
By: **Senator Giannetti**

Introduced and read first time: January 31, 2003

Assigned to: Judicial Proceedings

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 20, 2003

CHAPTER _____

1 AN ACT concerning

2 **Vehicle Laws - Dealer Processing Charges ~~-Standards and Requirements~~**

3 FOR the purpose of increasing to a certain amount the maximum dealer processing
4 charge for a vehicle sale; requiring a dealer processing charge to be reasonable
5 and to reflect certain expenses; expanding the scope of dealer processing charges
6 to include charges for certain services; requiring a dealer on request to provide a
7 written disclosure of services included in a dealer processing charge; creating a
8 certain exception to the requirement that the dealer processing charge be
9 included in the advertised price of a vehicle; ~~altering a certain definition;~~
10 repealing the requirement that a certain disclosure be preprinted on a contract
11 for sale for a vehicle; altering certain definitions; including a dealer processing
12 charge in the definition of a motor vehicle's total purchase price for purposes of
13 imposing a vehicle excise tax; and generally relating to dealer processing
14 charges for vehicles.

15 BY repealing and reenacting, with amendments,
16 Article - Transportation
17 Section 15-311.1
18 Annotated Code of Maryland
19 (2002 Replacement Volume)

20 BY repealing and reenacting, with amendments,
21 Article - Transportation
22 Section 13-809(a)
23 Annotated Code of Maryland
24 (2002 Replacement Volume)

1 BY repealing and reenacting, without amendments,

2 Article - Transportation

3 Section 13-809(c)

4 Annotated Code of Maryland

5 (2002 Replacement Volume)

6 BY repealing and reenacting, with amendments,

7 Article - Transportation

8 Section 13-809(a)

9 Annotated Code of Maryland

10 (2002 Replacement Volume)

11 (As enacted by Chapters 361 and 362 of the Acts of the General Assembly of

12 2001)

13 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF

14 MARYLAND, That the Laws of Maryland read as follows:

15 **Article - Transportation**

16 15-311.1.

17 (a) (1) In this section, "dealer processing charge" includes an amount
18 charged by a dealer for:

19 (i) The preparation of written documentation of the transaction;

20 (ii) Obtaining the title and license plates for the vehicle;

21 (iii) Obtaining a release of lien;

22 (iv) Filing title documents with the Administration; [or]

23 (v) RETAINING DOCUMENTATION AND RECORDS OF THE
24 TRANSACTION;

25 (VI) COMPLYING WITH FEDERAL OR STATE PRIVACY LAWS; OR

26 (VII) Other administrative services concerning the sale of the vehicle.

27 (2) "Dealer processing charge" does not include a charge to purchase or
28 install tangible personal property on or in the vehicle, or to perform mechanical
29 service on the vehicle.

30 (b) (1) If a dealer charges a dealer processing charge, the charge [may not
31 exceed \$25]:

32 (I) SHALL BE REASONABLE;

33 (II) MAY NOT EXCEED ~~\$100~~ \$75; AND

1 (III) SHALL REFLECT DEALER EXPENSES GENERALLY INCURRED
2 FOR THE SERVICES IDENTIFIED IN SUBSECTION (A)(1) OF THIS SECTION.

3 (2) A DEALER SHALL PROVIDE A WRITTEN DISCLOSURE OF THE
4 SERVICES INCLUDED IN THE DEALER PROCESSING CHARGE ON REQUEST BY THE
5 PURCHASER.

6 (c) Any dealer processing charge shall be disclosed to a purchaser as provided
7 in this section.

8 (d) A contract for the sale of a vehicle shall contain a statement, in 12 point
9 type or larger, [preprinted] on the contract form as follows:

10 "Dealer processing charge (not required by law): \$....".

11 (e) If a dealer advertises the price of a vehicle, the amount of the dealer
12 processing charge shall be included in the advertised price UNLESS THE DEALER
13 DISCLOSES THE AMOUNT OF THE DEALER PROCESSING CHARGE IN AT LEAST 10
14 POINT AND BOLD FONT ON THE ADVERTISEMENT.

15 (f) The dealer shall attach its price statement to a window of the vehicle, next
16 to any other price disclosure required by law. The dealer's price statement shall state
17 the total price for which the dealer is offering to sell the vehicle. The total price stated
18 shall include any dealer processing charge, which shall be disclosed above the total
19 price in at least 10 point type as "dealer processing charge (not required by law):
20 \$.....". The total price may exclude only the taxes and title fees payable to the State.

