

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

House Bill 725 (Delegates Clagett and Love)

Economic Matters

Commercial Law - Deceptive Trade Practices - Names of Businesses

This bill makes it an unfair or deceptive trade practice to use a name in the conduct of a person's business to intentionally misrepresent the geographic origin or location of the person's business.

Fiscal Summary

State Effect: None. Assuming the Consumer Protection Division receives fewer than 50 complaints as a result of this bill, any additional workload could be handled within existing resources. Any cost recovery by the Attorney General resulting from actions brought under the unfair and deceptive trade practices recovery provisions is indeterminate.

Local Effect: None.

Small Business Effect: Potential minimal impact.

Fiscal Analysis

Small Business Effect: Some small businesses could benefit from this bill if consumers shift current purchasing practices away from businesses that are located out-of-state.

For illustrative purposes, consider the floral industry. A significant part of the floral industry involves orders from customers in one locality for delivery of flowers in another locality. Unfamiliar with local florists in the place of delivery, customers often rely on the telephone directory or a directory assistance service to find a flower shop which services the area. Additionally, people who want to send flowers within the same town often place their orders over the phone. As a consequence, some customers mistakenly assume that they have purchased flowers from a small florist located in the place of delivery. For example, in the

Annapolis area, there are two listings in the Bell Atlantic Telephone Directory for florists that use a 1-800 phone listing. Both of these businesses list Annapolis as their place of operation. However, they are actually located in New Jersey. Assuming that this practice constitutes an “intentional misrepresentation” of the location of a person’s business, this practice would be prohibited and consumers would know where the flower shop is located before they place their orders as a result of this bill. To the extent that customers prefer small local florists, small floral businesses would benefit.

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

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