

Department of Legislative Services
Maryland General Assembly
2021 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 499 (Delegate Rosenberg)
Environment and Transportation

Rental Housing Restitution Fund - Establishment

This bill establishes the Rental Housing Restitution Fund to provide rental assistance and legal assistance to individuals facing a potential rental residential property eviction. The special, nonlapsing fund consists of (1) all funds received by the Consumer Protection Division (CPD) within the Office of the Attorney General (OAG) from any settlement or agreement with (or judgment against) a party relating to an investigation or enforcement of the Maryland Consumer Protection Act (MCPA) for an unfair, abusive, or deceptive trade practice for rental residential property and (2) interest earnings of the fund. The bill excludes from the fund (1) any monies received by the aggrieved party and (2) OAG's costs to bring the action. Money expended from the fund is supplemental to and is not intended to supplant funding that otherwise would be appropriated for the assistance. **The bill takes effect July 1, 2021.**

Fiscal Summary

State Effect: The bill is not anticipated to significantly affect overall State finances, as discussed below. It is also anticipated that the fund can be administered with existing resources, as discussed below.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: An unfair, abusive, or deceptive trade practice under MCPA includes, among other acts, any false, falsely disparaging, or misleading oral or written statement,

visual description, or other representation of any kind which has the capacity, tendency, or effect of deceiving or misleading consumers. The prohibition against engaging in any unfair, abusive, or deceptive trade practice encompasses the offer for or actual sale, lease, rental, loan, or bailment of any consumer goods, consumer realty, or consumer services; the extension of consumer credit; the collection of consumer debt; or the offer for or actual purchase of consumer goods or consumer realty from a consumer by a merchant whose business includes paying off consumer debt in connection with the purchase of any consumer goods or consumer realty from a consumer.

CPD is responsible for enforcing MCPA and investigating the complaints of aggrieved consumers. The division may attempt to conciliate the matter, issue a cease and desist order, or file a civil action in court. A merchant who violates MCPA is subject to a fine of up to \$10,000 for each violation and up to \$25,000 for each repetition of the same violation. In addition to any civil penalties that may be imposed, any person who violates MCPA is guilty of a misdemeanor and, on conviction, is subject to a fine of up to \$1,000 and/or imprisonment for up to one year.

State Fiscal Effect: Because the bill does not directly affect the total amount of funds available to Maryland under any MCPA judgment or settlement, it is not anticipated to materially affect overall State finances. In the absence of the bill, this analysis assumes the monies would be received as special funds within CPD and used to fund OAG activities. Under the bill, the monies are instead directed to a new special fund. The bill charges the Comptroller and Treasurer with accounting for and holding the fund, respectively. The bill also establishes how the monies may be expended.

OAG advises that it requires additional personnel (specifically, one half-time administrator and one half-time legal secretary) to implement the bill. However, in the absence of additional information regarding the magnitude of the funds potentially impacted, the Department of Legislative Services advises that OAG can likely administer the fund and direct funding to appropriate entities using existing resources.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Office of the Attorney General (Consumer Protection Division); Judiciary (Administrative Office of the Courts); Department of Housing and Community Development; Department of Legislative Services

Fiscal Note History: First Reader - January 31, 2021
rh/jkb

Analysis by: Eric F. Pierce

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