HB 720

Department of Legislative Services

Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE
Revised

House Bill 720 (Delegate Menes)

Economic Matters Finance

Consumer Reporting Agencies - Satisfaction or Dismissal of Liens

This bill requires a unit of State government, within a reasonable period after notifying the circuit court clerk in the county where the property is located that a lien has been satisfied or dismissed, to notify each consumer reporting agency regulated by the Commissioner of Financial Regulation, in writing or by electronic transmission, of the satisfaction or dismissal.

Fiscal Summary

State Effect: Special fund expenditures could increase by approximately $73,600 in FY 2005 reflecting one-time computer reprogramming costs, additional administrative expenses, and the October 1 effective date, to cover the cost of processing the notices by the Central Collection Unit (CCU) in the Department of Budget and Management. Future year costs reflect annualization and growth.

(in dollars)	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Revenues	$0	$0	$0	$0	$0
SF Expenditure	73,600	67,700	72,100	77,000	82,300
Net Effect	($73,600)	($67,700)	($72,100)	($77,000)	($82,300)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: A consumer reporting agency generally may not make a consumer report containing information on paid tax liens that antedate the report by more than seven years. The prohibition does not apply to a consumer credit report to be used in connection with: (1) a credit transaction involving, or that reasonably may be expected to involve, a principal amount of at least $50,000; (2) the underwriting of life insurance involving, or that reasonably may be expected to involve, a face amount of at least $50,000; or (3) the employment of an individual that equals, or that reasonably may be expected to equal, at least $20,000.

A consumer reporting agency must follow reasonable procedures to assure maximum possible accuracy of the information about the individual about whom a consumer report it prepares relates.

State Fiscal Effect: CCU is responsible for collecting delinquent debts owed to the State, including student loans and tuitions, public assistance and food stamp overpayments, damage to State property, and workers' compensation premiums. There are various instances in which the State, through CCU, may impose a lien to collect a debt. Sending the release and satisfaction notices would significantly increase CCU's workload. CCU is self-supporting, with its own special fund, and imposes a 17% fee on most debt referrals to cover its costs. Special fund expenditures could increase by an estimated $73,600 in fiscal 2005, which accounts for the bill's October 1, 2004 effective date. This estimate reflects the cost of hiring two office clerks to enter data and send electronic notices to the consumer reporting agencies. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

One-time Computer Reprogramming	$15,000
Salaries and Fringe Benefits	48,500
Other Operating Expenses	10,100
Total FY 2005 State Expenditures	**$73,600**

Future year expenditures reflect: (1) full salaries with 4.6% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Judiciary (Administrative Office of the Courts), Comptroller's Office, Department of Budget and Management, Department of Legislative Services

Fiscal Note History:	First Reader - February 16, 2004
lc/mdr	Revised - House Third Reader - April 1, 2004

Analysis by: Ryan Wilson

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