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January 31, 2024

To: The Honorable Pamela Beidle
Chair, Finance Committee

From: Alisa Bralove-Scherr, Deputy Director
Consumer Protection Division Mediation Unit

Re: Senate Bill 24 – Consumer Protection – Retail Sales – Return and Exchange Policy
(Right to Refund Information Act) (SUPPORT)

The Consumer Protection Division of the Office of the Attorney General supports Senate Bill 24 submitted by Senator Cheryl C. Kagan. This bill codifies the Maryland Refund Rule in COMAR 02.01.05.01 through .05, and adds transparency, so consumers are informed of a retailer's refund policy prior to making a purchase.

The Maryland Refund Rule requires a business that limits refunds and exchanges to display the refund policy (1) on a sign in the store, (2) on a label attached to the goods, or (3) on the receipt the consumer receives after purchase. Senate Bill 24 continues to allow the first two options but eliminates the choice to only put it on the receipt. This is because disclosing the refund policy only on the receipt prevents the consumer from seeing the policy prior to purchase and a consumer can only make an educated decision when they have that information up front.

This bill also adds protection for consumers making online purchases. Many online retailers bury their refund policy in their terms and conditions, so consumers may not see that information prior

to purchase. This bill would require online retailers to put their refund policy on a part of the site that the consumer must view before completing the transaction. Once again, this greater transparency helps consumers know what to expect if they want to return a purchase.

Businesses may also benefit from this added disclosure. The Consumer Protection Division received nearly 2,800 complaints involving refund requests in the past three years. A clearly displayed refund policy may reduce the number of disputes that arise.

For these reasons, the Consumer Protection Division requests that the Finance Committee return a favorable report on Senate Bill 24.

cc: The Honorable Cheryl C. Kagan
Members, Finance Committee