

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE
Revised

Senate Bill 91 (Senator Middleton)

Finance

**Consumer Protection - Health Club Services - Registration Renewal Fees
and Payment of Claims**

This bill enables health club service providers to pay a maximum \$50 registration/renewal fee instead of the current \$150 fee if they (1) do not collect more than one month's payment in advance from customers for health club services; (2) do not contractually obligate a buyer for more than one month of health club services; (3) do not charge an initiation fee; and (4) are exempt from the requirement to purchase a surety bond or file an irrevocable letter of credit or cash. A person who meets these requirements must post a conspicuous notice in the facility and include a conspicuous notice in the contract for health club services stating that the health club facility does not charge an initiation fee or obligate the buyer to make a payment in advance.

The effective date is July 1, 1998.

Fiscal Summary

State Effect: Minimal decrease in special fund revenues beginning in FY 1999. Expenditures would not be affected.

Local Effect: None.

Small Business Effect: Minimal impact on small businesses. Certain health club service providers would benefit positively by the reduction in the annual registration/renewal fee. Some health clubs may incur additional expenses in meeting the consumer notification requirements of the bill.

Fiscal Analysis

State Revenues: There are 356 health club service providers registered with the Division of Consumer Protection. Health club providers are required to pay an annual renewal fee of \$150. However, health club providers who collect more than three months of payments in advance from customers are required to obtain a surety bond and are charged an \$800 renewal fee. Approximately 50 providers pay the \$800 fee and 306 pay the \$150 fee. This legislation reduces the annual registration/renewal fee for an unknown number of health club service providers by \$100. This would result in a minimal decrease in special fund revenues beginning in fiscal 1999. In fiscal 1997, the Division of Consumer Protection collected approximately \$105,700 in health club fees.

Information Sources: Attorney General's Office (Consumer Protection Division);
Department of Legislative Services

Fiscal Note History: First Reader - January 27, 1998
Inc Revised - Senate Third Reader - March 27, 1998
Revised - Enrolled Bill - May 5, 1998

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