

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 656

(Senator Henson)

Finance

Health

**Public Health - Cosmetic Products - Enforcement and Penalties for Prohibited
Ingredients (Crown and Care Act - Protecting Communities From Harmful Hair
Chemicals)**

This bill specifies that, in addition to existing civil and criminal penalties, a person who violates the prohibition on knowingly manufacturing, selling, delivering, holding, or offering for sale in the State a cosmetic product that contains any of 24 listed intentionally added ingredients is liable for civil damages resulting from actual harm sustained by the individual as a result of the violation. Any such violation is also an unfair, abusive, or deceptive trade practice under the Maryland Consumer Protection Act (MCPA), subject to MCPA's penalty provisions. The bill also establishes a Harmful Hair Chemical Restitution Fund, administered by the Office of Attorney General (OAG), to support the research and treatment (including screenings and diagnosis) of fibroids, uterine cancer, hair loss, and related conditions caused by harmful hair chemicals. **The bill takes effect July 1, 2026.**

Fiscal Summary

State Effect: State revenues increase minimally from the bill's penalty provisions beginning as early as FY 2027; general fund revenues *may* increase minimally from interest earnings of the new special fund through FY 2028. OAG general fund expenditures likely increase at least minimally beginning in FY 2027 for enforcement; special fund expenditures increase to the extent special funds accrue to the newly created fund under the bill, as discussed below. The Maryland Department of Health (MDH) can investigate complaints and conduct inspections using existing resources.

Local Effect: The bill is not expected to materially affect local government finances or operations.

Small Business Effect: Potential meaningful

Analysis

Bill Summary: An action under the prohibition on knowingly manufacturing, selling, delivering, holding, or offering for sale a cosmetic product containing specified intentionally added ingredients must be brought within three years after the date on which the plaintiff discovered or reasonably should have discovered that the exposure to an ingredient in violation of the prohibition was the proximate cause of the injury sustained by the plaintiff.

In any action brought to enforce the prohibition, a court may award to a prevailing plaintiff: (1) treble damages; (2) if the violation was willful, punitive damages; and (3) reasonable attorney's fees.

MDH may investigate any complaint alleging that a person has violated the prohibition. On receipt of a complaint, a representative of MDH, at a reasonable time, may enter and inspect the premises of the person to determine compliance. The person may not refuse to grant access to the representative or interfere with an inspection. An investigation may include sampling of a cosmetic product to determine if the cosmetic product contains a technically unavoidable trace quantity of a prohibited ingredient.

Harmful Hair Chemical Restitution Fund

The fund is a special, nonlapsing fund that consists of (1) all funds received by the Division of Consumer Protection in OAG from enforcing the prohibition on knowingly manufacturing, selling, delivering, holding, or offering for sale a cosmetic product that contains specified intentionally added ingredients (excluding funds received by the aggrieved party and the costs of the action the Attorney General is entitled to recover), and (2) interest earnings of the fund.

The fund must be used for (1) providing grants for the support of the research and treatment, including screenings and diagnosis, of fibroids, uterine cancer, hair loss, and related conditions caused by harmful hair chemicals; (2) carrying out any laws enacted to benefit victims of a violation of the prohibition; and (3) providing restitution to victims of a violation.

To qualify for a grant from the fund, an applicant must (1) file a complaint with the Attorney General for a violation of the prohibition on knowingly manufacturing, selling, delivering, holding, or offering for sale a cosmetic product that contains specified intentionally added ingredients and (2) have sustained harm as a result of a violation.

Expenditures from the fund may only be made in accordance with the State budget. Money expended from the fund is supplemental to and not intended to supplant funding that would otherwise be appropriated for the support of research and treatment.

Current Law: Chapter 490 of 2021 prohibits a person from knowingly manufacturing, selling, delivering, holding, or offering for sale in the State, a cosmetic product that contains any of 24 listed intentionally added ingredients, which include formaldehyde, mercury, and several per- and polyfluoroalkyl substances and their salts. The prohibition took effect on January 1, 2025.

A person is not in violation of this prohibition if the person manufactures, sells, delivers, holds, or offers for sale in the State, a cosmetic product that (1) was manufactured through a process intended to comply with the prohibition and (2) contains a technically unavoidable trace quantity of a prohibited ingredient due to an impurity of an ingredient, the manufacturing process, storage, or packaging.

A person who violates any of these prohibitions is subject to both criminal and civil penalties. More specifically, a violator is guilty of a misdemeanor, and upon conviction, a fine of up to \$10,000 and/or imprisonment for up to one year for the first conviction, and a fine of up to \$25,000 and/or imprisonment for up to three years for a second or subsequent conviction. In addition, a person who violates Title 21, Subtitle 2 of the Health-General Article is subject to a civil penalty of up to \$5,000 in any District Court and can be enjoined from continuing the violation. Each day on which a violation occurs is a separate violation.

