

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE

House Bill 1011
Economic Matters

(Delegate Kach)

Consumer Protection - Advertisement of Rebate for Consumer Goods

This bill prohibits a merchant, under the Maryland Consumer Protection Act, from advertising the availability of a rebate for consumer goods by displaying the “net price” of the goods in the advertisement, unless the amount of the rebate is provided to the consumer by the merchant at the time of purchase. The bill does not require a merchant to provide the amount of a rebate for consumer goods to a consumer if the advertisement states that a rebate is available without displaying the net price. Under the bill, net price means the price a consumer would pay for the goods after redemption of the rebate offered.

Fiscal Summary

State Effect: Assuming that the Consumer Protection Division receives fewer than 50 complaints per year stemming from this bill, any additional workload could be handled with existing resources.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: The manner in which a merchant advertises the net price after a rebate is not specifically regulated. However, an unfair or deceptive trade practice under the Consumer Protection Act includes 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 Consumer Protection Division within the Office of the Attorney General is responsible for pursuing unfair and deceptive trade practice claims under the Maryland Consumer Protection Act. Upon receiving a complaint, the division must determine whether there are “reasonable grounds” to believe that a violation of the Act has occurred. Generally, if the division does find reasonable grounds that a violation has occurred, the division must seek to conciliate the complaint. The division may also issue cease and desist orders, or seek action in court, including an injunction or civil damages, to enforce the Act. Violators of the Act are subject to: (1) civil penalties of \$1,000 for the first violation and \$5,000 for subsequent violations; and (2) criminal sanction as a misdemeanor, with a fine of up to \$1,000 and/or up to one year’s imprisonment.

Additional Information

Prior Introductions: An identical bill, HB 852 of 2006, received an unfavorable report from the House Economic Matters Committee.

Cross File: None.

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

Fiscal Note History: First Reader - February 20, 2007
ncs/jr

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