

Department of Legislative Services  
Maryland General Assembly

FISCAL NOTE

House Bill 799 (Delegate Rosenberg)

Economic Matters

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**Commercial Law - Consumer Protection - Check Cashing Service**

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This bill authorizes a person to offer a “check cashing service” in the course of its business if the service is incidental to its primary commercial activity. A check cashing service is defined as cashing checks for a fee, which does not include any transaction where the customer presents a check for the exact amount of the purchase.

A person who offers a check cashing service must: (1) display a notice to the public stating the maximum charges for the service; (2) endorse its name on the check before depositing the instrument in a financial institution; and (3) take specified measures to verify the identity of the customer presenting the check for payment. A person may cash a check made payable only to a natural person as payee, unless the person previously obtained appropriate documentation from a payee that explicitly grants authority to the individual cashing the instrument to do so on behalf of the payee.

Failure to comply with the provisions of this bill is an unfair and deceptive trade practice.

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**Fiscal Summary**

**State Effect:** Any cost recovery by the Attorney General resulting from actions brought under the unfair and deceptive trade practices provisions is indeterminate. Assuming that the Consumer Protection Division receives fewer than 50 complaints as a result of this bill, any additional workload could be handled with existing budgeted resources.

**Local Effect:** None.

**Small Business Effect:** Potential meaningful effect.

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**Fiscal Analysis**

**Small Business Effect:** To the extent that the check cashing service is incidental to the small business's primary commercial activity, the business would experience an increase in expenditures in order to maintain identification records for each transaction and comply with the disclosure requirements.

Small businesses could not offer check cashing services as their primary commercial activity. Those that do would have to significantly alter their current business practices or go out of business.

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

**Fiscal Note History:** First Reader - March 11, 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