

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE

House Bill 385 (Delegate Conaway)
Economic Matters

Consumer Protection - Contracts for Consumer Goods or Services - Delayed Payment

This bill requires a consumer contract that allows a consumer to delay payment of, or interest on, the purchase price of consumer goods or services to state clearly the date on which the interest begins to accrue. A violation of the bill is an unfair or deceptive trade practice under the Maryland Consumer Protection Act and is subject to the enforcement and penalty provisions of that Act.

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. Any cost recovery by the Attorney General resulting from actions brought under the Consumer Protection Act cannot be quantified beforehand.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: The contents of a consumer contract of the type regulated by the bill are not specifically regulated.

Under the Consumer Protection Act, an unfair or deceptive trade practice may include any false, falsely disparaging, or misleading oral or written statement, visual description, or other representation of any kind that has the capacity, tendency, or effect of deceiving or misleading consumers. Unfair or deceptive trade practices also include failure to state a material fact if the failure deceives or tends to deceive. Under the Act, a person may not engage in any unfair or deceptive trade practice in: (1) the sale, lease, rental, loan, or bailment of any consumer goods, consumer realty, or consumer services; (2) the offer for sale, lease, rental, loan, or bailment of consumer goods, consumer realty, or consumer services; (3) the extension of consumer credit; or (4) the collection of consumer debts.

The Consumer Protection Division within the Office of the Attorney General is responsible for pursuing unfair and deceptive trade practice claims under the 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): Office of the Attorney General (Consumer Protection),
Department of Legislative Services

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ncs/jr

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