

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 695 (Delegate Bagnall)
Economic Matters

Consumer Protection - Notice to Consumers by Manufacturers and Dealers of
Motor Vehicles

This bill requires a dealer of used motor vehicles sold or leased in the State to establish procedures under which each consumer, before completing a transaction to purchase or lease a used motor vehicle from the dealer, is notified and provided with a copy of (1) any service bulletin or any other document issued by the manufacturer of the motor vehicle being purchased or leased by the consumer pertaining to a condition that may substantially affect motor vehicle durability, reliability, or performance and (2) information about any adjustment program of a manufacturer provided to the dealer pertaining to the motor vehicle being purchased or leased by the consumer. Violation of the bill is an unfair, *abusive*, or deceptive trade practice under the Maryland Consumer Protection Act (MCPA), subject to MCPA’s civil and criminal penalty provisions.

Fiscal Summary

State Effect: The bill’s imposition of existing penalty provisions does not have a material impact on State finances or operations. The Office of the Attorney General, Consumer Protection Division (CPD), can handle the bill’s requirements with existing resources.

Local Effect: The bill’s imposition of existing penalty provisions does not have a material impact on local government finances or operations.

Small Business Effect: Minimal.

Analysis

Current Law: A warranty adjustment program is a program or policy (1) that expands or extends a warranty beyond its stated limit or (2) under which a manufacturer undertakes or offers to pay or reimburse a consumer, whether directly or indirectly, for all or a part of the cost of repairing a condition that may substantially affect the durability, reliability, or performance of a motor vehicle. An adjustment program does not include (1) service provided under a safety or emissions related recall campaign or (2) adjustments made by a manufacturer on a case-by-case basis.

A manufacturer of motor vehicles sold in the State must establish procedures under which each consumer in the State who owns or leases a motor vehicle to which an adjustment program of the manufacturer applies (1) is notified of the program; (2) on request, is provided a copy of any service bulletin or any other document issued by the manufacturer pertaining to an adjustment program or to a condition that may substantially affect motor vehicle durability, reliability, or performance; and (3) within 90 days after the establishment of a new adjustment program, is sent written notice by first-class mail of the terms and conditions of the program. (The bill requires a manufacturer to provide a copy of any service bulletin or related document, regardless of whether a consumer requests it.)

A manufacturer of motor vehicles sold in the State must ensure that the purchaser of a new motor vehicle receives, at the time of purchase, a written notice describing the rights and remedies of the purchaser, as specified. Likewise, a manufacturer must provide to its dealers information about each adjustment program in an appropriate format.

A manufacturer establishing such a program must implement procedures to ensure reimbursement of each consumer who is eligible and incurs expenses. Reimbursement must be consistent with the terms and conditions of the program. A consumer must make a claim within a specified time period.

Maryland Consumer Protection Act

An unfair, abusive, or deceptive trade practice under MCPA includes, among other acts, any false, falsely disparaging, or misleading oral or written statement, visual description, or other representation of any kind which has the capacity, tendency, or effect of deceiving or misleading consumers. The prohibition against engaging in any unfair, abusive, or deceptive trade practice encompasses the offer for or actual sale, lease, rental, loan, or bailment of any consumer goods, consumer realty, or consumer services; the extension of consumer credit; the collection of consumer debt; or the offer for or actual purchase of consumer goods or consumer realty from a consumer by a merchant whose business includes paying off consumer debt in connection with the purchase of any consumer goods or consumer realty from a consumer.

CPD is responsible for enforcing MCPA and investigating the complaints of aggrieved consumers. The division may attempt to conciliate the matter, issue a cease and desist order, or file a civil action in court. A merchant who violates MCPA is subject to a fine of up to \$10,000 for each violation and up to \$25,000 for each repetition of the same violation. In addition to any civil penalties that may be imposed, any person who violates MCPA is guilty of a misdemeanor and, on conviction, is subject to a fine of up to \$1,000 and/or imprisonment for up to one year.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

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

Fiscal Note History: First Reader - February 16, 2024
km/jkb

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