

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE

House Bill 524 (Delegate Bobo. *et al.*)

Commerce and Government Matters

Banking Institutions - Basic Banking Accounts and Basic Share Draft Accounts

This bill requires “banking institutions” to offer basic banking accounts or basic share draft accounts. As a condition for opening the account, the banking institution must require an account holder to agree not to maintain another consumer transaction account, with certain exceptions. Account holders who violate the agreement required by the bill are subject to a fine of up to \$500.

Fiscal Summary

State Effect: Potential minimal increase in general fund revenues due to the bill’s penalty provision. No effect on expenditures.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: This bill requires “banking institutions” to offer basic banking accounts or basic share draft accounts whereby the initial deposit required for opening the account may not exceed \$25 and the institution may not require a minimum balance. The bill establishes other specified rules, conditions, and terms for such accounts, including that an institution may not charge more than \$3 per periodic cycle (28 to 31 days) to maintain the account and that a financial institution may charge an account holder for transactions at automated teller machines not operated by the banking institution as long as the charge does not exceed the amounts charged to other consumers for similar transactions.

Banking institutions may require low cost banking applicants or account holders to: (1) be

State residents; (2) provide the same information required of other “consumer transaction accounts; or (3) arrange for direct deposit.

As a condition for opening the account, the banking institution must require an account holder to agree not to maintain another consumer transaction account, with certain exceptions. The bill requires that the agreement between the banking institution and the account holder be in writing. Account holders who violate the agreement required by the bill are subject to a fine of up to \$500.

Banking institutions may apply to the Commissioner of Financial Regulation for approval to offer alternative accounts if their actual costs exceed the charges they are authorized to impose. The bill specifies information that must be contained in such an application and requires the Commissioner to consider certain conditions.

Current Law: No provision of law requires banking institutions to offer basic, low initial deposit accounts.

Background: In a recent survey, the Commissioner for Financial Regulation found that a majority of banking institutions offer some form of basic banking services.

Additional Information

Prior Introductions: Substantially similar bills were introduced in the 1999 and 1998 sessions. HB 952 of 1999 and HB 1147 of 1998 received unfavorable reports from the House Commerce and Government Matters Committee.

Cross File: None.

Information Source(s): Department of Labor, Licensing, and Regulation (Commissioner of Financial Regulation); Department of Legislative Services

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drg/jr

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