

Department of Legislative Services  
Maryland General Assembly  
2009 Session

FISCAL AND POLICY NOTE

House Bill 1579 (Delegate Conaway)  
Rules and Executive Nominations

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**Consumer Protection - Credit and Debit Cards - Prohibition on Charging Fees**

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This bill prohibits a person that issues a credit card or debit card to a consumer in the State from charging any fees, except for interest allowed by law. Violation of the bill is an unfair or deceptive trade practice under the Maryland Consumer Protection Act (MCPA), subject to MCPA's civil and criminal penalty provisions.

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**Fiscal Summary**

**State Effect:** Potential minimal increase in general fund revenues and expenditures due to the bill's imposition of existing penalty provisions. 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:** Potential minimal increase in revenues and expenditures due to the bill's imposition of existing penalty provisions.

**Small Business Effect:** Minimal.

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**Analysis**

**Current Law:** An "open end retail credit account" is an account in which the finance charge is assessed on the outstanding balances from month to month. In an open end retail credit account, the charges each month depend upon the unpaid balance in the account. The maximum finance charge is 2% per month. If the interest rate increases, the borrower only pays the increased rate on purchases or loans made after the increase. A seller or financial institution, for an open end account, may assess either, but not both (1) a finance charge equal to the rate of interest charged on past due accounts as provided

in the agreement; or (2) a late charge. No limit is prescribed on the amount of the late charge.

An unfair or deceptive trade practice under MCPA includes any false, falsely disparaging, or misleading oral or written statement, visual description, or other representation of any kind which has the capacity, tendency, or effect of deceiving or misleading consumers. The prohibition against engaging in any unfair or deceptive trade practice encompasses the offer for or actual sale, lease, rental, loan, or bailment of any consumer goods, consumer realty, or consumer service; the extension of consumer credit; and the collection of consumer debt.

The Consumer Protection Division is responsible for enforcing MCPA and investigating the complaints of aggrieved consumers. The division may attempt to conciliate the matter, hold a public hearing, seek an injunction, or bring an action for damages. A merchant who violates MCPA is subject to a fine of up to \$1,000 for the first violation and up to \$5,000 for each subsequent violation. In addition to any civil penalties that may be imposed, any person who violates MCPA is guilty of a misdemeanor and, on conviction, is subject to a fine of up to \$1,000 and/or imprisonment for up to one year.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Labor, Licensing, and Regulation; Department of Legislative Services

**Fiscal Note History:** First Reader - April 11, 2009  
ncs/ljm

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