

Department of Legislative Services
Maryland General Assembly
2016 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 529 (Delegate Glass)
Economic Matters

Consumer Protection - Required Disclosure of Social Security Number -
Prohibition

This bill prohibits a person from requiring a consumer to disclose the consumer's Social Security number (SSN) to the person as a condition for the purchase or lease of consumer goods or services. However, the bill does not prohibit a person from requesting or requiring a consumer to disclose the consumer's SSN to apply for or obtain an extension of consumer credit.

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.

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.

Analysis

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 that 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, issue a cease and desist order, or file a civil action in court. 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: According to a Congressional Research Service report, private-sector use of SSNs is widespread, with individuals asked to disclose SSNs for a wide array of activities, including taking out an insurance policy, checking into a hospital, applying for a store charge account, buying a car, setting up a utility account, or joining a club. An individual may refuse to provide the SSN, but the business may also then refuse to provide the goods or services. No federal law prohibits private businesses from requiring an individual's SSN as a condition of providing goods or services. However, some states have restricted private-sector use and solicitation of SSNs. Texas, for example, prohibits a business from requiring an individual's SSN in order to obtain goods or services, unless the business has a privacy policy and maintains the confidentiality of the SSN. Alaska also restricts the request, collection, sale, and sharing of SSNs by private parties, unless authorized by law and with limited exceptions. Similarly, according to *Consumer Reports*, Kansas, Maine, New Mexico, and Rhode Island also either restrict the solicitation of SSNs or prohibit denying goods and services to an individual who declines to give a SSN.

Additional Information

Prior Introductions: HB 416 of 2015 was withdrawn. HB 676 of 2014 was also withdrawn after receiving a hearing in the House Economic Matters Committee.

Cross File: None.

Information Source(s): Office of the Attorney General (Consumer Protection Division); Congressional Research Service; *Consumer Reports*; Department of Labor, Licensing, and Regulation; Department of Legislative Services

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