

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE
Revised

House Bill 117
Economic Matters

(Delegate Love, *et al.*)

Finance

Banking Institutions - Truncated Accounts

This bill repeals 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 the 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, litigation, or campaign finance reporting compliance; 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 specifies circumstances under which a banking institution must return a customer's original check or a facsimile of the customer's original 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 January 1, 2004.

Fiscal Summary

State Effect: Enforcement could be handled with the existing budgeted resources of the Commissioner 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: Identical bills, SB 385 and HB 830, were introduced during the 2002 session. SB 385 received an unfavorable report from the Senate Finance Committee. HB 830 passed third reading in the House. It was heard in the Senate Finance Committee but was not reported from the committee.

Cross File: SB 160 (Senator Astle) – Finance.

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

Fiscal Note History: First Reader - February 6, 2003
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