

Department of Legislative Services
Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 859

(Senator Pugh)

Judicial Proceedings

Environmental Matters

Vehicle Laws - Advertising Practices - Prohibited Acts

This bill requires the advertised purchase price for a vehicle to be the full delivered price of the vehicle excluding only taxes, title fees, and freight or dealer processing charges, and be printed in the largest font relating to price used in the advertisement. The bill also repeals the existing presumption that an advertisement that complies with Federal Trade Commission law is not false, deceptive, or misleading.

Fiscal Summary

State Effect: Potential minimal increase in Transportation Trust Fund (TTF) and general fund revenues due to the bill's imposition of existing penalty provisions. If the Attorney General's Office receives fewer than 50 complaints per year stemming from the bill, the additional workload can be handled with existing resources.

Local Effect: Potential minimal increase in expenditures due to the imposition of existing penalty provisions.

Small Business Effect: Potential minimal adverse impact on small business dealers to revise advertising practices or for additional legal services to the extent a dealer was previously relying on Federal Trade Commission law.

Analysis

Current Law/Background: Vehicle dealers are prohibited from engaging in a number of specific advertising activities including (1) advertising in any way that is false, deceptive, or misleading; (2) advertising vehicles without intent to sell as advertised; and (3) placing an insignia, logo, or other plate on a vehicle that advertises the name of

the dealer, without the consent of the buyer. Violation of these provisions is punishable by refusal, suspension, or revocation of a dealer's license, a fine of up to \$1,000 per violation, and is a misdemeanor with a fine of up to \$500 and/or imprisonment for up to two months or both.

Maryland Department of Transportation regulations address the advertised price of vehicles (COMAR 11.12.01.14). In addition, the regulations require dealer advertising to comply with the Federal Trade Commission Act, and certain regulations under the federal Truth in Lending Act, which promote the informed use of consumer credit by requiring disclosures about its terms and costs.

Additional Information

Prior Introductions: None.

Cross File: HB 547 (Delegate Stein, *et al.*) - Environmental Matters.

Information Source(s): Maryland Department of Transportation, Department of Legislative Services

Fiscal Note History: First Reader - February 19, 2009
mlm/ljm Revised - Senate Third Reader - April 3, 2009
Revised - Enrolled Bill - May 18, 2009

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