



Maryland Chamber of Commerce

Legislative Position

**SB 494
OPPOSE**

**Finance
Committee**

2/26/09

SB 494

HSCRC – Limit on Interest or Late Payment Fees

Bill Summary: This bill would require the HSCRC to prohibit a hospital from charging a patient interest or late fees exceeding 5% annually.

Chamber Position: The Maryland Chamber of Commerce opposes this bill, while supporting with amendments SB 776 on similar subject matter. We believe it is poor public policy to lock interest rate provisions into state law.

Interest rates should reflect the time value of money based on current market rates. Although we are now at a time of historically low interest rates, market rates will certainly rise in the future. There is no better example of why *not* to set interest rates in the law than the 13% interest on delinquent taxes fixed in the law 20 years ago, and charged ever since by the State of Maryland. It would be preferable to direct the HSCRC to set policies by regulation on maximum interest rates as in SB 776. In this manner, interest rates could be changed over time without having to amend the law.

For these reasons, the Maryland Chamber urges that this bill be given an unfavorable report.

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