Maryland Consumer Protection Act

An unfair, abusive, 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, abusive, 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.

The Consumer Protection Division is responsible for enforcing MCPA and investigating the complaints of aggrieved consumers. The division may attempt to conciliate the matter, issue a cease and desist order, or file a civil action in court. A merchant who violates MCPA is subject to a fine of up to \$10,000 for each violation and up to \$25,000 for each repetition

of the same 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.

State Revenues: General and/or special fund revenues may increase beginning as early as fiscal 2027 from (1) imposition of fines and civil penalties under MCPA and (2) enhanced enforcement available due to provisions related to investigatory procedures for MDH (*e.g.*, explicitly prohibiting a person from refusing to grant access to an MDH representative who requests to inspect the premises).

Under the bill, all funds recovered by OAG from enforcement (except for funds received by the aggrieved party and the costs to which OAG is entitled for bringing the action) are to be credited to the Harmful Hair Chemical Restitution Fund established under the bill. The amount of such revenues cannot be reliably estimated and depend on the number, result, and timing of any actions under the bill. While revenues could accrue as early as fiscal 2027, it will likely take time for actions to fully resolve and for any penalties to be awarded and collected.

Although the bill indicates that interest earnings of the new special fund remain in the fund, the bill does not amend Section 8 of Chapter 717 of 2024 (the Budget Reconciliation and Financing Act of 2024) which requires, notwithstanding any other provision of law, that interest earnings from special funds or accounts (with certain exceptions) accrue to the general fund from fiscal 2024 through 2028. Thus, general fund revenues may increase minimally from interest earnings of the new special fund through fiscal 2028 (to the extent any revenues accrue to the fund, as discussed further below). The fund is exempted from a similar requirement under § 6-226(a)(2) of the State Finance and Procurement Article that applies from fiscal 2029 forward.

State Expenditures:

Maryland Department of Health

The bill authorizes MDH to investigate any complaint alleging that a person has violated the current prohibition on knowingly manufacturing, selling, delivering, holding, or offering for sale in the State a cosmetic product that contains specified intentionally added ingredients. MDH advises that it can investigate complaints and conduct inspections using existing budgeted resources.

Office of the Attorney General

OAG advises that it requires additional staff to (1) investigate and enforce the bill's prohibition under MCPA and (2) administer the newly created fund. Specifically, OAG

anticipates expenditures of \$709,857 in fiscal 2027, which assumes a 90-day start-up delay for the bill's October 1, 2026 effective date, and at least \$829,750 annually thereafter. This estimate accounts for certain contractual costs and hiring two assistant Attorneys General, one grant manager, one administrative specialist, and one investigator.

The Department of Legislative Services advises, however, that without experience under the bill it is unclear to what extent OAG requires additional staff. While acknowledging that OAG expenditures likely increase at least minimally to enforce the bill's provisions, the need for additional staff depends on the volume of complaints received and the success of any resulting enforcement actions. Notably, the need for any resources related to grant administration are entirely dependent on the amount of funding recovered for the fund, which cannot be reliably estimated in advance. Should OAG receive a meaningful number of complaints and/or the fund receive a significant amount from assessed penalties, additional staff may be needed in future years and can be requested through the annual budget process. To the extent that funds are recovered for the benefit of the fund, special fund expenditures increase as the fund is used for authorized purposes.

Small Business Effect: Under the bill, small businesses that violate the prohibition on knowingly manufacturing, selling, delivering, holding, or offering for sale a cosmetic product that contains specified intentionally added ingredients are subject to additional fines and civil penalties under MCPA and may be ordered by a court to pay specified damages.

Additional Comments: To qualify for a grant from the fund, an applicant must (1) file a complaint with the Attorney General for a violation of the prohibition on knowingly manufacturing, selling, delivering, holding, or offering for sale a cosmetic product that contains specified intentionally added ingredients and (2) have sustained harm as a result of a violation. Thus, it is unclear which entities might qualify for a *research* grant under the bill, although individuals who have sustained harm may be eligible for grants for screenings, diagnosis, and treatment.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 1533 (Delegate Alston, *et al.*) - Health.

Information Source(s): Maryland Association of County Health Officers; Judiciary (Administrative Office of the Courts); Maryland Department of the Environment;

Maryland Department of Health; Maryland Department of Labor; Office of the Attorney General (Consumer Protection Division); Department of Legislative Services

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