

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

Senate Bill 581 (Senator Astle)
Finance

Referred to Economic Matters

Consumer Protection - Prizes and Gifts

This amended bill provides a limited exception to a current law prohibition against offers of prizes or gifts conditioned on the purchase of goods or services. Specifically, the bill provides that the prohibition does not include such offers if the retail price of the prize does not exceed the greater of: (1) \$40; or (2) the lesser of 20% of the purchase price of the goods or services or \$400. This exception does not apply to the offer of a prize requiring the person either to pay any money to participate in or submit to a sales promotion effort, or to a prize promotion involving the award of prizes by chance.

Fiscal Summary

State Effect: Potential indeterminate expenditure increase, as discussed below. Revenues could increase by an indeterminate amount due to an applicable cost recovery provision.

Local Effect: None.

Fiscal Analysis

Background: The Consumer Protection Division of the Office of the Attorney General receives approximately 1,000 written complaints and thousands of telephone inquiries annually regarding advertisements offering prizes.

State Revenues: Indeterminate. The Attorney General is entitled to recover the costs of bringing an unfair and deceptive trade practice action for the use of the State. Revenues could increase to the extent this bill leads to an increase in deceptive advertisements, and the Attorney General brings additional actions and seeks cost recovery. The amount of cost recovery cannot be quantified at this time.

State Expenditures: The Consumer Protection Division advises that this bill could increase

its workload and its expenditures by increasing the need to investigate the potential for bringing unfair and deceptive trade practice actions generated by offers of prizes. The division believes that a significant increase in complaint activity would necessitate additional part-time contributions from an Assistant Attorney General, a Complaint Supervisor, an Investigator, and an Office Secretary.

The Department of Fiscal Services notes that information on the extent to which offers of prizes will be made is not readily available. Fiscal Services thus advises that the division's workload would increase to the extent that unfair and deceptive trade practice complaints increase in number or nature as a result of this bill. That potential cannot be quantified at this time. Assuming that the Consumer Protection Division will receive fewer than 50 complaints during fiscal 1997 stemming from this bill, existing resources should be adequate to handle any additional workload. Any supplemental resource needs due to complaint activity above that level are assumed to be minimal.

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

Fiscal Note History: First Reader - February 26, 1996
ncs Revised - Correction - March 11, 1996
Revised - Senate Third Reader - March 27, 1996

Analysis by: Guy Cherry	Direct Inquiries to:
Reviewed by: John Rixey	John Rixey, Coordinating Analyst
	(410) 841-3710
	(301) 858-3710