

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 163 (Senator Roesser. *et al.*)

Finance

Commercial Law - Checks and Other Instruments - Rights of Holders

This bill provides that when a negotiable instrument is dishonored by nonacceptance or nonpayment and has not been paid within 10 days, the holder of the negotiable instrument may send a notice of dishonor to the maker or the drawer. If a negotiable instrument is not paid within 30 days after the holder has sent the notice of dishonor, the maker or drawer could be liable for the amount of the negotiable instrument, a collection fee of up to \$25, and an amount of up to two times the amount of the check, but not more than \$1,000. The holder of the negotiable instrument would be able to seek damages in District Court 30 days after a notice of dishonor is sent. This bill prescribes the form of a notice dishonor and specifies defenses to liability.

This bill applies retroactively to January 1, 1997, and has an effective date of July 1, 1998.

Fiscal Summary

State Effect: None. Assuming that the Consumer Protection Division receives fewer than 50 complaints per year as a result of this bill, any additional workload could be absorbed within existing resources.

Local Effect: None.

Small Business Effect: None. Relying on an opinion of the Attorney General, retailers are currently collecting the “bad check fees” provided for by this bill. Although Chapter 91 of 1996 repealed the language provided in this bill, the Attorney General’s Office advises that the repeal was the result of a drafting error and was therefore not effective.

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

Fiscal Note History: First Reader - February 3, 1998

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Analysis by: Jo Ellan Jordan

Reviewed by: John Rixey

Direct Inquiries to:

John Rixey, Coordinating Analyst

(410) 841-3710

(301) 858-3710