



Miller Senate Office Building
11 Bladen St
Annapolis, MD 21401

Dear Maryland Legislature,

The American Consumer Institute (ACI) is a nonprofit 501(c)(3) education and research organization. Its mission is to identify, analyze, and protect the interests of consumers in legislative and rulemaking proceedings in a range of policy matters.

As it applies to vehicles, ACI works to promote policies that will lower costs, improve access, or enhance the quality of the products consumers purchase. For these reasons, ACI opposes SB 968, as we believe it would unfairly grant special standing rights to automobile dealer trade associations and ultimately harm consumers through higher prices.¹

Generally, individual vehicle dealers already can sue if necessary. This bill would lead to needless litigation and create conflict between all involved parties.

The manufacturer costs of these lawsuits will likely in part be passed to consumers. A 2018 ACI study found that state laws like SB 968 which are crafted to benefit car dealerships collectively cost American car buyers \$47.5 billion annually.² In this case, SB 968 would only serve to enrich a dealer association at the expense of its customers at a time when average new car prices have increased about \$10,000 since September 2020.³

Diverting manufacturers' resources to manage a potentially increasing number of lawsuits will harm their ability to reinvest in their company, inhibiting opportunities to enhance products and services. ACI opposes SB 968 because it would be detrimental to the automobile industry and consumers.

Thank you for your consideration,

Tirzah Duren
Vice President of Policy and Research

¹ Vehicle Laws - Manufacturers and Dealers - Standing of Dealer Associations, SB 968, 2024, <https://legiscan.com/MD/text/SB968/2024>

² Steve Pociask, "Corporate Welfare: How Automobile Dealership Franchise Regulations Cost Consumers an Additional \$48 Billion Annually," *American Consumer Institute*, March 2018. <https://www.theamericanconsumer.org/wp-content/uploads/2018/03/ConsumerGram-2018-FINAL-1.pdf>

³ Jeff Bartlett, "Cars are Expensive. Here's Why and What You Can Do About It," *Consumer Reports*, September 13, 2023. <https://www.consumerreports.org/cars/buying-a-car/people-spending-more-on-new-cars-but-prices-not-necessarily-rising-a3134608893/>