

Department of Legislative Services
Maryland General Assembly
2021 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 208

(Senator Hough, *et al.*)

Judicial Proceedings

Economic Matters

Vehicle Laws – Manufacturers and Dealers – Prices Listed on Dealer Websites

This bill establishes that a manufacturer, distributor, or factory branch may not (1) prohibit a dealer from listing a vehicle for sale or lease on the dealer’s website at the purchase price; (2) coerce or require a dealer to list a price on the dealer’s website that is different from the purchase price of a vehicle; or (3) take an adverse action against a dealer for listing a vehicle for sale at a particular price on the dealer’s website. This provision of the bill does not apply to situations in which a dealer violates existing prohibitions related to deceptive advertising practices, advertising vehicles without intent to sell as advertised, or a State or local law intended to protect the public. A manufacturer, distributor, or factory branch may still require all dealers to include freight or dealer processing charges in the prices listed on the dealer’s website.

Fiscal Summary

State Effect: The bill does not materially affect State finances or operations.

Local Effect: The bill does not materially affect local government finances or operations.

Small Business Effect: Minimal.

Analysis

Bill Summary: The bill defines “purchase price” as the full delivered price of a vehicle (excluding only taxes, title fees, and any freight or dealer processing charges disclosed in accordance with State law).

Current Law: A motor vehicle manufacturer, distributor, or factory branch must be licensed by the Motor Vehicle Administration (MVA) in order to, among other things, transfer new vehicles and conduct business in new vehicles in Maryland. Likewise, a person may not conduct the business of a dealer unless licensed by MVA.

Coercion of Vehicle Dealers

In general, a manufacturer, distributor, or factory branch (whether directly or through an agent, employee, affiliate, or representative) may not coerce any dealer to make any agreement with the manufacturer, distributor, or factory branch (or their agent, employee, affiliate, or representative). “Coerce” means to compel (or attempt to compel) by threat of harm, breach of contract, or other adverse action or consequences (including the loss of any incentive or other benefit made available to other dealers of the same line make in the State). “Coerce” also includes to act in a manner that violates the general requirement that a manufacturer, distributor, or factory branch (whether directly or through an agent, employee, or representative) act in good faith. However, “coerce” does not encompass arguing, urging, recommending, or persuading.

Prohibited Advertising Practices

A dealer (or an agent or employee of a dealer) may not (1) use any advertisement that is in any way false, deceptive, or misleading or (2) advertise or offer by any means to the public any vehicle without intent to sell it as advertised or offered. A person convicted of violating these requirements is subject to imprisonment for up to two months and/or a fine of up to \$500.

Additional Information

Prior Introductions: SB 178 of 2020, as amended, passed the Senate and was referred to the House Economic Matters Committee, but no further action was taken. Its cross file, HB 212, had a hearing in the House Economic Matters Committee, but no further action was taken.

Designated Cross File: None.

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

Fiscal Note History: First Reader - January 15, 2021
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