SB 659

Department of Legislative Services

Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 659 (Senator Ready, *et al.*)
Finance

Consumer Protection - Electronic Funds Transfers - Regulations (Elder Fraud Prevention Act of 2025)

This bill requires the Commissioner of Financial Regulation to adopt consumer protection regulations consistent with those afforded consumers by the federal Electronic Funds Transfer Act (EFTA) of 1978 for financial institutions that initiate a domestic electronic funds transfer (EFT) as defined by EFTA. The bill applies to all financial institutions operating in the State, but if it is found to be inapplicable to federally charted financial institutions or financial institutions operating in the State that are charted outside of the State, it abrogates and ceases to carry any force.

Fiscal Summary

State Effect: General fund expenditures for the Office of Attorney General (OAG) increase by $93,400 only in FY 2026, reflecting the cost of hiring one contractual attorney. No effect on revenues.

(in dollars)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Revenues	$0	$0	$0	$0	$0
GF Expenditure	93,400	0	0	0	0
Net Effect	($93,400)	$0	$0	$0	$0

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

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law:

Electronic Funds Transfer Act, Generally

EFTA is intended to protect individual consumers engaging in EFT and remittance transfers. Key provisions of EFTA include limiting consumer liability for unauthorized EFTs, as specified (§ 1693g), mandating error resolution procedures for certain financial institutions (§ 1693f), and establishing civil and criminal liability for financial institutions under certain circumstances (§ 1693m).

Electronic Funds Transfer Act, Definition of "Electronic Transfer"

Section 1693a of EFTA defines "electronic fund transfer" as any transfer of funds, other than specified commercial paper, which is initiated through specified electronic means "so as to order, instruct, or authorize a financial institution to debit or credit an account." The term includes, among other things, point-of-service transfers, automated teller machine transactions, direct deposits or withdrawals of funds, and transfers initiated by telephone.

Regulation of Financial Services, Generally

The financial services industry in Maryland is regulated by the Office of Financial Regulation (OFR) within the Maryland Department of Labor and OAG's Securities Division. Under the direction and authority of the Commissioner of Financial Regulation, OFR regulates State-chartered and State-licensed financial institutions operating in Maryland. These include depository institutions such as Maryland-chartered banks, trust companies, bank holding companies, and credit unions, as well as nondepository entities such as money transmitters, check cashers, consumer lenders, sales finance companies, installment lenders, mortgage lenders, mortgage loan originators, credit services businesses, debt management services providers, debt settlement services providers, consumer reporting agencies, and collection agencies.

OFR's activities are set out in Titles 1 through 7, 11, and 12 of the Financial Institutions Article of the Annotated Code of Maryland. In addition, the office supervises certain activities found in Title 12 and Title 14 of the Commercial Law Article and Title 7 of the Business Regulation Article.

The mission of OFR is to ensure that the citizens of Maryland are able to conduct their financial transactions through safe, sound, and well-managed institutions that comply with Maryland law, while providing a flexible, yet sound regulatory environment that promotes fair competition, encourages innovative business development, and supports the economy of Maryland. OFR supervises the activities of the financial services industry through periodic on-site examinations and off-site monitoring programs. Additionally, OFR provides assistance to consumers by investigating complaints of questionable business practices involving State-chartered, licensed, and registered financial institutions under its supervision and authority.

State Regulation of Funds Transferred

Title 4A of the Maryland Uniform Commercial Code governs funds transfers. Generally, Title 4A does not apply to a funds transfer any part of which is governed by EFTA. In the event of an inconsistency between an applicable provision of Title 4A and an applicable provision of EFTA, the provision of EFTA governs.

State Expenditures: OAG advises that OFR currently receives support from three full-time, and one part-time assistant Attorneys General (AAGs) who serve as co-advice and litigation counsel. OAG advises that much of the work required to implement the requirements of the bill will directly relate to operations supported by AAGs supporting OFR, such as promulgating regulations, addressing preemptive challenges by national banks (and in the case of this bill, likely federal credit unions), and bringing enforcement actions to drive compliance with regulations. OAG advises the AAGs supporting OFR cannot handle these additional responsibilities with existing resources.

OAG has determined that two regular full-time AAGs are needed to implement this bill. However, according to OAG, the most significant impact of the bill will occur during the initial phase of implementation: developing, drafting, and enacting the required regulations. Therefore, the Department of Legislative Services advises that the added responsibilities incurred by this legislation are not permanent and, thus, may be performed by a contractual employee. Therefore, general fund expenditures increase by $93,407 in fiscal 2026, which accounts for the bill’s October 1, 2025 effective date. This estimate reflects the cost of hiring one contractual attorney to promulgate regulations. It includes a salary, fringe benefits, one-time start-up costs, and operating expenses.

Contractual Position	1.0
Salary and Fringe Benefits	$86,038
Operating Expenses	7,369
Total FY 2026 State Expenditures	**$93,407**

The contractual position terminates after the first year, so there are no out-year expenditures.

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.

Additional Comments: The Commercial Law Article, to which the bill is drafted, does not include a definition of "financial institution." Further, the bill does not define what constitutes a "domestic" EFT (*i.e.*, whether it includes a transfer from a domestic institution to one located outside of the United States).

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 332 (Delegates Stewart and Griffith) - Economic Matters.

Information Source(s): Maryland Department of Labor; Office of the Attorney General (Consumer Protection Division); Department of Legislative Services

Fiscal Note History: First Reader - February 4, 2025
js/mcr

Analysis by: Kayvon Samadani

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