

HOUSE BILL 419

C2

4lr0787

By: **Delegates Lehman, Terrasa, Allen, Bagnall, Boafo, Charkoudian, Foley, Guyton, S. Johnson, D. Jones, Kaufman, R. Lewis, Lopez, McCaskill, Pena-Melnyk, Schmidt, Simpson, Stewart, Taveras, Taylor, Vogel, Williams, and Wu**

Introduced and read first time: January 18, 2024

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 8, 2024

CHAPTER _____

1 AN ACT concerning

2 ~~Business Regulation~~ **Consumer Protection – Automatic Tip Prompt Screen –**
3 **Requirements**

4 FOR the purpose of requiring certain businesses that use a point-of-sale system that
5 automatically prompts a customer to leave a tip to disclose to whom the tip will be
6 allocated and display a tip amount that is set at zero by default; and generally
7 relating to automatic tip prompt screen requirements.

8 ~~BY adding to~~

9 ~~Article – Business Regulation~~

10 ~~Section 19–107~~

11 ~~Annotated Code of Maryland~~

12 ~~(2015 Replacement Volume and 2023 Supplement)~~

13 BY adding to

14 Article – Commercial Law

15 Section 14–1328

16 Annotated Code of Maryland

17 (2013 Replacement Volume and 2023 Supplement)

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

19 That the Laws of Maryland read as follows:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



~~Article – Business Regulation~~ Article – Commercial Law

~~19-107. 14-1328.~~

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) “POINT-OF-SALE SYSTEM” MEANS A DIGITAL DEVICE USED TO PROCESS ELECTRONIC TRANSACTIONS FOR THE PURCHASE OF GOODS OR SERVICES.

(3) “TIP” MEANS AN ADDITIONAL PAYMENT VOLUNTARILY MADE BY A CUSTOMER IN RECOGNITION OF SERVICE PROVIDED TO THE CUSTOMER.

(B) BEGINNING JANUARY 1, 2025, EACH BUSINESS ~~LICENSED BY THE DEPARTMENT~~ THAT USES A POINT-OF-SALE SYSTEM THAT DURING A TRANSACTION AUTOMATICALLY DISPLAYS A SCREEN PROMPTING THE CUSTOMER TO SELECT AN AMOUNT FOR A TIP SHALL CONSPICUOUSLY DISPLAY ON THE SAME SCREEN:

(1) INFORMATION DISCLOSING TO WHOM THE TIP WILL BE ALLOCATED; AND

(2) A TIP AMOUNT SET AT ZERO BY DEFAULT.

~~(C) A PERSON WHO VIOLATES THIS SECTION IS SUBJECT TO A CIVIL PENALTY NOT EXCEEDING \$1,000~~ A DISCLOSURE UNDER SUBSECTION (B) OF THIS SECTION IS SUBJECT TO THE RECORD-KEEPING REQUIREMENTS UNDER § 3-424 OF THE LABOR AND EMPLOYMENT ARTICLE.

(D) ~~THE DEPARTMENT~~ DIVISION OF CONSUMER PROTECTION SHALL ADOPT REGULATIONS NECESSARY TO ADMINISTER AND ENFORCE THIS SECTION.

(E) A VIOLATION OF THIS SECTION IS:

(1) AN UNFAIR, ABUSIVE, OR DECEPTIVE TRADE PRACTICE WITHIN THE MEANING OF TITLE 13 OF THIS ARTICLE; AND

(2) SUBJECT TO THE ENFORCEMENT AND PENALTY PROVISIONS CONTAINED IN TITLE 13 OF THIS ARTICLE.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2024.