

Department of Legislative Services
Maryland General Assembly
2002 Session

FISCAL NOTE

House Bill 182
Economic Matters

(Delegates Mitchell and Crouse)

Judicial Proceedings

Commercial Law - Dishonored Instruments - Notice of Dishonor

This bill authorizes the holder of a dishonored check or other instrument, as an alternative to obtaining a certificate of mailing from the U.S. Postal Service, to execute an affidavit that attests to the mailing of a dishonor notice.

Fiscal Summary

State Effect: Potential efficiency savings for the State as holder of dishonored checks.

Local Effect: Potential efficiency savings for local governments as holders of dishonored checks.

Small Business Effect: Minimal.

Analysis

Current Law: When a check or other instrument has been dishonored by nonacceptance or nonpayment and has not been paid within ten days, the holder to whom the instrument was issued or negotiated may send a notice of dishonor to the maker or drawer.

The holder may seek damages in the District Court of Maryland if the check or other instrument has not been paid within 30 days after a notice of dishonor has been sent by mail to the last known address of the maker or drawer. The holder must obtain a certificate of mailing from the U.S. Postal Service for each notice sent. As damages, the maker or drawer of a dishonored instrument is liable for: (1) the amount of the check or

instrument; (2) a collection fee of up to \$35; and (3) up to twice the amount of the check, limited to \$1,000.

Background: Chapter 579 of 2001 increased the amount of the collection fee, from \$25 to \$35, for which the maker or drawer of a dishonored check is liable.

Additional Information

Prior Introductions: None.

Cross File: SB 119 (Senator Baker) – Judicial Proceedings.

Information Source(s): Office of the Attorney General (Consumer Protection Division), Department of Legislative Services

Fiscal Note History: First Reader - January 24, 2002
ncs/jr

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