

Department of Legislative Services
 Maryland General Assembly
 1999 Session

FISCAL NOTE

House Bill 946 (Delegate Bobo. *et al.*)

Economic Matters

Commercial Law - Consumer Protection - Check Cashing Service

This bill requires a person who engages in check cashing services to register with the Division of Consumer Protection of the Office of the Attorney General. The bill (1) specifies the application requirements and procedures for registration; (2) permits the division to deny an applicant’s registration request if it determines that the applicant has been convicted of a felony involving moral turpitude; (3) provides a two-year registration period; (4) provides limitations on the fees that may be charged for check cashing services; (5) requires registrants to maintain records necessary to determine that the registrant is complying with the bill’s requirements and to make those records available to the division upon request; (6) authorizes the Attorney General to initiate a civil action against violators not to exceed \$1,000 for the first offense and \$5,000 for a second offense; and (7) provides that a person who has violated the bill’s provisions twice, and who within ten years violates the bill’s provisions again, is guilty of a misdemeanor punishable by imprisonment not exceeding 6 months and/or a fine not exceeding \$5,000.

The bill authorizes the division to charge (1) a nonrefundable investigation fee in an amount not to exceed \$250; (2) a biannual renewal fee not to exceed \$500; and (3) additional renewal fees of \$50 for each location in which the registrant does business or \$5,000 to register all of its locations for a two-year period.

Fiscal Summary

State Effect: General fund expenditures could increase by \$131,500 in FY 2000. Out-year expenditure projections reflect annualization and inflation. General fund revenues would increase by an indeterminate amount depending on the number of check cashing service providers located in the State. Minimal increase in general fund revenues and expenditures due to the bill’s penalty provisions.

(in dollars)	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
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GF Revenues	-	-	-	-	-
GF Expenditures	\$131,500	\$162,900	\$168,900	\$175,100	\$181,500
Net Effect	-	-	-	-	-

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - =indeterminate effect

Local Effect: Minimal increase in revenues and expenditures due to the bill’s penalty provisions.

Small Business Effect: Potential meaningful. It is assumed that many check cashing service providers are small businesses. These small businesses could be required to pay a \$250 investigation fee, a \$500 biannual registration renewal fee, and additional renewal fees of \$50 for each location in which the registrant does business or \$5,000 to register all of its locations.

Fiscal Analysis

State Revenues: The number of check cashing service providers in Maryland is unknown but assumed to be significant. The bill authorizes the division to charge (1) a nonrefundable investigation fee not to exceed \$250; (2) a biannual renewal fee not to exceed \$500; and (3) additional renewal fees of \$50 for each location in which the registrant does business or \$5,000 to register all of its location for a two-year period. As a result, general fund revenues would increase by an indeterminate amount depending on the number of check cashing service providers in the State and the number of locations that each provider maintains.

State Expenditures: Based on the division’s experience with health club regulation, general fund expenditures could increase by an estimated \$131,500 in fiscal 2000, which accounts for the bill’s October 1, 1999 effective date. This estimate reflects the cost of hiring an Assistant Attorney General and an investigator to check criminal backgrounds of the applicants and bring enforcement actions against check cashing services that have failed to register or have otherwise violated the law. The division would also need to hire a legal secretary and a supervisor to administer the registration process. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Salaries and Fringe Benefits	\$119,600
Operating Expenses	<u>11,900</u>
Total FY 2000 State Expenditures	\$131,500

Future year expenditures reflect (1) full salaries with 3.5% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

Information Source: Office of the Attorney General (Consumer Protection Division)

Fiscal Note History: First Reader - March 8, 1999

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