

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

House Bill 308 (Delegate Petzold)

Economic Matters

Consumer Protection - Unsolicited Loans

This bill prohibits a “creditor” from sending a negotiable instrument to an individual if: (1) it is sent in connection with an offer to extend credit to the individual; and (2) the individual has not requested or submitted an application for the extension of credit before receiving the negotiable instrument. An individual who is sent a negotiable instrument in violation of this bill is not liable for the amount of the negotiable instrument unless the individual actually receives and negotiates it. A creditor who violates the bill’s provisions is guilty of a misdemeanor and subject to a fine not exceeding \$500. For the purpose of this bill, creditor is defined as a person who engages in whole or in part in the business of making loans or other extensions of credit for personal, family, or household purposes.

Fiscal Summary

State Effect: Potential minimal impact. General fund revenues could increase under the bill’s monetary penalty provisions for those cases heard in the District Court, depending upon the number of convictions and fines imposed. Assuming that the Consumer Protection Division receives fewer than 50 complaints as a result of this bill, any additional workload could be absorbed within existing resources.

Local Effect: None.

Small Business Effect: None.

Information Source: Attorney General’s Office (Consumer Protection Division)

Fiscal Note History:

First Reader - February 11, 1998

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Analysis by: Jo Ellan Jordan

Reviewed by: David F. Roose

Direct Inquiries to:

John Rixey, Coordinating Analyst

(410) 841-3710

(301) 858-3710