

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE

Senate Bill 722

(Senator Britt)

Finance

Consumer Protection - Return of Consumer Goods - Notice Requirements

This bill requires a merchant, under the Maryland Consumer Protection Act, that imposes a limit on the number or frequency of refunds, exchanges, or credits that the merchant will make or issue for the return of consumer goods to disclose the limitations imposed: (1) by a notice attached to the goods; or (2) on a sign posted in a conspicuous place near the register where the consumer goods are sold. A merchant must provide a written statement of the return policy to a consumer on request.

Fiscal Summary

State Effect: Assuming that the Consumer Protection Division receives fewer than 50 complaints per year stemming from this bill, any additional workload could be handled with existing resources.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: A merchant's return policy is not specifically regulated in statute.

By regulation, it is an unfair or deceptive trade practice for a merchant to fail to disclose in writing the terms and conditions of the merchant's refund and exchange policy or policy of no refunds or exchanges. The disclosure may be made on the sales form, by clearly visible sign, or by conspicuous label on consumer goods.

The Consumer Protection Division within the Office of the Attorney General is responsible for pursuing unfair and deceptive trade practice claims under the Maryland Consumer Protection Act. Upon receiving a complaint, the division must determine whether there are “reasonable grounds” to believe that a violation of the Act has occurred. Generally, if the division does find reasonable grounds that a violation has occurred, the division must seek to conciliate the complaint. The division may also issue cease and desist orders, or seek action in court, including an injunction or civil damages, to enforce the Act. Violators of the Act are subject to: (1) civil penalties of \$1,000 for the first violation and \$5,000 for subsequent violations; and (2) criminal sanction as a misdemeanor, with a fine of up to \$1,000 and/or up to one year’s imprisonment.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Office of the Attorney General (Consumer Protection Division),
Department of Legislative Services

Fiscal Note History: First Reader - March 7, 2005
mam/jr

Analysis by: T. Ryan Wilson

Direct Inquiries to:
(410) 946-5510
(301) 970-5510