

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE

House Bill 574
Economic Matters

(Delegate Conaway)

Consumer Protection - Free Trial Period for Consumer Goods and Services Sold
Over the Internet - Charges to Credit Card

This bill prohibits a person that sells consumer goods or consumer services over the Internet and provides a trial period during which a consumer may use the goods or services for free from automatically charging the consumer's credit card for the goods or services at the expiration of the free trial period. The seller has to require the consumer to resubmit the consumer's credit card information before charging the consumer's credit card for the continued use of the goods or services. Violation is an unfair or deceptive trade practice under the Maryland Consumer Protection Act and is subject to the Act's enforcement and penalty provisions.

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.

Analysis

Current Law: Activities governed by the bill are not currently regulated.

The Consumer Protection Division within the Office of the Attorney General is responsible for pursuing unfair and deceptive trade practice claims under the Maryland Consumer Protection Act. Upon receiving a complaint, the division must determine whether there are “reasonable grounds” to believe that a violation of the Act has occurred. Generally, if the division does find reasonable grounds that a violation has occurred, the division must seek to conciliate the complaint. The division may also issue cease and desist orders, or seek action in court, including an injunction or civil damages, to enforce the Act. Violators of the Act are subject to: (1) civil penalties of \$1,000 for the first violation and \$5,000 for subsequent violations; and (2) criminal sanction as a misdemeanor, with a fine of up to \$1,000 and/or up to one year’s imprisonment.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - February 20, 2007
ncs/jr

Analysis by: T. Ryan Wilson

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