21 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
22 read as follows:

23 Article - Transportation

24 13-809.

25 (a) (1) In this section the following words have the meanings indicated.

26 (2) "Fair market value" means:

27 (i) Except as provided in item (iv) of this paragraph, as to the sale
28 of any new or used vehicle by a licensed dealer, the total purchase price, as certified
29 by the dealer;

30 (ii) As to a used vehicle that is sold by any person other than a
31 licensed dealer and that has a designated model year that is 7 years old or older, the
32 greater of:

33 1. The total purchase price; or

34 2. \$640;

1 (iii) As to any other used vehicle that is sold by any person other
2 than a licensed dealer:

3 1. The total purchase price, if the total purchase price is less
4 than \$500 below the retail value of the vehicle as shown in a national publication of
5 used car values adopted for use by the Department; or

6 2. If the total purchase price is \$500 or more below the retail
7 value of the vehicle as shown in a national publication of used car values adopted for
8 use by the Department:

9 A. The total purchase price, if verified to the satisfaction of
10 the Administration by a notarized bill of sale submitted in accordance with subsection
11 (d)(2) of this section; or

12 B. The valuation shown in the national publication of used
13 car values, if the Administration finds that the documentation submitted under
14 subsection (d)(2) of this section fails to verify the total purchase price;

15 (iv) As to the sale of any new or used motor home or travel trailer by
16 a licensed dealer, or a dealer licensed by another state or a foreign country, the total
17 purchase price, as defined in paragraph (4)(ii) of this subsection, as certified by the
18 dealer on a form acceptable to the Administration; and

19 (v) In any other case, the valuation shown in a national publication
20 of used car values adopted for use by the Department.

21 (3) "Motor home" has the meaning stated in § 11-134.3 of this article.

22 (4) "Total purchase price" means:

23 (i) Except as provided in item (ii) of this paragraph, the price of a
24 vehicle agreed on by the buyer and the seller, INCLUDING ANY DEALER
25 PROCESSING CHARGE, with no allowance for trade-in or other nonmonetary
26 consideration; and

27 (ii) In the case of a motor home or travel trailer, the price of the
28 motor home or travel trailer agreed on by the buyer and the seller less the value, not
29 to exceed the value shown in a national publication of used motor home and travel
30 trailer values adopted for use by the Department, of any motor home or travel trailer
31 that is traded in as part of the consideration of the sale.

32 (5) "Travel trailer" has the meaning stated in § 11-170 of this article.

33 (c) (1) Except as provided in subsection (b)(2) of this section, the tax
34 imposed by this section is 5 percent of the fair market value of the vehicle.

35 (2) If the vehicle formerly was a vehicle exempt from the tax imposed by
36 this section, the tax shall be reduced by any amount previously paid by the present
37 owner as a sales and use tax on the vehicle under Title 11 of the Tax - General Article.

1 (3) (i) If the vehicle was formerly titled and registered in another state
2 and the present owner has not been a Maryland resident for more than 60 days and
3 has paid a sales or excise tax to that state at a rate less than that imposed by this
4 State, then the tax imposed shall apply but at a rate measured by the difference only
5 between the tax rate paid to the other state and the tax rate imposed by this section.

6 (ii) If the vehicle was formerly titled and registered in another state
7 and the present owner requests to transfer the vehicle in accordance with §
8 13-810(c)(1) of this subtitle, the Administration shall change or correct the names
9 contained in the certificate of title:

10 1. At the time the excise tax that is credited or imposed
11 under this section is paid and a new title is issued; and

12 2. Without issuing multiple certificates of title or charging
13 additional fees.

14 (iii) Except as provided in subsection (b)(2) of this section, the
15 minimum tax imposed under this section shall be \$100.

16 SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland
17 read as follows:

18 **Article - Transportation**

19 13-809.

20 (a) (1) In this section the following words have the meanings indicated.

21 (2) "Fair market value" means:

22 (i) As to the sale of any new or used vehicle by a licensed dealer,
23 the total purchase price, as certified by the dealer;

24 (ii) As to a used vehicle that is sold by any person other than a
25 licensed dealer and that has a designated model year that is 7 years old or older, the
26 greater of:

27 1. The total purchase price; or

28 2. \$640;

29 (iii) As to any other used vehicle that is sold by any person other
30 than a licensed dealer:

31 1. The total purchase price, if the total purchase price is less
32 than \$500 below the retail value of the vehicle as shown in a national publication of
33 used car values adopted for use by the Department; or

