

# HOUSE BILL 1478

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CF SB 913

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By: **Delegates Howard, Hornberger, McComas, and Saab**

Introduced and read first time: February 7, 2020

Assigned to: Economic Matters

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## A BILL ENTITLED

1 AN ACT concerning

2 **Commercial Law – Merchant Cash Advance – Prohibition**

3 FOR the purpose of prohibiting a buyer from arranging, facilitating, or consummating a  
4 merchant cash advance transaction with a seller in the State; providing that a  
5 violation of this Act is an unfair, abusive, or deceptive trade practice subject to  
6 certain enforcement and penalties; providing for the application of this Act; defining  
7 a certain term; and generally relating to merchant cash advance transactions.

8 BY adding to

9 Article – Commercial Law

10 Section 12–1501 to be under the new subtitle “Subtitle 15. Merchant Cash Advance  
11 Transactions”; and 13–301(14)(xxxiv)

12 Annotated Code of Maryland

13 (2013 Replacement Volume and 2019 Supplement)

14 BY repealing and reenacting, with amendments,

15 Article – Commercial Law

16 Section 13–301(14)(xxxii) and (xxxiii)

17 Annotated Code of Maryland

18 (2013 Replacement Volume and 2019 Supplement)

19 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
20 That the Laws of Maryland read as follows:

21 **Article – Commercial Law**

22 **SUBTITLE 15. MERCHANT CASH ADVANCE TRANSACTIONS.**

23 **12–1501.**

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1           **(A) IN THIS SECTION, “MERCHANT CASH ADVANCE TRANSACTION” MEANS**  
2 **AN ARRANGEMENT BETWEEN A BUYER AND A SELLER IN WHICH THE BUYER AGREES**  
3 **TO PURCHASE AN AGREED-ON PERCENTAGE OF FUTURE CREDIT CARD REVENUES**  
4 **OR DEBIT CARD REVENUES THAT ARE DUE TO A SELLER FOR A PREDETERMINED**  
5 **PURCHASE PRICE.**

6           **(B) A BUYER MAY NOT ARRANGE, FACILITATE, OR CONSUMMATE A**  
7 **MERCHANT CASH ADVANCE TRANSACTION WITH A SELLER IN THE STATE.**

8           **(C) A VIOLATION OF THIS SECTION IS:**

9                   **(1) AN UNFAIR, ABUSIVE, OR DECEPTIVE TRADE PRACTICE WITHIN**  
10 **THE MEANING OF TITLE 13 OF THIS ARTICLE; AND**

11                   **(2) SUBJECT TO THE ENFORCEMENT AND PENALTY PROVISIONS**  
12 **CONTAINED IN TITLE 13 OF THIS ARTICLE.**

13 13-301.

14 Unfair, abusive, or deceptive trade practices include any:

15           (14) Violation of a provision of:

16                   (xxxii)           [the] **THE** federal Military Lending Act; [or]

17                   (xxxiii)           [the] **THE** federal Servicemembers Civil Relief Act; or

18                   **(xxxiv)           TITLE 12, SUBTITLE 15 OF THIS ARTICLE; OR**

19           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be construed to  
20 apply only prospectively and may not be applied or interpreted to have any effect on or  
21 application to any merchant cash advance transaction before the effective date of this Act.

22           SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
23 October 1, 2020.