

March 28, 2025

The Honorable C.T. Wilson
Chair, House Economic Matters Committee
House Office Building
Annapolis, Maryland 21401

SB 834: Vehicle Laws - Manufacturers and Dealers – Prices Listed on Dealer Websites
Position: Unfavorable

Chair Wilson:

The Alliance for Automotive Innovation (Auto Innovators¹) is writing to request an Unfavorable report on SB 834, which seeks to regulate automobile advertising. SB 834 prohibits automakers from taking “adverse action” against dealers that disclose on their website that their selling price may be different than the minimum advertised price posted on their website. Auto Innovators sought to compromise with the bill’s proponents, but our offer was rejected, and we must oppose the bill.

Harms Regional Advertising Associations

Manufacturers and dealers often have regional advertising associations in which the manufacturer and the local dealers pool their advertising dollars to buy advertising that benefits all of them. For example, commercials that say, “See your Baltimore area dealer for....” That avoids a problem where individual dealers would shoulder the advertising burden alone, and it allows consumers to receive information that is useful for their purchasing decisions.

If manufacturers are contributing money to advertising, then it is reasonable that manufacturers be able to attach strings to that money, e.g. a minimum advertised price requirement. Minimum advertised prices are not necessarily final prices, they may be designed by marketers to leave room for dealers and customers to negotiate, as is customary and expected in automobile purchasing.

A key part of advertising to consumers is dealer websites. If a regional advertising agreement includes a minimum advertised pricing but the website portion of those agreements is unenforceable, then that diminishes the benefit of the bargain for manufacturers and other dealers who contributed to the advertising campaign.

¹ From the manufacturers producing most vehicles sold in the U.S. to autonomous vehicle innovators to equipment suppliers, battery producers and semiconductor makers – Alliance for Automotive Innovation represents the full auto industry, a sector supporting 10 million American jobs and five percent of the economy. Active in Washington, D.C. and all 50 states, the association is committed to a cleaner, safer and smarter personal transportation future.

www.autosinnovate.org.

Automakers Sought Compromise

In the spirit of cooperation, automakers offered an amendment which made clear that a dealer can disclose that a minimum advertised price is not necessarily its selling price unless it has signed an agreement to receive a benefit under an advertising program or regional advertising association, in which case it must follow the program's rules. This amendment puts the choice in the dealer's hands. The dealer can follow its own advertising strategy, or it can receive advertising benefits via a manufacturer advertising program, but it is not entitled to both. Unfortunately, the proponents do not want to find a middle ground.

SB 834 could make regional advertising more difficult to deploy and cause it to contain less useful information to attract consumers. The Alliance for Automotive Innovation respectfully asks the committee to issue an Unfavorable report. For more information, please contact our local representative, Bill Kress, at (410) 375-8548.

Sincerely,

A handwritten signature in black ink that reads "Josh Fisher". The signature is written in a cursive, flowing style.

Josh Fisher
Senior Director, State Affairs
Alliance for Automotive Innovation