

Department of Legislative Services
 Maryland General Assembly
 2013 Session

FISCAL AND POLICY NOTE

Senate Bill 234
 Finance

(Senator Currie, *et al.*)

Health and Government Operations

**Office of the Attorney General - Establishment of a Consumer Affairs Satellite
 Office in Prince George's County**

This bill requires the Office of the Attorney General (OAG) to establish a consumer affairs satellite office in Prince George’s County by October 1, 2013. In determining where to locate the office, the bill requires OAG to give priority to a site that is centrally located in the Washington metropolitan area.

OAG must report to the Governor and the General Assembly on the operations of the consumer affairs satellite office, including the number of consumers served, by December 31, 2013.

The bill takes effect June 1, 2013.

Fiscal Summary

State Effect: General fund expenditures for the Consumer Protection Division of OAG increase by \$304,200 in FY 2014 to handle additional consumer complaints, supervise volunteers and interns, and provide administrative support, as it is assumed that the staff and office functions required by the bill begin in FY 2014 rather than FY 2013. Future year expenditures reflect elimination of one-time-only costs and inflation. Revenues are not affected.

(in dollars)	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	304,200	258,100	267,300	277,000	287,200
Net Effect	(\$304,200)	(\$258,100)	(\$267,300)	(\$277,000)	(\$287,200)

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

Local Effect: The bill does not directly affect local governmental operations or finances.

Small Business Effect: None.

Analysis

Current Law: The Consumer Protection Division is responsible for enforcing the Maryland Consumer Protection Act (MCPA) and investigating the consumer complaints of any unfair and deceptive trade practices. The division may attempt to conciliate a matter, hold a public hearing, seek an injunction, or bring an action for damages.

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 which 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.

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: In addition to its main office in Baltimore City, OAG currently has small satellite offices in Hagerstown, Leonardtown, and Salisbury. These offices are not staffed by lawyers. These satellite offices are intended to broaden the reach of OAG to better serve the consumer protection needs of people from those areas of the State. However, OAG currently has no satellite office in the Washington metropolitan area. The *Joint Chairmen's Report* for the 2012 session required OAG to report on the potential development of a satellite office in the Washington metropolitan area.

OAG reports that citizens currently living in southern Prince George's County who wish to file a consumer protection complaint in person must travel the two hours to Baltimore City.

State Fiscal Effect: OAG advises that three additional staff is necessary to handle the activities of the satellite office. The Department of Legislative Services concurs.

General fund expenditures increase by \$304,226 in fiscal 2014, which accounts for a one-month delay after the bill's June 1, 2013 effective date. Although the bill requires OAG to establish the office by October 1, 2013, the estimate assumes that the staff is hired and the office is opened on July 1, 2013. By starting operations at the start of the fiscal year, OAG may be more adequately prepared to report on the office's operations in December 2013.

This estimate reflects the cost of hiring two administrative officers and one management associate to oversee the consumer complaint process, supervise volunteers, and provide administrative support. As nearly one-third of the State's population resides in Montgomery and Prince George's counties, the volume of consumer complaints may be significant. Additionally, one of OAG's stated reasons for opening a satellite office is to expand the pool of volunteers and interns, and the number of volunteers and interns may be large given the proximity to Washington, DC. Three staff is comparable to the staff levels at other OAG satellite offices; Hagerstown has three and Salisbury has two. Thus, two administrative officers and one management associate are reasonable to handle the activities of a satellite office located in Prince George's County.

OAG, along with the Department of General Services, obtained cost estimates for office locations in Beltsville and New Carrollton, both locations in eastern Prince George's County. Based on a report on the average office market rates for eastern Prince George's County, OAG estimates that the annual cost of having a satellite office in the suburban Maryland area would be approximately \$62,000 with an initial one-time start-up cost of approximately \$40,500. The estimate assumes that OAG will be unable to find a suitable office location and start a lease before July 1, 2013.

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Salaries and Fringe Benefits	\$186,211
Other Operating Expenses	15,515
Office Rent	62,000
Start-up Costs	<u>40,500</u>
Total State FY 2014 Expenditures	\$304,226

Future year expenditures reflect annual increases and employee turnover as well as annual increases in ongoing operating expenses.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Prince George's County, Office of the Attorney General (Consumer Protection Division), Department of Budget and Management, Department of Legislative Services

Fiscal Note History: First Reader - February 5, 2013
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