

Department of Legislative Services
 Maryland General Assembly
 2014 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 508

(Senator Currie, *et al.*)

Finance

Health and Government Operations

**Office of the Attorney General - Establishment of a Consumer Affairs Satellite
 Office in Prince George's County**

This bill requires the Office of the Attorney General (OAG) to establish a consumer affairs satellite office in Prince George’s County by October 1, 2014. In determining where to locate the office, the bill requires OAG to give priority to a site that is centrally located in the Washington metropolitan area.

OAG must report to the Governor and the General Assembly on the operations of the consumer affairs satellite office, including the number of consumers served, by December 31, 2014.

The bill takes effect June 1, 2014.

Fiscal Summary

State Effect: General and special fund expenditures for the Consumer Protection Division of OAG increase by at least \$168,000 in FY 2015 to handle additional consumer complaints, supervise volunteers and interns, and provide administrative support, as it is assumed that the staff functions required by the bill begin in FY 2015 rather than FY 2014. The FY 2015 budget provides \$136,751 in special funds to establish the office, contingent on enactment of HB 480 (the cross file to this bill). Future year expenditures reflect general fund expenditures and the elimination of one-time-only costs and inflation. Revenues are not affected.

(in dollars)	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	31,200	178,600	186,400	194,500	203,000
SF Expenditure	136,800	0	0	0	0
Net Effect	(\$168,000)	(\$178,600)	(\$186,400)	(\$194,500)	(\$203,000)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

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

Small Business Effect: None.

Analysis

Current Law: The Consumer Protection Division is responsible for enforcing the Maryland Consumer Protection Act (MCPA) and investigating the consumer complaints of any unfair and deceptive trade practices. The division may attempt to conciliate a matter, hold a public hearing, seek an injunction, or bring an action for damages.

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.

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 addition to its main office in Baltimore City, OAG currently has small satellite offices in Hagerstown, Leonardtown, and Salisbury. These offices are not staffed by lawyers. These satellite offices are intended to broaden the reach of OAG to better serve the consumer protection needs of people from those areas of the State. However, OAG currently has no satellite office in the Washington metropolitan area. The *Joint Chairmen's Report* for the 2012 session required OAG to report on the potential development of a satellite office in the Washington metropolitan area.

OAG reports that citizens currently living in southern Prince George's County who wish to file a consumer protection complaint in person must travel up to two hours to Baltimore City.

State Fiscal Effect: OAG advises that three additional staff is necessary to handle the activities of the satellite office. The Department of Legislative Services (DLS) concurs.

General and special fund expenditures increase by \$167,954 in fiscal 2015, which accounts for a three-month delay after the bill's June 1, 2014 effective date. The fiscal 2015 budget provides \$136,751 in special funds to establish the office, contingent on the enactment of HB 480. This analysis assumes general funds are required for additional expenses associated with the office in fiscal 2015 and future years. Although the bill requires OAG to establish the office by October 1, 2014, the estimate assumes that the staff is hired and the office is opened slightly sooner – by September 1, 2014 – so that OAG is more adequately prepared to report on the office's operations in December 2014.

This estimate reflects OAG's request for three contractual employees – two administrative officers and one support position – to oversee the consumer complaint process, supervise volunteers, and provide administrative support. As nearly one-third of the State's population resides in Montgomery and Prince George's counties, the volume of consumer complaints may be significant. Additionally, one of OAG's stated reasons for opening a satellite office is to expand the pool of volunteers and interns, and the number of volunteers and interns may be large given the proximity to Washington, DC. Three staff is comparable to the staff levels at other OAG satellite offices.

Contractual Positions	3
Salaries and Fringe Benefits	\$153,400
Other Operating Expenses	<u>14,554</u>
Total State FY 2015 Expenditures	\$167,954

Future year expenditures reflect full salaries, annual increases, and employee turnover as well as annual increases in ongoing operating expenses.

This estimate does not include any health insurance costs that could be incurred for specified contractual employees under the State's implementation of the federal Patient Protection and Affordable Care Act.

OAG advises that suitable county-owned office space has been located and can be available at no cost to the State; based on this information, renovation and rental expenditures have not been included in this fiscal estimate.

Additional Information

Prior Introductions: SB 234 of 2013 passed the Senate and was heard by the House Health and Government Operations Committee but received no further action.

Cross File: HB 480 (Delegate Davis, *et al.*) - Health and Government Operations.

Information Source(s): Office of the Attorney General (Consumer Protection Division),
Department of Budget and Management, Department of Legislative Services

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