

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE
Revised

House Bill 747

(Delegate Glassman)

Economic Matters

Finance

Consumer Protection - Prizes and Awards Conditioned on Purchase or Sales
Promotion

This bill increases the civil penalty under the Maryland Consumer Protection Act, from \$1,000 to \$5,000, for an initial violation of the general prohibition against notifying another person, as part of an advertising scheme or plan, that the other person has won a prize, received an award, or has been selected or is eligible to receive anything of value if the other person is required to purchase goods or services, pay money to participate in, or submit to a sales promotion effort. The bill imposes an enhanced penalty, up to \$10,000 for each violation, on a merchant whose violation involves an individual who is at least 65 or is disabled.

Fiscal Summary

State Effect: Assuming that the Consumer Protection Division of the Attorney General's Office receives fewer than 50 complaints per year stemming from this bill, any additional workload could be handled with existing resources.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: Under the Consumer Protection Act, with limited exceptions, a person may not, as part of an advertising scheme or plan, that the other person has won a prize, received an award, or has been selected or is eligible to receive anything of value if the

other person is required to purchase goods or services, pay money to participate in, or submit to a sales promotion effort.

A merchant who violates the Act is subject to a civil penalty of up to \$1,000 for the first violation and up to \$5,000 for subsequent violations.

Background: A person may not directly or indirectly barter, sell, or trade or offer by publication or in any other manner to barter, sell, or trade goods or merchandise, in a package or in bulk, in exchange for a scheme or device constituting a gift enterprise. Violation is a misdemeanor, and violators are subject to a fine of at least \$50 for each violation.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - February 16, 2004
mh/mdr Revised - House Third Reader - March 25, 2004

Analysis by: Ryan Wilson

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