

HOUSE BILL 695

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By: **Delegate Bagnall**

Introduced and read first time: January 25, 2024

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Consumer Protection – Notice to Consumers by Manufacturers and Dealers of**
3 **Motor Vehicles**

4 FOR the purpose of requiring a dealer of used motor vehicles sold or leased in the State to
5 establish procedures under which each consumer, before completing a transaction to
6 purchase or lease a used motor vehicle from the dealer, is notified and provided with
7 a copy of certain information pertaining to the condition of the motor vehicle and any
8 manufacturer adjustment program applicable to the motor vehicle being purchased
9 or leased by the consumer; altering a certain provision of law to require, without a
10 request from a consumer, a certain manufacturer of a motor vehicle to provide
11 certain information to the consumer; and generally relating to consumer protection
12 and the purchase and lease of motor vehicles.

13 BY repealing and reenacting, with amendments,
14 Article – Commercial Law
15 Section 14–1401 through 14–1403
16 Annotated Code of Maryland
17 (2013 Replacement Volume and 2023 Supplement)

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
19 That the Laws of Maryland read as follows:

20 **Article – Commercial Law**

21 14–1401.

22 (a) In this subtitle the following words have the meanings indicated.

23 (b) (1) “Adjustment program” means a program or policy:

24 (i) That expands or extends a warranty beyond its stated limit; or

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (ii) Under which a manufacturer undertakes or offers to pay or
2 reimburse a consumer, whether directly or indirectly, for all or a part of the cost of repairing
3 a condition that may substantially affect the durability, reliability, or performance of a
4 motor vehicle.

5 (2) "Adjustment program" does not include:

6 (i) Service provided under a safety or emissions related recall
7 campaign; or

8 (ii) Adjustments made by a manufacturer on a case-by-case basis.

9 (c) "Consumer" means:

10 (1) The purchaser, other than for purposes of resale, of a new **OR USED**
11 motor vehicle;

12 (2) A lessee of a **NEW OR USED** motor vehicle;

13 (3) A person to whom a new motor vehicle is transferred during the
14 duration of the warranty applicable to the motor vehicle; or

15 (4) A person who is entitled under the terms of the warranty to enforce its
16 obligations.

17 (d) "Dealer" means a person who sells or leases [motor]:

18 (1) **MOTOR** vehicles under a retail agreement with a manufacturer or
19 distributor, or an agent of a manufacturer or distributor; **OR**

20 (2) **USED MOTOR VEHICLES.**

21 (e) "Lessee" means a consumer who leases a motor vehicle under a written lease
22 that provides that the lessee is responsible for repairs to the motor vehicle.

23 (f) "Manufacturer" means a person who:

24 (1) Manufactures or assembles new motor vehicles for sale or distribution;
25 or

26 (2) Is engaged in the business of importing new motor vehicles for sale or
27 distribution to dealers or through distributors or factory branches.

28 (g) "Motor vehicle" means a vehicle that:

1 (1) Is used for the private transportation of individuals and their personal
2 belongings; and

3 (2) Has a maximum capacity of 10 individuals, including the driver.

4 14–1402.

5 (a) (1) A manufacturer of motor vehicles sold in the State shall establish
6 procedures under which each consumer in the State who owns or leases a motor vehicle to
7 which an adjustment program of the manufacturer applies:

8 [(1)] (I) Is notified of the adjustment program;

9 [(2)] (II) [On request, is] IS provided with a copy of any service bulletin
10 or any other document issued by the manufacturer pertaining to an adjustment program
11 or to a condition that may substantially affect motor vehicle durability, reliability, or
12 performance; and

13 [(3)] (III) Within 90 days after the establishment of a new adjustment
14 program, is sent written notice by first-class mail of the terms and conditions of the
15 adjustment program.

16 (2) **A DEALER OF USED MOTOR VEHICLES SOLD OR LEASED IN THE
17 STATE SHALL ESTABLISH PROCEDURES UNDER WHICH EACH CONSUMER, BEFORE
18 COMPLETING A TRANSACTION TO PURCHASE OR LEASE A USED MOTOR VEHICLE
19 FROM THE DEALER, IS NOTIFIED AND PROVIDED WITH A COPY OF:**

20 (I) **ANY SERVICE BULLETIN OR ANY OTHER DOCUMENT ISSUED
21 BY THE MANUFACTURER OF THE MOTOR VEHICLE BEING PURCHASED OR LEASED BY
22 THE CONSUMER PERTAINING TO A CONDITION THAT MAY SUBSTANTIALLY AFFECT
23 MOTOR VEHICLE DURABILITY, RELIABILITY, OR PERFORMANCE; AND**

24 (II) **INFORMATION ABOUT ANY ADJUSTMENT PROGRAM OF A
25 MANUFACTURER PROVIDED TO THE DEALER UNDER SUBSECTION (C) OF THIS
26 SECTION PERTAINING TO THE MOTOR VEHICLE BEING PURCHASED OR LEASED BY
27 THE CONSUMER.**

28 (b) (1) A manufacturer of motor vehicles sold in the State shall ensure that the
29 purchaser of a new motor vehicle receives, at the time of purchase, a written notice
30 describing the rights and remedies provided under this section.

31 (2) The written notice shall be considered sufficient if stated in
32 substantially the following form:

1 “Sometimes (insert manufacturer’s name) offers a special adjustment program to pay all or
2 part of the cost of certain repairs beyond the terms of the warranty. Check with your dealer
3 to determine whether any adjustment program is applicable to your motor vehicle.”

4 (c) A manufacturer shall provide to its dealers information about each
5 adjustment program of the manufacturer in a format that facilitates the disclosure of the
6 terms and conditions of the adjustment program to a consumer seeking repairs at the
7 dealer’s repair facility.

8 (d) (1) A manufacturer that establishes an adjustment program shall
9 implement procedures to ensure reimbursement of each consumer who:

10 (i) Is eligible under the adjustment program; and

11 (ii) Incurs expenses for the repair of a condition subject to the
12 adjustment program before the consumer knows about the adjustment program.

13 (2) Reimbursement under this subsection shall be consistent with the
14 terms and conditions of the particular adjustment program.

15 (3) (i) A consumer shall make a claim for reimbursement under this
16 subsection in writing to the manufacturer within the later of:

17 1. 2 years after the date of the consumer’s payment for the
18 repair of the condition; or

19 2. 1 year after the date the manufacturer sends the notice
20 required under subsection (a)(3) of this section.

21 (ii) The manufacturer shall notify the consumer within 21 business
22 days after receiving a claim for reimbursement whether the claim will be approved or
23 denied.

24 (iii) If the claim is denied, the manufacturer shall state in writing the
25 specific reasons for the denial.

26 14–1403.

27 A violation of this subtitle is:

28 (1) An unfair, **ABUSIVE**, or deceptive trade practice within the meaning of
29 Title 13 of this article; and

30 (2) Subject to the enforcement and penalty provisions contained in Title 13
31 of this article.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 October 1, 2024.