

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE

Senate Bill 589

(Senator Pugh, *et al.*)

Finance

Economic Matters

Commercial Law - Consumer Protection - Rental-Purchase Transactions

This bill requires a lessor in a rental-purchase transaction to deliver a summary of costs chart to a consumer before the consummation of the agreement. The face of the summary of costs chart must disclose, as applicable, the (1) cash price of the rental property; (2) timing of the payments for the rental property; (3) total purchase price if the payment schedule is completed on time; and (4) cost of lease services, as defined by the bill, of the rental property. The bill requires the lessor to include the rental property's cost of lease services on the face of the rental-purchase agreement as well. The bill updates the sample rental agreement form and creates a sample summary of costs chart, both of which must be placed on the website of the Office of the Attorney General. The bill requires that any disclosure required under the Maryland Rental-Purchase Agreement Act must be in English or in any other language used by the lessor in an advertisement for the rental-purchase transaction.

Fiscal Summary

State Effect: The bill's requirements may be handled within existing budgeted resources.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: A lessor must make specified disclosures on the face of a rental-purchase agreement in a written form that is simple and understandable and is written or typed in at

least 10-point type. The required disclosures include the total price of the item, the timing of all the necessary payments, an identifying description of the property, a description of specified rights belonging to the consumer, and a disclaimer of responsibilities for maintenance and in the event the property is lost, stolen, damaged, or destroyed.

If a disclosure becomes inaccurate as a result of any act, occurrence, or agreement by the consumer after delivery of the rental property, the resulting inaccuracy is not a violation of the Maryland Rental-Purchase Agreement Act.

Additionally, while the property is in the lessor's place of business, the lessor must place a tag on the property which indicates the number and amount of individual payments and the total amount necessary to buy the item and whether the property is new or used.

Statute provides a sample rental-purchase agreement to be used in such transactions. The Office of the Attorney General must include this sample rental-purchase agreement on its website.

Additional Information

Prior Introductions: None.

Cross File: HB 334 (Delegate M. Washington, *et al.*) - Economic Matters.

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

Fiscal Note History: First Reader - February 4, 2013
ncs/kdm

Analysis by: Michael F. Bender

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