

Department of Legislative Services  
Maryland General Assembly  
2009 Session

FISCAL AND POLICY NOTE

House Bill 1294 (Delegate Ali)  
Economic Matters

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Credit and Debit Card Fraud Prevention Act

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This bill requires a person who accepts payments in person by credit card or debit card to require the cardholder to produce a government-issued photo identification card for purchases of \$500 or more. A person may be subject to a civil penalty up to \$100 for each violation.

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Fiscal Summary

**State Effect:** Potential minimal increase in general fund revenues due to the bill's civil penalty provision. If the Consumer Protection Division of the Office of the Attorney General receives fewer than 50 complaints per year stemming from the bill, the additional workload can be handled with existing resources.

**Local Effect:** The bill does not affect local finances or operations.

**Small Business Effect:** Potential minimal.

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Analysis

**Background/Current Law:** *Visa's Rules for Merchants – Card Acceptance and Chargeback Management Guidelines* outlines the terms that U.S. merchants agree to as a condition of accepting Visa cards as a method of payment. Visa does not preclude merchants from asking for cardholder identification. However, a merchant may not make the production of photo identification a condition of acceptance. Thus, a merchant cannot refuse to complete a purchase transaction because a cardholder refuses to provide photo identification.

Under the Contracts Clause of the U.S. Constitution and corresponding decisions by the U.S. Supreme Court, new laws generally may not be created that substantially impair an already existing private contractual relationship.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Office of the Attorney General (Consumer Protection Division); Judiciary (Administrative Office of the Courts); Department of Labor, Licensing, and Regulation; Department of Legislative Services

**Fiscal Note History:** First Reader - March 9, 2009  
mcp/ljm

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