

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE

Senate Bill 452

(Senator Hooper)

Judicial Proceedings

Vehicle Laws - Manufacturers - Consumer Access to Ignition Key Information

This bill requires an automobile manufacturer to implement a system allowing the registered owner or lessee of a motor vehicle manufactured by the company access to information sufficient to allow for the reproduction of a key to operate the motor vehicle. The system must be accessible at all times and must be implemented by January 1, 2008. This bill only applies to model year 2008 or later vehicles sold or leased after January 1, 2008. The Motor Vehicle Administration (MVA) may impose a fine of up to \$100 for failure to comply with the bill.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) revenues could increase minimally due to fine revenue, beginning in FY 2008. Assuming that the Consumer Protection Division receives fewer than 50 complaints per year stemming from this bill, any additional workload could be handled with existing resources.

Local Effect: None.

Small Business Effect: Small business expenditures could increase to purchase new equipment to access the system.

Analysis

Current Law: None.

Background: As vehicles have become increasingly more sophisticated, so have their ignition systems. Most new car keys currently contain a computer chip or transponder that is programmed with a PIN code that matches a code in the ignition. Without this code, a replacement key will not start the car. Replacement keys must be identically shaped to the original and also electronically programmed to match the ignition. As a result, duplication of keys has become difficult, requiring specialized equipment and PIN code programming information for duplication of transponder keys. Such equipment can cost \$10,000 to \$20,000 for a specific manufacturer. Even replacement of the key itself is specialized and can cost as much as \$100 or more.

This results in customers relying on dealerships to replace stolen, lost, or broken keys. Often an individual has to go to the dealership with proof of ownership and identification in order to obtain the codes. Depending on the time of day, a dealership is not always available when an individual is locked out of a car. In addition, if the PINs are not available to duplicate (*i.e.*, the keys are lost or the PIN codes are somehow unrecoverable), it can become necessary to replace the locks, which can cost hundreds of dollars.

The Automobile Club of California estimated that, out of 44,000 cases in 2004 involving individuals who had lost keys to vehicles or locked their keys in the car, 50% of cases required several hours to resolve due to the individuals or the locksmith not having the proper transponder codes. In addition, the club could not help the vehicle owner in 20% of cases. This can result in the vehicle having to be towed to a dealership for service.

State Fiscal Effect: TTF revenues could increase from fine revenue for automobile manufacturers failing to comply with the requirements of the bill. The exact magnitude of the increase is dependent on the type of system automobile manufacturers choose to create, and how reliable that system is; however, the effect is assumed to be minimal.

Assuming that the Consumer Protection Division of the Office of the Attorney General received fewer than 50 cases annually involving denied access to this system, any additional workload could be handled with existing resources.

The system would be created and maintained by automobile manufacturers and would not require any action on the part of the State.

Small Business Effect: Depending on the type of system that the manufacturers developed, small business expenditures could increase to purchase new equipment such as proprietary computer software to access the system.

Additional Information

Prior Introductions: None.

Cross File: HB 1488 (Delegate D. Davis) – Rules and Executive Nominations.

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

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