

**2013 Assembly Bill 81 (LRB -0882)**

An Act to create 100.65 of the statutes; relating to: contracting with residential contractors.

**2013**

03-14.	A.	Introduced by Representatives <b>Krug, Stone, Thiesfeldt, Kahl, Petersen, Hebl, Jagler, A. Ott, Czaja, Ohnstad, Ripp, LeMahieu, Spiros, Danou, Steineke, Vruwink, Brooks, Jorgensen, Nygren, Swearingen and Endsley</b> ; cosponsored by Senators <b>Olsen, L. Taylor, Schultz, Erpenbach, Harsdorf, Lassa and Vinehout</b> .....	90
03-14.	A.	Read first time and referred to Committee on Insurance .....	90
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05-02.	A.	Public hearing held	
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05-08.	A.	Report passage as amended recommended by Committee on Insurance, Ayes 14, Noes 1 .....	155
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05-21.	S.	Public hearing held	
05-29.	S.	Executive action taken	
05-29.	S.	Report concurrence recommended by Energy, Consumer Protection, and Government Reform, Ayes 5, Noes 0 .....	240
05-29.	S.	Available for scheduling	
06-10.	S.	Placed on calendar 6-11-2013 pursuant to Senate Rule 18(1)	
06-11.	S.	Read a second time	
06-11.	S.	Ordered to a third reading	
06-11.	S.	Rules suspended	
06-11.	S.	Read a third time and <b>concurred in</b>	
06-11.	S.	Ordered immediately messaged	
06-12.	A.	Received from Senate concurred in	

MB

2013

ENROLLED BILL

13en A B- 81

ADOPTED DOCUMENTS:

Orig     Engr    A SubAmdt 1    13S004012

Amendments to above (if none, write "NONE"): AA1 — a0348/1

Corrections - show date (if none, write "NONE"): ~~NONE~~  
6/20/13 - CCC in enrolling

Topic Rel

6-13-13    J. Phille  
Date                      Enrolling Drafter



State of Wisconsin  
2013-2014 LEGISLATURE

**CORRECTIONS IN:**

**ASSEMBLY SUBSTITUTE AMENDMENT 1,  
TO ASSEMBLY BILL 81**

Prepared by the Legislative Reference Bureau  
(June 20, 2013)

In enrolling, the following correction was made:

1. Page 5, line 6: delete “uses of” and substitute “uses”.

(END)



State of Wisconsin  
2013 - 2014 LEGISLATURE



LRBs0040/2  
MDK;jld;jm

**ASSEMBLY SUBSTITUTE AMENDMENT 1,  
TO ASSEMBLY BILL 81**

April 30, 2013 – Offered by Representative KRUG.

- 1 **AN ACT to create** 100.65 of the statutes; **relating to:** contracting with residential  
2 contractors and providing a penalty.

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***Analysis by the Legislative Reference Bureau***

This substitute amendment prohibits a contractor from promising to pay or rebate all or any portion of a property insurance deductible as an incentive for entering into certain contracts with a “consumer,” which the substitute amendment defines as an owner or possessor of residential property containing a one-family or two-family dwelling. The contracts that are subject to the substitute amendment are written or oral contracts for doing any of the following activities: 1) repairing or replacing a roof system; or 2) performing any other exterior repair, replacement, construction, or reconstruction of the residential property.

The substitute amendment also allows such a consumer to cancel a written contract with a contractor for the above activities if all or part of the activities is to be paid under a property insurance policy and the insured receives written notice from the insurer that all or any part of the claim or contract is not a covered loss under the policy. The substitute amendment permits a consumer to make such a cancellation prior to the end of the third business day after the insured receives the written notice from the insurer. Also, the consumer must give the contractor a written notice of cancellation by personal delivery or first class mail. The substitute amendment provides that the written notice of cancellation is sufficient if the consumer uses a form specified in the substitute amendment or provides other

written notice indicating the consumer's intent not to be bound by the contract. Within ten days after a contractor receives the written notice of cancellation, the substitute amendment requires the contractor to return to the consumer any payment, deposit, and note or other evidence of indebtedness related to the contract. However, if the contractor has performed any emergency services that the consumer has acknowledged in writing to be necessary to prevent damage to the residential property, the substitute amendment provides that the contractor is entitled to the reasonable value of those services.

