

testimony2025hb431cross.pdf

Uploaded by: Franz Schneiderman

Position: FAV



Auto Consumer Alliance
13900 Laurel Lakes Avenue, Suite 100
Laurel, MD 20707

Testimony to the Senate Finance Committee
HB 431– Civil Actions – Consumer Contracts – Limitations Periods
Position: Favorable

The Honorable Pam Beidle
Senate Finance Committee
3 East, Miller Senate Building
Annapolis, MD 21401
cc: Members, Senate Finance Committee

March 25, 2025

Honorable Chair Beidle and Members of the Committee:

I'm a consumer advocate and Executive Director of Consumer Auto, a nonprofit group that works to secure safety, transparency, and fair treatment for Maryland drivers and consumers.

We support **HB 431** because it would ensure that almost all Maryland consumers get the benefit of the full 3-year civil statute of limitations that this legislature has established – and prevent some firms from restricting their ability to recover damages for injury or misconduct through contracts that unfairly seek to alter that timeframe.

In recent years we've seen a troubling rise in barriers to consumers' ability to use the legal system to recover damages for injuries and fraud. As is well-known, many consumer contracts now use mandatory arbitration provisions to bar or severely restrict our ability to go to court. Other companies have moved to restrict the right to recover in a less radical but nevertheless troubling way: By pushing consumers to sign contracts that shorten the timeframe for filing legal claims -- imposing, say, a one- or two-year limit rather than the three years Maryland law mandates.

Under current Maryland law, the question of whether such limitations are legally enforceable is rather murky. In a 2017 case ([Ceccone v. Carroll Home Services, LLC](#)), the Maryland Court of Appeals ruled that such limited recovery periods MAY be legal,¹ if a court finds they don't conflict with other laws, were not induced by fraud or misrepresentation, and appear reasonable in light of the full circumstances of the case.²

This somewhat subjective standard leaves Maryland law is a bit unclear – and means marketers can sometimes get away with implementing shorter standards (and sometimes can't). In many other cases, they may try to do so, even in ways that wouldn't meet the legal standard, expecting that consumers may not notice the restriction or understand how it limits their legal rights, or have the resources or the ability to challenge the shortened standard.

¹¹ <https://www.mdcourts.gov/data/opinions/coa/2017/85a16.pdf>

² <https://www.decarodoran.com/contract-provisions-shortening-the-statute-of-limitations-are-enforceable-sometimes/>



Auto Consumer Alliance
13900 Laurel Lakes Avenue, Suite 100
Laurel, MD 20707

HB 431 would clarify the law and make sure consumers have all the time state law mandates to enforce their legal rights by declaring provisions shortening the standard “**Against Public Policy and Void**” and not a valid defense against a liability claim. It should further deter efforts to impose such limitations by making their presence in a contract itself an “unfair, abusive, or deceptive practice” under Maryland’s Consumer Protection Act.

It's properly the province of the legislature to determine the statute of limitations in consumer damage cases. This bill would ensure that the standard the legislature has set applies to all consumers – and help secure fairer access to legal right to redress across all consumer transactions.

Let me add that I think this version of the bill does considerably more to protect consumers’ right to recover damages than the crossfiled one with some weakening amendments added on the Senate side (SB 413). I’m afraid that excluding from these protections any contract provided by a business acting under a license, franchise agreement, or authorization from a state agency or utility commission or services regulated by major public regulators (as the language added to the Senate bill would do) would in effect exempt the great bulk of providers from the protections the bill is intended to offer. That change would create a set of exceptions that appear to swallow up the rule proposed -- and greatly weaken its impact on consumers.

I would therefore ask this committee to endorse the language contained in **HB 431** rather than that in the Senate bill.

We support HB 431 and ask you to give it a FAVORABLE report.

