

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE

House Bill 776
Economic Matters

(Delegate Robinson, *et al.*)

Consumer Protection - Dry Cleaning and Laundering Establishments - Lost or Damaged Clothing

This bill requires a dry cleaner or launderer to repair or pay the owner for the repair of an item of clothing damaged while in the possession of the dry cleaner or launderer for cleaning. If an item is lost, or is damaged and cannot be repaired to its pre-damaged condition, the dry cleaner or launderer must pay the owner the amount necessary to replace the lost item with a comparable item of clothing. The dry cleaner or launderer has to post a specific notice at each point of sale detailing its obligations under the bill. Violation of the bill's provisions is an unfair or deceptive trade practice under the Maryland Consumer Protection Act, subject to MCPA's civil penalties.

Fiscal Summary

State Effect: Potential minimal increase in general fund revenues due to the applicability of existing civil penalty provisions. If the Attorney General's Office receives fewer than 50 complaints per year stemming from the bill, the additional workload could be handled with existing resources.

Local Effect: Potential minimal increase in revenues due to the bill's imposition of existing civil penalty provisions.

Small Business Effect: Minimal. It is unclear whether the bill would forestall frivolous litigation against cleaners, because the bill does not expressly state that the remedies it provides are exclusive.

Analysis

Bill Summary: The bill applies to a dry cleaner or launderer doing business in the State and offering dry cleaning or laundering services to the general public. The Division of Consumer Protection of the Office of the Attorney General has to make the required notice available to affected dry cleaners or launderers, and the notice must contain a telephone number that a customer can call to file a complaint with the division.

Current Law: State statutory law is currently silent on the specific obligations of a dry cleaner or launderer with respect to damaged or missing items of clothing. Such cleaning establishments are currently permitted to dispose of unclaimed property in accordance with the provisions governing artisan's liens, set forth in Title 16, Subtitle 3 of the Commercial Law Article. Common law principles already provide remedies for those who bring tort actions as a result of lost or damaged personal property.

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 MCPA 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 MCPA are subject to • civil penalties of \$1,000 for the first violation and \$5,000 for subsequent violations; and • criminal sanction as a misdemeanor, with a fine of up to \$1,000 and/or up to one year's imprisonment.

Background: In June 2007, the District of Columbia Superior Court heard a case in which the plaintiff, representing himself, demanded as much as \$67 million from a dry cleaning establishment for the alleged loss of a pair of the plaintiff's pants. The court ruled in favor of the defendant dry cleaners, awarding them court costs, but by that time the case had become internationally infamous as an example of frivolous litigation.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - February 28, 2008
ncs/ljm

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