

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

**FISCAL AND POLICY NOTE**

House Bill 927 (Delegate Menes)  
Economic Matters

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**Commercial Law - Consumer Protection - Consumer Reports**

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This bill prohibits a merchant, prior to the execution of a contract with a consumer for the purchase of consumer goods or services, from requesting a consumer report on the consumer from a consumer reporting agency unless: (1) the merchant notifies the consumer that a request for a consumer report may have a negative effect on future credit reports about the consumer; and (2) the consumer provides written authorization to request the report. Violation of the bill is an unfair or deceptive trade practice.

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**Fiscal Summary**

**State Effect:** Assuming that the Consumer Protection Division 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.

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**Analysis**

**Current Law:** The Consumer Protection Division in the Office of the Attorney General is responsible for pursuing unfair and deceptive trade practice claims under the Maryland Consumer Protection Act. The division may attempt conciliation, issue cease and desist orders, or seek action in court, including an injunction, to enforce the Act. Violators of the Act are also subject to criminal and civil penalties.

**Background:** A credit inquiry is an item on a credit report that shows a business with a “permissible purpose” (as defined under the federal Fair Credit Reporting Act) has previously requested a copy of the report. When an individual applies for a mortgage, auto loan, or other credit, the individual authorizes the lender to request a copy of the individual’s credit report. These types of inquiries appear on an individual’s credit report and are included in computing the individual’s credit score, which is used to assess an individual’s credit worthiness.

An individual’s own credit report requests, credit checks made by businesses to offer unsolicited goods or services, or inquiries made by businesses with whom an individual already has a credit account do not count toward one’s credit score. Credit checks by prospective employers also do not count. These types of inquiries may appear on an individual’s credit report, but they are not included in computing one’s score.

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### **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 - March 8, 2004  
mh/mdr

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