Sincerely,

Franz Schneiderman
Consumer Auto

HB 431 - Consumer Contracts - Limitations- CPD - S

Uploaded by: Steven M. Sakamoto-Wengel

Position: FAV



CAROLYN A. QUATTROCKI
Chief Deputy Attorney General

LEONARD J. HOWIE III
Deputy Attorney General

CARRIE J. WILLIAMS
Deputy Attorney General

ZENITA WICKHAM HURLEY
Chief, Equity, Policy, and Engagement

**STATE OF MARYLAND
OFFICE OF THE ATTORNEY GENERAL
CONSUMER PROTECTION DIVISION**

ANTHONY G. BROWN
Attorney General

WILLIAM D. GRUHN
Division Chief

PETER V. BERNIS
General Counsel

CHRISTIAN E. BARRERA
Chief Operating Officer

STEVEN M. SAKAMOTO-WENGEL
*Consumer Protection Counsel for
Regulation, Legislation and Policy*

March 25, 2025

TO: The Honorable Pam Beidle, Chair
Finance Committee

FROM: Steven M. Sakamoto-Wengel
Consumer Protection Counsel for Regulation, Legislation and Policy

RE: House Bill 431 – Consumer Contracts – Limitations Periods – SUPPORT

The Consumer Protection Division of the Office of the Attorney General supports House Bill 431, sponsored by Delegate Stewart, which would prohibit a consumer contract from reducing the statute of limitations to bring an action under the contract below that provided by Maryland law.

Consumer contracts are, for all intents and purposes, non-negotiable. The terms are set by the business and, even if a consumer understands the terms of the contract well enough to alter its terms, rarely can be changed by the consumer. And apart from major contracts such as a home purchase, hiring an attorney to review a consumer contract is prohibitively expensive.

Allowing a business to reduce the three-year statute of limitations in a consumer contract harms Maryland consumers by limiting the consumer's ability to bring an action against the business if the business breaches the contract. The Court of Appeals of Maryland, now the Supreme Court, has determined that shortening the statute of limitations in a consumer contract may be unreasonable. In *Ceccone v. Carroll Home Services, LLC*, 454 Md. 680 (2017), the Court discussed the purpose behind limitations:

Statutes of limitations are designed to balance the competing interests of plaintiffs, defendants, and the public. A statutory period of limitations represents a policy judgment by the Legislature that serves the interest of a plaintiff in having adequate time to investigate a cause of action and file suit, the interest of a defendant in having certainty that there will not be a need to respond to a

potential claim that has been unreasonably delayed, and the general interest of society in judicial economy, [Cites omitted] In enacting the three-year statute of limitations that governs most tort and contract actions, the General Assembly made a policy decision as to an appropriate deadline for filing of such a claim by a reasonably diligent plaintiff.

Ceccone, 454 Md. At 691. The Court noted that, absent a controlling statute to the contrary, a provision shortening the statute of limitations may be allowed, as long as it is reasonable. However, the Court also noted that many of the cases upholding shortened limitations periods “involve sophisticated contracts between parties with roughly similar bargaining power.” Such is not the case with consumer contracts.

The Division strongly encourages the Finance Committee to pass House Bill 431 without the amendments added to the cross-file, Senate Bill 413. Those amendments would exempt regulated businesses from the coverage of the bill, regardless of whether the regulator has adopted any rules regarding statutes of limitations. The exemptions would exclude the vast majority of consumer contracts from the prohibition on shortening the statute of limitations, including the home improvement contractor that was the subject of the *Ceccone* decision.

Other states have enacted prohibitions against shortening a statute of limitations, including Alabama, Florida and Texas. The Consumer Protection Division requests that the Senate Finance Committee do likewise and prohibit such provisions in consumer contracts by giving HB 431 a favorable report.

cc: The Honorable Vaughn Stewart

SUPPORT OF BILL20250321_11220332.pdf

Uploaded by: Tom Wieland

Position: FAV

I SUPPORT THIS BILL:BECAUSE

THIS BILL AS WRITTEN DOES WARRANT ITS EXPENSE

Tom Wieland

2464 Symphony Lane

Gambrills, Md. 21054

HB 431 FAV Del Stewart.pdf

Uploaded by: Vaughn Stewart

Position: FAV

VAUGHN STEWART
Legislative District 19
Montgomery County

CHIEF DEPUTY MAJORITY WHIP

Environment and Transportation
Committee

Subcommittees

Housing & Real Property

Chair, Motor Vehicle and
Transportation



The Maryland House of Delegates
6 Bladen Street, Room 151
Annapolis, Maryland 21401
410-841-3528 · 301-858-3528
800-492-7122 Ext. 3528
Vaughn.Stewart@house.state.md.us

THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

**Testimony in Support of HB 431
Civil Actions – Consumer Contracts – Limitations Periods**

Testimony by Delegate Vaughn Stewart
March 25, 2025 | SenateFinance Committee

What the Bill Does

HB 431 aims to protect consumers by ensuring fair and reasonable timeframes for pursuing legal action under consumer contracts. The bill prohibits contracts from including provisions that reduce the timeframe for legal action to less than what is enshrined under Maryland law. Any such provisions are declared void and unenforceable, and courts are barred from recognizing them as a valid defense. Violations of this prohibition are classified as unfair, abusive, or deceptive trade practices under the Maryland Consumer Protection Act, making them subject to enforcement and penalties. The bill applies prospectively to contracts issued or delivered on or after October 1, 2025.

HB 431 passed the House (96-37).

Why the Bill is Important

HB 431 is a crucial step in leveling the playing field between consumers and corporations by protecting individuals from unfair and exploitative contractual practices. Under [Md. Code Ann., Cts. & Jud. Proc. § 5-101](#), the standard statute of limitations for contract claims in Maryland is three years. Some laws—like those protecting our seniors—have longer periods. However, many corporations take advantage of consumers by burying fine print in lengthy form contracts that shorten this timeframe, limiting individuals' ability to take legal action when they're harmed.

[Studies have shown that most consumers do not read contracts due to their excessive length and complex legal language](#), allowing corporations to exploit this lack of understanding by burying restrictive clauses in the fine print. These clauses often impose arbitrary deadlines, leaving consumers unaware of their rights and unable to hold corporations accountable. HB 431 addresses this issue by prohibiting such provisions and aligning the statute of limitations in consumer contracts with Maryland law, ensuring consumers have fair and consistent timeframes to identify and resolve disputes.

In 2017, the Maryland Court of Appeals addressed the issue of shortened statute of limitations in consumer contracts in [*Ceccone v. Carroll Home Services, LLC*](#). In this case, Richard and Daphne Ceccone entered into a furnace maintenance agreement with Carroll Home Services (CHS) that included a clause reducing the timeframe for filing claims to just one year. The Ceccones later brought tort and contract claims against CHS, alleging the company caused damage to their residence. Although they filed their complaint within the three-year statute of limitations provided by Maryland law, it was arguably more than a year after their claims had accrued. The Court ruled that such provisions could be enforceable, but only if they met criteria such as reasonableness and the absence of fraud or misrepresentation. However, this approach requires courts to assess subjective factors like bargaining power and fairness, which often leaves consumers at a disadvantage. HB 431 eliminates this uncertainty by prohibiting shortened limitation periods outright, ensuring that consumers are consistently protected.

To reinforce the prohibition of unfair contractual clauses, HB 431 provides an enforceability mechanism by classifying these practices as unfair, abusive, or deceptive trade practices under the Maryland Consumer Protection Act. This dual approach not only eliminates the use of hidden or restrictive clauses that exploit consumers but also exposes corporations to enforcement actions and penalties if they attempt to use such provisions.

Why the Committee Should Vote Favorably

Every day, hardworking Marylanders unknowingly sign away their rights by clicking “agree,” checking a box, or signing on the dotted line—only to be bound by hidden clauses that prioritize corporate interests over individual protections. These practices prey on consumers’ trust, taking advantage of those who lack the resources or expertise to challenge unfair terms. HB 431 is more than a legal fix—it’s a statement that Maryland values fairness, transparency, and the rights of its people over corporate exploitation.

The General Assembly should set statute of limitations periods by weighing the interests of justice with the interests of repose. It is unacceptable for corporations to overrule the General Assembly with buried contractual language that no one reads.

With HB 431, we allow harmed individuals to access the court system. I urge a favorable report.