protect Consumers*  
By *Licensing Home Building Contractors***

Good afternoon Senator Curry, Representative Roberts and esteemed members of the Innovation, Development, Economic Advancement and Business Committee. My name is Christina Moylan, and I am an Assistant Attorney General and Chief of the Consumer Division of the State of Maine Office of the Attorney General. I am here to testify on behalf of the Attorney General in strong support of L.D. 1929, An Act to Protect Consumers by Licensing Home Building Contractors.

L.D. 1929 establishes licensing requirements for home construction contractors that will protect consumers and public safety against bad actors without being overly burdensome for the many good contractors in Maine. L.D. 1929 would require contractors engaged in residential construction projects over \$7,500 to be licensed. There are exemptions from the license requirement, including design professionals, painters, landscapers, and those performing emergency work. The license includes minimal insurance coverage and education requirements. We believe that many home construction contractors already satisfy these insurance and educational requirements. License denials would be immediately appealable to the Superior Court.

L.D. 1929 also includes contract requirements for residential construction contracts over \$7,500. These requirements are similar to the existing law codified at 10 M.R.S. c. 219-A, which the bill repeals.

Importantly, L.D. 1929 also includes valuable additional enforcement tools for the Attorney General's office.

Complaints against home construction contractors are some of the most common and damaging that our office receives. Consumers have very little bargaining power when it comes to hiring a contractor, so when things go wrong, the loss usually falls completely on the consumer. And these complaints increase during challenging economic times, exacerbating the harm to consumers.

Consumer complaints against home construction contractors have consistent themes: my contractor took my deposit—often thousands of dollars—and then disappeared; my contractor took my deposit, immediately spent it, and now refuses to refund me my money; my contractor suddenly stopped work, and I can't find anyone to finish my home; my contractor did not pay subs and now

I have liens on my home that I have to pay; my contractor refused to provide a written contract; my contractor's work is shoddy, and my home is now unsafe for my family.

Since January 1, 2018, our office has received 3,327 complaints against home construction contractors. In more than eight hundred cases, the contractor never finished—and often never even started—any work. The contracts that are the subject of those 3,327 complaints add up to 12.3 million dollars. Our office mediated 447 of the complaints, but we were only able to resolve 139. The most common reason that these mediations are unsuccessful is that the contractor does not respond or refuses to participate. The total amount of restitution obtained through mediation was \$326,754. I want to emphasize that these figures include only those consumers who file complaints with our office. Based on experience, we believe that most consumers with complaints against their home contractors do not contact our office.

The Attorney General's Office sees the destructive impact of the absence of effective oversight and enforcement tools on a regular basis. The law currently fails to protect consumers from harm. Instead, the system is 100% reactive and the remedies it provides are almost always inadequate. Most consumers do not have thousands of dollars to hire a lawyer, and even when they do, a contractor will often not have sufficient assets to satisfy a judgment. In that case, money spent on an attorney is yet another expense that compounds the loss the consumer has already suffered. So faced with little option, consumers reach out to the Attorney General's office or their local District Attorney, reasonably expecting that we must be able to help them. Unfortunately, under existing law, our tools are extremely limited. Like consumers, we can file a civil lawsuit. But we encounter the same problems as the consumer: litigation takes a very long time, sometimes years, and contractors will usually have insufficient assets to satisfy a judgment. In the meantime, consumers and their families are living in unsafe, unfinished homes, without the money to hire anyone else to fix them. What's more, the contractor can continue to operate while the lawsuit is pending and inflict more harm on consumers.

Here are some keys parts of L.D. 1929 aimed at addressing these issues and proactively protecting consumers:

- (1) By requiring licensing, consumers can confirm that their contractor is in good standing and has not engaged in the sort of illegal conduct that would prevent them from being licensed;
- (2) Unlicensed contractors would be subject to civil penalties for failure to be licensed, which encourage compliance;
- (3) Unlicensed contractors would lose the ability to file a mechanic's lien, a severe remedy that consumers are often unable to combat, even when they have legitimate claims against their contractor; and
- (4) When a licensed contractor violates the law, the Attorney General can bring a civil action in the Superior Court to revoke the license and thereby prevent additional consumers from being harmed.

Maine is an outlier on home contractor licensing. 35 states have some form of state licensing or registration. And other states have a municipal licensing or registration regime.

For many Mainers who are fortunate enough to own their home, it is their most valuable and important asset. Right now, our laws do not recognize that reality and safeguard that investment. By strengthening contract requirements, establishing a licensing requirement, and giving the Attorney General better enforcement tools, L.D. 1929 would go a long way to protecting consumers and their homes .

The Attorney General urges the Committee to vote Ought to Pass on L.D. 1929. Thank you very much, and I'm happy to answer any questions the Committee may have.