

Department of Legislative Services  
Maryland General Assembly  
2007 Session

FISCAL AND POLICY NOTE  
Revised

Senate Bill 640

(Senator Raskin)

Finance

Economic Matters

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Consumer Protection - Motor Vehicle Manufacturers - Warranty Adjustment Programs

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This bill establishes requirements for a motor vehicle manufacturer's warranty "adjustment program."

Violation of the bill is an unfair or deceptive trade practice under the Maryland Consumer Protection Act and is subject to the enforcement and penalty provisions of the Act.

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Fiscal Summary

**State Effect:** Assuming that the Consumer Protection Division receives fewer than 50 complaints per year stemming from this bill, any additional workload could be handled with existing resources.

**Local Effect:** None.

**Small Business Effect:** Minimal.

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Analysis

**Bill Summary:** A manufacturer of motor vehicles sold in the State must establish procedures under which each Maryland consumer who owns or leases a motor vehicle to which a manufacturer's adjustment program applies is: (1) notified of the program; (2) provided, on request, with a copy of any service bulletin or other document issued by the manufacturer about a program or to a condition that may substantially affect vehicle

durability, reliability, or performance; and (3) sent written notice of the program's terms and conditions within 90 days after the establishment of a new program.

A manufacturer must ensure that a purchaser of a new motor vehicle receives, at the time of purchase, a written notice describing the rights and remedies provided under the bill.

A manufacturer is required to provide its dealers with information about each adjustment program it offers. The information must be in a format that can be easily disclosed to consumers seeking repairs at the dealer's repair facility.

A manufacturer must implement procedures to ensure reimbursement of each eligible consumer who incurs expenses for the repair of a covered condition before becoming aware of the program.

A consumer is required to make a reimbursement claim in writing within the later of: (1) two years after the payment date for the repair or condition; or (2) one year after the date the manufacturer sends the required notice. The manufacturer must then notify the consumer within 21 business days whether the claim will be approved or denied. The manufacturer must state the reasons for any denial.

The bill further requires all invoices and authorizations provided to a consumer by an automotive repair facility to include standard language that informs the consumer of the availability of manufacturer special policy adjustment program notices from the National Highway Traffic Safety Administration or the vehicle manufacturer.

**Current Law:** Adjustment programs are not specifically regulated by the State.

The Consumer Protection Division within the Office of the Attorney General is responsible for pursuing unfair and deceptive trade practice claims under the Maryland Consumer Protection Act. Upon receiving a complaint, the division must determine whether there are "reasonable grounds" to believe that a violation of the Act has occurred. Generally, if the division does find reasonable grounds that a violation has occurred, the division must seek to conciliate the complaint. The division may also issue cease and desist orders, or seek action in court, including an injunction or civil damages, to enforce the Act. Violators of the Act are subject to: (1) civil penalties of \$1,000 for the first violation and \$5,000 for subsequent violations; and (2) criminal sanction as a misdemeanor, with a fine of up to \$1,000 and/or up to one year's imprisonment.

## Additional Information

**Prior Introductions:** None.

**Cross File:** HB 747 (Delegate Bronrott) – Economic Matters.

**Information Source(s):** Office of the Attorney General (Consumer Protection Division), Maryland Department of Transportation (Motor Vehicle Administration), Department of Legislative Services

**Fiscal Note History:** First Reader - February 21, 2007  
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