

Department of Legislative Services  
Maryland General Assembly  
2013 Session

FISCAL AND POLICY NOTE

House Bill 878  
Economic Matters

(Delegate V. Turner, *et al.*)

Finance

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Consumer Protection - Store Credit Cards for Rebates and Returned  
Merchandise - Required Notice

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This bill prohibits a merchant from requiring a consumer to accept a store credit card, instead of cash, a check, or a credit to the consumer's credit or debit card account, for a rebate or returned merchandise unless the merchant provides a specified notice. The notice must be displayed at the point of sale of the merchandise and clearly and conspicuously disclose to the consumer the merchant's rebate and returned merchandise policy.

Violation of the bill is an unfair or deceptive trade practice under the Maryland Consumer Protection Act (MCPA), subject to MCPA's civil penalty provisions.

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**Fiscal Summary**

**State Effect:** The bill's imposition of existing penalty provisions does not have a material impact on State finances or operations. 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's imposition of existing penalty provisions does not have a material impact on local government finances or operations.

**Small Business Effect:** Minimal.

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## Analysis

**Bill Summary:** The bill defines “store credit card” as a device constructed of paper, plastic, or any other material that (1) is issued as store credit for a rebate or returned merchandise by a single merchant or an affiliated group of merchants that share the same name, mark, or logo and (2) may be used only to purchase merchandise at the store of the issuing merchant or affiliated group of merchants that share the same name, mark, or logo.

**Current Law:** An unfair or deceptive trade practice under MCPA includes, among other acts, 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 services; the extension of consumer credit; the collection of consumer debt; or the offer for or actual purchase of consumer goods or consumer realty from a consumer by a merchant whose business includes paying off consumer debt in connection with the purchase of any consumer goods or consumer realty from a consumer.

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.

**Background:** In 2010, legislation was introduced, but did not pass, in the state of New Jersey that prohibited a retail mercantile establishment from advertising merchandise for sale indicating availability of a rebate redeemable as a gift card, gift certificate, prepaid bank card, or store gift card. The bill contained an exception if the merchant disclosed that the rebate was available *only* as a gift card, gift certificate, prepaid bank card, or store gift card.

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## Additional Information

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Office of the Attorney General (Consumer Protection Division),  
State of New Jersey, Department of Legislative Services

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mc/kdm

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Analysis by: Michael F. Bender

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