The substitute amendment also does the following:

1. Requires a contractor to furnish a written statement to a consumer prior to entering into a contract for the above activities that describes the substitute amendment's provisions allowing a consumer to cancel the contract.

2. Prohibits a contractor from representing or negotiating on behalf of a consumer with respect to any insurance claim related to the above activities.

3. Requires a consumer to inform a contractor, before entering into a written contract for the above activities, if the activities are to be paid under a property insurance policy. However, a consumer's failure to inform does not affect the consumer's right to cancel the contract under the substitute amendment.

4. Requires the Department of Agriculture, Trade and Consumer Protection to enforce the substitute amendment's requirements and subjects a person who violates the requirements to a forfeiture of not less than \$500 nor more than \$1,000 for each violation.

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*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

1           **SECTION 1.** 100.65 of the statutes is created to read:

2           **100.65 Residential contractors.** (1) In this section:

3           (a) "Consumer" means an owner or possessor of residential real estate.

4           (b) "Dwelling unit" means a structure or that part of a structure that is used  
5 or intended to be used for human habitation.

6           (c) "Promise to pay or rebate" includes granting any allowance or offering any  
7 discount against fees to be charged or paying a consumer any form of compensation,  
8 gift, prize, bonus, coupon, credit, referral fee, or any other item of monetary value.

9           (d) "Residential contractor" means a person who enters into a written or oral  
10 contract with a consumer to repair or replace a roof system or to perform any other

1 exterior repair, replacement, construction, or reconstruction of residential real  
2 estate.

3 (e) “Residential real estate” means residential property containing a  
4 one-family or 2-family dwelling.

5 (f) “Roof system” includes roof coverings, roof sheathing, roof weatherproofing,  
6 and insulation.

7 (2) No residential contractor may, including in any advertisement, promise to  
8 pay or rebate all or any portion of a property insurance deductible as an incentive to  
9 a consumer entering into a written or oral contract with the residential contractor  
10 to repair or replace a roof system or to perform any other exterior repair,  
11 replacement, construction, or reconstruction of residential real estate.

12 (3) Before entering into a written contract with a consumer to repair or replace  
13 a roof system or to perform any other exterior repair, replacement, construction, or  
14 reconstruction of residential real estate, a residential contractor shall do all of the  
15 following:

16 (a) Furnish the consumer with a statement in boldface type of a minimum size  
17 of 10 point in substantially the following form: *INS. AA1-1*

18 You may cancel this contract at any time before midnight on the third business  
19 day after you have received written notice from your insurer that *INS. AA1-3* all or any part of  
20 the claim or contract is not a covered loss under the property insurance policy. See  
21 the attached notice of cancellation form for an explanation of this right.

22 (b) Furnish the consumer a completed form in duplicate that is attached to the  
23 contract, is easily detachable, and contains, in boldface type of a minimum size of 10  
24 point, the following statement:

25

NOTICE OF CANCELLATION

INS.  
AA1-4

1 If you are notified by your insurer that all or any part of the claim or contract  
 2 is not a covered loss under the property insurance policy, you may cancel the contract  
 3 by personal delivery or by mailing by 1st class mail a signed and dated copy of this  
 4 cancellation notice or other written notice to (name of contractor) at (contractor's  
 5 business address) at any time before midnight on the third business day after you  
 6 have received the notice from your insurer. If you cancel the contract, any payments  
 7 made by you under the contract, except for certain emergency work already  
 8 performed by the contractor, will be returned to you within 10 business days  
 9 following receipt by the contractor of your cancellation notice.

I CANCEL THIS CONTRACT

Date ....

Customer's signature ....

