

HOUSE BILL 1647

12

8lr3002

By: **Delegates S. Howard, Rose, and Saab**

Introduced and read first time: February 9, 2018

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 13, 2018

CHAPTER _____

1 AN ACT concerning

2 **Commercial Law – Credit Card Processors – Service Agreements**

3 FOR the purpose of requiring a credit card processor to send a summary of a certain
4 services agreement to certain businesses; requiring a business to acknowledge a
5 certain services agreement by signing, dating, and returning a copy of the summary
6 of the services agreement to a certain credit card processor before entering into a
7 services agreement with the credit card processor; requiring the summary to include
8 certain information; requiring a credit card processor to provide a certain notice
9 regarding a services agreement renewal before a certain date; requiring the notice
10 to disclose certain information; authorizing the Commissioner of Financial
11 Regulation to take certain actions; establishing certain civil penalties for a violation
12 of this Act; providing for the application of this Act; defining certain terms; and
13 generally relating to credit card processors and service agreements.

14 BY adding to

15 Article – Commercial Law

16 Section 12–1401 through ~~12–1404~~ 12–1405 to be under the new subtitle “Subtitle 14.

17 Credit Card Processors”

18 Annotated Code of Maryland

19 (2013 Replacement Volume and 2017 Supplement)

20 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
21 That the Laws of Maryland read as follows:

22 **Article – Commercial Law**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 **(B) THE SUMMARY REQUIRED UNDER SUBSECTION (A) OF THIS SECTION**
2 **SHALL INCLUDE:**

3 **(1) THE INTEREST RATE AUTHORIZED UNDER THE SERVICES**
4 **AGREEMENT;**

5 **(2) THE AMOUNT AND PURPOSE OF EACH FEE, FINE, OR PENALTY**
6 **THAT THE CREDIT CARD PROCESSOR MAY CHARGE OR ASSESS UNDER THE SERVICES**
7 **AGREEMENT;**

8 **(3) THE EXPIRATION OF THE SERVICES AGREEMENT;**

9 **(4) THE SERVICES AGREEMENT RENEWAL DATE; AND**

10 **(5) THE NAME, TELEPHONE NUMBER, MAILING ADDRESS, AND**
11 **E-MAIL ADDRESS OF AN AUTHORIZED REPRESENTATIVE OF THE CREDIT CARD**
12 **PROCESSOR.**

13 **(C) (1) AT LEAST 90 DAYS BEFORE A BUSINESS ENTITY MUST CANCEL A**
14 **SERVICES AGREEMENT TO PREVENT AUTOMATIC RENEWAL OF THE AGREEMENT, A**
15 **CREDIT CARD PROCESSOR SHALL PROVIDE WRITTEN NOTICE TO THE BUSINESS**
16 **ENTITY THAT THE SERVICES AGREEMENT WILL AUTOMATICALLY RENEW.**

17 **(2) THE REQUIRED NOTICE UNDER PARAGRAPH (1) OF THIS**
18 **SUBSECTION SHALL DISCLOSE:**

19 **(I) THAT THE SERVICES AGREEMENT WILL AUTOMATICALLY**
20 **RENEW UNLESS THE BUSINESS ENTITY CANCELS THE AGREEMENT;**

21 **(II) THE DATE BY WHICH THE BUSINESS ENTITY MUST CANCEL**
22 **THE SERVICES AGREEMENT TO PREVENT THE AGREEMENT FROM RENEWING; AND**

23 **(III) PROCEDURES FOR CANCELING THE SERVICES AGREEMENT.**

24 ~~12-1403.~~ 12-1404.

25 **IF A COMPLAINT FOR A VIOLATION OF § 12-1402 OF THIS SUBTITLE IS FILED**
26 **WITH THE COMMISSIONER OF FINANCIAL REGULATION, THE COMMISSIONER MAY**
27 **INVESTIGATE THE COMPLAINT AND USE ANY OF THE INVESTIGATIVE AND**
28 **ENFORCEMENT POWERS PROVIDED UNDER TITLE 2, SUBTITLE 1 OF THE FINANCIAL**
29 **INSTITUTIONS ARTICLE.**

30 ~~12-1404.~~ 12-1405.

1 (A) A PERSON THAT VIOLATES § 12-1402 OF THIS SUBTITLE IS SUBJECT TO
2 A FINE NOT EXCEEDING ~~\$1,000~~ \$100 FOR EACH VIOLATION.

3 (B) A PERSON THAT HAS BEEN FOUND TO HAVE VIOLATED THIS SUBTITLE
4 AND THAT SUBSEQUENTLY REPEATS THE SAME VIOLATION IS SUBJECT TO A FINE OF
5 NOT MORE THAN ~~\$5,000~~ \$500 FOR EACH SUBSEQUENT VIOLATION.

6 (C) THE FINES PROVIDED FOR IN SUBSECTIONS (A) AND (B) OF THIS
7 SECTION ARE CIVIL PENALTIES AND ARE RECOVERABLE BY THE COMMISSIONER OF
8 FINANCIAL REGULATION IN A CIVIL ACTION OR AN ADMINISTRATIVE CEASE AND
9 DESIST ACTION UNDER § 2-115 OF THE FINANCIAL INSTITUTIONS ARTICLE.

10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
11 October 1, 2018.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.