

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

House Bill 196 (Delegate Kagan. *et al.*)

Economic Matters

Consumer Protection - "Lemon Law" - Required Notice

This bill requires the Motor Vehicle Administration (MVA) to develop and make available to motor vehicle dealers a notice that describes a consumer's rights under the Maryland Automobile Warranty Enforcement Act. The MVA must consult with the Consumer Protection Division of the Office of the Attorney General in developing the notice.

The notice must be provided to consumers by dealers at the time of purchase or delivery of each new car.

Fiscal Summary

State Effect: The MVA could develop a notice that would be made available to dealers with existing resources. However, if the MVA must disseminate all necessary copies of the notice to the dealers, Transportation Trust Fund (TTF) expenditures could increase by \$45,000 in FY 1999 and by about \$25,250 annually thereafter for printing and distribution costs.

Local Effect: None.

Small Business Effect: Minimal. Approximately 300,000 new cars are sold in the State annually. Provided that the MVA does not generate and distribute the notices to dealers, expenses will be incurred by the dealers to replicate the camera ready notice.

Fiscal Analysis

State Expenditures: The MVA advises that expenditures could increase by an estimated \$4,000, in fiscal 1999 only, to develop a camera ready notice that would be made available to dealers. However, the Department of Legislative Services advises that producing and making available a document as described in the bill could be accomplished within existing

resources.

If the MVA must also disseminate all necessary copies of the notices to the dealers, TTF expenditures could increase by an estimated \$45,000 in fiscal 1999. This reflects one-time costs for designing the notice and ongoing costs for printing and distributing 500,000 copies of the notice. Future years expenditures, reflecting printing and distribution costs, are estimated at \$25,250 per year.

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

Fiscal Note History: First Reader - January 29, 1998

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