

**Department of Legislative Services**  
Maryland General Assembly  
2004 Session

**FISCAL AND POLICY NOTE**

House Bill 390  
Economic Matters

(Delegate Murray, *et al.*)

---

**Commercial Law - Open End Retail Credit Accounts and Revolving Credit Plans  
- Late Payment Charges**

---

This bill establishes a limit on the amount of a late payment charge a seller or financial institution may charge on an open end retail credit account equal to the lesser of \$25 or the amount of the outstanding balance. The bill also establishes a limit for revolving credit plans on the amount of a late or delinquency charge on payments or portions of payments that a credit grantor may charge equal to the lesser of \$25 or the amount of the payments or portions of payments.

---

**Fiscal Summary**

**State Effect:** Enforcement could be handled with the existing budgeted resources of the Commissioner of Financial Regulation and the Office of the Attorney General.

**Local Effect:** None.

**Small Business Effect:** Minimal.

---

**Analysis**

**Current Law:** An open end retail credit account is an account in which the finance charge is assessed on the outstanding balances from month to month. A seller or financial institution, for an open end account, may assess either, but not both: (1) a finance charge equal to the rate of interest charged on past due accounts as provided in the agreement; or (2) a late charge. No limit is prescribed on the amount of the late charge.

A revolving credit plan is a plan that contemplates the extension of credit under an account governed by an agreement between a credit grantor and a borrower under which: (1) the credit grantor permits the borrower and, if the agreement permits, persons acting on the borrower's behalf or with the borrower's authorization to make purchases or obtain loans; (2) the amounts of purchases and loans are charged to the borrower's account; (3) the borrower is required to pay the credit grantor the amounts of all purchases and loans charged to the borrower's account but has the privilege of paying amounts periodically as agreed; and (4) the credit grantor may charge and collect interest or finance charges on amounts due under the plan. If the agreement governing a revolving credit plan permits, a credit grantor may, for any borrower including a consumer borrower, impose: (1) a late fee or delinquency charge on payments or portions of payments; and (2) a charge of up to \$15 if payment is made with a check that is dishonored on the second presentment. Again, no limit is prescribed on the amount of the late charge.

---

### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Labor, Licensing, and Regulation; Office of the Attorney General (Consumer Protection Division); Department of Legislative Services

**Fiscal Note History:** First Reader - February 16, 2004  
mam/mdr

---

Analysis by: Ryan Wilson

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510