13 (4) Before a consumer enters into a written contract with a residential  
 14 contractor to repair or replace a roof system or to perform any other exterior repair,  
 15 replacement, construction, or reconstruction of residential real estate all or part of  
 16 which is to be paid under a property insurance policy, the consumer shall inform the  
 17 residential contractor that the repair, replacement, construction, or reconstruction  
 18 is to be paid under a property insurance policy. Failure to comply with this  
 19 subsection does not affect a consumer's rights under sub. (5).

INS. AA1-5

20 (5) A consumer who enters into a written contract with a residential contractor  
 21 to repair or replace a roof system or to perform any other exterior repair,  
 22 replacement, construction, or reconstruction of residential real estate all or part of  
 23 which is to be paid under a property insurance policy may cancel that contract prior  
 24 to the end of the 3rd business day after the insured receives written notice from the  
 25 insurer that all or any part of the claim or contract is not a covered loss under the

INS AAI-6

1

property insurance policy.

The consumer shall give the residential contractor

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written notice of cancellation by personal delivery of the notice or by 1st class mail

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to the residential contractor's address stated in the contract. If the notice is given

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by mail, the notice shall be postmarked before midnight of the 3rd business day after

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the insured receives written notice from the insurer of the denial of the claim. The

CCC 6

notice shall be sufficient if the consumer uses of the notice of cancellation form in sub.

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(3) (b) or provides other written notice that indicates the consumer's intent not to be

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bound by the contract.

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(6) Within 10 days after a residential contractor receives a cancellation notice

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under sub. (5), the residential contractor shall return to the consumer any payments

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made, any deposits made, and any note or other evidence of indebtedness related to

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the contract. However, if the residential contractor has performed any emergency

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services, acknowledged by the consumer in writing to be necessary to prevent

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damage to the residential real estate, the residential contractor shall be entitled to

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the reasonable value of those services.

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(7) Any provision in a written contract with a residential contractor to repair

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or replace a roof system or to perform any other exterior repair, replacement,

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construction, or reconstruction of residential real estate that requires the payment

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of any fee for anything except emergency services under sub. (6) is not enforceable

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against the consumer who has cancelled the contract under sub. (5).

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(8) No residential contractor may represent or offer or advertise to represent

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a consumer or negotiate or offer or advertise to negotiate on behalf of a consumer with

23

respect to any insurance claim related to the repair or replacement of a roof system

24

or to the exterior repair, replacement, construction, or reconstruction of residential



INS. AAI-7

1 real estate. This subsection does not prohibit a residential contractor from doing any  
2 of the following:

INS. AAI-8

3 (a) Discussing damage to an insured's property with the insured or an  
4 insurance company's representative.

INS. AAI-9

5 (b) Providing an insured an estimate for repair, replacement, construction, or  
6 reconstruction of the insured's property, submitting the estimate to the insured's  
7 insurance company, and discussing options for the repair, replacement, construction,  
8 or reconstruction with the insured or an insurance company's representative.

9 (9) Any person who violates this section shall forfeit not less than \$500 nor  
10 more than \$1,000 for each violation.

11 **SECTION 2. Initial applicability.**

12 (1) This act first applies to contracts that are entered into on the effective date  
13 of this subsection.

14 **SECTION 3. Effective date.**

15 (1) This act takes effect on the first day of the 6th month beginning after  
16 publication.

17 (END)



**ASSEMBLY AMENDMENT 1,  
TO ASSEMBLY SUBSTITUTE AMENDMENT 1,  
TO ASSEMBLY BILL 81**

May 6, 2013 – Offered by Representative KRUG.

AA1-1

1 At the locations indicated, amend the substitute amendment as follows:

2 **1.** Page 3, line 17: after that line insert:

3 “Please indicate whether, to the best of your knowledge, the work contemplated  
4 by this contract is related to a claim under a property insurance policy:

5 .... YES, to the best of my knowledge, the work contemplated by this contract  
6 is related to a claim under a property insurance policy.

7 .... NO, to the best of my knowledge, the work contemplated by this contract is  
8 not related to a claim under a property insurance policy.

9 Date ....

10 Customer’s signature ....

11 Residential contractor’s signature ....”.

12 **2.** Page 3, line 19: delete “all or any part of”.

