

Department of Legislative Services
Maryland General Assembly
2002 Session

FISCAL NOTE

House Bill 830 (Delegate Sophocleus, *et al.*)
Commerce and Government Matters

Finance

Banking Institutions - Truncated Accounts

This bill repeals the provisions requiring a banking institution that offers truncated checking accounts to: (1) also offer customers a checking account plan that provides for the return of canceled checks on a monthly basis; and (2) inform a customer who opens a truncated account of the length of time that the banking institution intends to retain the original canceled checks. The bill requires a banking institution, upon written request of a customer with a truncated account, to return at no cost to the customer: (1) any check that the customer requires for tax audits or litigation; and (2) a maximum of two checks per month in all other instances. The bill authorizes a banking institution to return a facsimile in lieu of a check. The bill defines a "truncated account" as a checking, negotiable order of withdrawal, or similar deposit account for which the original checks drawn on the account are not returned to the customer on a regular basis.

The bill is effective June 1, 2002.

Fiscal Summary

State Effect: Enforcement could be handled with the existing budgeted resources of the Division of Financial Regulation.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: A banking institution that offers truncated checking accounts must also offer its customers a checking account plan that provides for the return of canceled

checks on a monthly basis. When a customer opens a truncated account, the banking institution must inform the customer of the length of time that the banking institution intends to keep the original canceled checks. When a customer elects not to receive canceled checks on a regular basis, the institution must return, upon a customer's request, any check or check facsimile that the customer requires for tax audits or litigation at no cost to the customer. In all other instances, the institution must provide a minimum of two checks or check facsimiles per month at no cost to the customer.

Additional Information

Prior Introductions: None.

Cross File: SB 385 (Senator Astle) - Finance.

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

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