

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE

Senate Bill 707
Judicial Proceedings

(Senator Hooper, *et al.*)

Vehicle Laws - Consumer Access to Replacement Key Information

This bill requires an automobile manufacturer to implement a system allowing a locksmith or registered owner or lessee to access information sufficient to allow for the creation of a replacement key to operate the motor vehicle. The system must be accessible at all times and be implemented by January 1, 2010. This system only applies to model year 2006 or later vehicles sold or leased after January 1, 2010. A separate system is established for older vehicles.

Fiscal Summary

State Effect: 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 systems and register with the manufacturers as well as to meet background check and bonding requirements.

Analysis

Bill Summary: The system must allow a locksmith to register with the manufacturer and be issued a registration number and security password. In addition a registered locksmith must have undergone a background check by a nationally recognized locksmith organization and be properly bonded.

The registered locksmith must only be able to access information necessary to make the key. The manufacturer must verify the locksmith registration before providing the information. The locksmith must provide a copy of the information to the owner or lessee and destroy the information in his possession.

The bill requires a registered locksmith to perform certain procedures to verify that the person requesting the key is the owner or lessee of the vehicle. The locksmith is not liable for the theft of a vehicle related to a replacement key; however, this does not apply to fraud or misrepresentation. The vehicle manufacturer is not liable either.

If a manufacturer of a model 2006 or earlier vehicle does not allow for the production of a replacement key by anyone other than itself, then the manufacturer must operate a continuously available telephone or electronic system to facilitate a request for a replacement key. This replacement key must be provided at a reasonable cost and within one day after the request, or by the next overnight delivery. The manufacturer can contract with another entity to provide this service. The system or service must be available until January 1, 2015.

If anything in the bill is ruled invalid in a court of competent jurisdiction, the other provisions of the bill are still in effect.

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 thousands of dollars. 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.

AAA Mid-Atlantic estimated that, out of 30,000 cases in 2005 involving individuals who had lost keys to vehicles or locked their keys in the car, 10,000 resulted in vehicles needing to be towed to dealerships or locksmiths having to use “extensive workarounds” to access the vehicle.

State Fiscal Effect: 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 or hardware to allow for digitally copying a vehicle registration or driver’s license. In addition, locksmiths could have additional expenditures to undergo background checks and to meet the bonding requirements under the bill.

Additional Information

Prior Introductions: Similar bills, HB 1488 and SB 452, were introduced during the 2006 session. SB 452 received an unfavorable report from the Senate Judicial Proceedings Committee, while HB 1488 was heard by the House Environmental Matters Committee, where no further action was taken.

Cross File: HB 903 (Delegate Davis, *et al.*) – Economic Matters.

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

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