

Testimony in Support of HB 306

HB 306 – Vehicle Laws – Manufacturers and Dealers – Prices Listed on Dealer Websites Economic Matters Committee

Position: Favorable

Chair Valderrama
Economic Matters Committee
House Office Building, Room 231
6 Bladen St., Annapolis, MD 21401
cc: Members, Economic Matters Committee

Dear Chair Valderrama and Committee Members,

My name is Rob Smith, and I am the President of Fitzgerald Auto Malls. We are a Maryland-based, employee-owned auto retailer with over 1,300 Maryland employees and their families depending on our ability to compete fairly and serve customers honestly.

I am here today in support of HB 306 because this bill is fundamentally about consumer transparency in the modern marketplace.

The cyber showroom is now the showroom

For today's car buyer, the dealer website is not advertising—it is the showroom. Consumers now do the overwhelming majority of their shopping online before they ever set foot on a dealership. Many will physically visit **only one showroom**, often after making nearly all of their decisions based on what they see on the internet.

In that environment, **the price a consumer sees online is the most important price in the entire transaction**. It sets expectations, determines which dealer they visit, and shapes whether they trust the process at all.

MAAP rules distort what consumers see

Under manufacturer Minimum Allowable Advertised Price—or MAAP—rules, dealers are prohibited from displaying the true selling price of a vehicle on their websites. In many cases, we are required to post prices that are **higher than what we are actually willing to sell the vehicle for**.

Worse, we are not even allowed to tell the public that this higher price exists because of a manufacturer rule. Dealers can be punished simply for explaining that an advertised price is a manufacturer-mandated MAAP price.

The result is that consumers are shown prices online that are **artificial, incomplete, and often misleading**, even though the dealer may be fully prepared to sell the vehicle for less.

“Just tell them one-on-one” no longer reflects reality

Manufacturers will often say that dealers are free to disclose real prices in one-on-one communications. But that argument ignores how consumers actually behave today.

More and more consumers are unwilling to give up personal information—email addresses, phone numbers, lead forms—just to learn the truth about price. They want transparency **before** they engage, not after they surrender their privacy.

Ironically, in a physical showroom, we are allowed to put **any real price we are willing to sell a car for directly on the windshield**. But in the cyber showroom—where consumers actually shop—we are prohibited from doing the same.

Retaliation raises costs and reduces competition

When dealers violate MAAP rules—or even acknowledge them—manufacturers can reduce or eliminate marketing assistance and cooperative advertising support. That financial retaliation raises a dealer’s cost structure.

Dealers who lose that support pay more to sell the same vehicle than their competitors. Over time, that distortion reduces competition and ultimately **raises prices for consumers**, even though none of this behavior improves the product or the buying experience.

What HB 306 does & Doesn’t DO

HB 306 is a **modest, balanced bill**.

It does **not**:

- set prices,
- force dealers to advertise lower prices,
- prohibit MAAP programs,
- or require any dealer to change how they do business.

Dealers who prefer MAAP pricing can continue to use it. Dealers who prefer higher advertised prices can continue to do that as well.

HB 306 simply says that a manufacturer may not punish a dealer for **truthfully disclosing** that an advertised price is a manufacturer-mandated MAAP price and that a lower price may be available.

That is all.

Why this matters

This bill modernizes Maryland law to reflect how consumers actually shop today. It restores honesty to the place where consumers make decisions. And it does so without picking winners, losers, or price levels.

HB 306 is a reasonable, consumer-focused step that promotes transparency, competition, and trust in the digital marketplace.

For those reasons, I respectfully urge a favorable report on House Bill 306.

Thank you.

Rob Smith
President
Fitzgerald Auto Malls