

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE

Senate Bill 747

(Senator Kelley)

Finance

Economic Matters

Financial Institutions - Certificates of Deposit - Claims for Payment

This bill establishes an alternative method for computing the time by which an action to enforce the obligation of a party to a certificate of deposit (CD) must be commenced.

The bill takes effect June 1, 2006 and applies to all certificates of deposit in existence on or after that date.

Fiscal Summary

State Effect: Altering the time period for bringing an action would not materially affect the caseload of the Judiciary.

Local Effect: See above.

Small Business Effect: Minimal.

Analysis

Bill Summary: An action to enforce the obligation of a depository institution to pay all or part of the balance of a CD must be commenced by the earlier of the current time or the time specified under the bill. As an alternative, the action must be filed six years after the later of: (1) the CD's maturity date; (2) the CD's due date; (3) the date of the last written communication from the depository institution recognizing its obligation to pay the CD; or (4) the last day of the taxable year for which a person identified in the CD last reported interest income earned on a federal or State income tax return.

An action to enforce an automatically renewing CD must be commenced by the later of: (1) six years after the events described earlier; or (2) one year after June 1, 2006 (June 1, 2007).

Current Law: An action to enforce the obligation of a party to a CD to pay the instrument must be commenced within six years after demand for payment is made to the maker. If the instrument states a due date and the maker is not required to pay before that date, the six-year period begins when a demand for payment is in effect and the due date has passed.

Additional Information

Prior Introductions: None.

Cross File: HB 959 (Delegate Minnick, *et al.*) – Economic Matters.

Information Source(s): Department of Labor, Licensing and Regulation; Judiciary (Administrative Office of the Courts); Department of Legislative Services

Fiscal Note History: First Reader - February 26, 2006
ncs/ljm

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