

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 990
Finance

(Senator Gallion)

Consumer Protection - Agricultural Equipment Warranties

This bill requires, for purposes of making a claim under a warranty for “agricultural equipment,” a consumer to provide written notice (*i.e.*, to a manufacturer or factory branch) to report a nonconformity, defect, or condition occurring in the equipment. The bill also establishes numerous procedures for remedying a nonconformity, defect, or condition. A consumer who suffers a loss because of a violation of a provision of the bill may bring a civil action to enforce the provision, as specified. In addition to any other remedies that may be available under the bill, if a manufacturer or factory branch or its agent or authorized distributor is found to have acted in bad faith, the court may award the consumer damages of up to \$10,000. The bill may not be construed to limit or impair a right or remedy that is otherwise available to a consumer under any other law. The bill only applies prospectively and may not be applied or interpreted to have any effect on (or application to) any agricultural equipment (as defined by the bill) purchased before the bill’s effective date. 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, 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: Potential meaningful.

Analysis

Bill Summary: “Agricultural equipment” means any self-propelled vehicle designed primarily for and used in the occupation or business of farming.

If agricultural equipment does not conform to all applicable warranties during the warranty period, the consumer, during the warranty period, must report the nonconformity, defect, or condition by providing written notice to the manufacturer or factory branch by certified mail, return receipt requested. Notice of this requirement must be conspicuously disclosed to the consumer in writing at the time of sale or delivery of the agricultural equipment.

The consumer must provide an opportunity for the manufacturer or factory branch (or its agent) to correct the nonconformity, defect, or condition. The nonconformity (or defect or condition) must be corrected (1) at no charge to the consumer regardless of whether the repairs are made after the expiration of the warranty period and (2) within 30 days after the manufacturer’s or factory dealer’s receipt of the consumer notification.

Generally, if, after a reasonable number of attempts, the manufacturer or factory branch, its agent, or its authorized dealer is unable to repair or correct any defect or condition that substantially impairs the use and market value of the agricultural equipment to the consumer, the manufacturer or factory branch, at the option of the consumer, must:

- replace the agricultural equipment with comparable agricultural equipment that is acceptable to the consumer; or
- accept return of the agricultural equipment from the consumer and refund to the consumer the full purchase price including all license fees, registration fees, and any similar governmental charges, less a reasonable allowance for (1) the consumer’s use of the equipment (not to exceed 15% of the purchase price) and (2) damage that is not attributable to normal wear or a nonconformity, defect, or condition.

The manufacturer or factory branch must make refunds to the consumer and lienholder, if any, as their interests appear. It is an affirmative defense to a claim that the nonconformity, defect, or condition (1) does not substantially impair the use and market value of the agricultural equipment or (2) is the result of abuse, neglect, or unauthorized modifications or alterations of the agricultural equipment.

It must be presumed that a reasonable number of attempts have been made to conform agricultural equipment to the applicable warranties if:

- the same nonconformity, defect, or condition has been subject to repair four or more times by the manufacturer or factory branch or its agents or authorized dealers

within the warranty period, but the nonconformity, defect, or condition continues to exist; or

- the agricultural equipment is out of service for a cumulative total of 30 or more days during the warranty period due to the repair or attempted repair (however, the 30-day period does not include a day on which a consumer has been offered or provided with the use of other agricultural equipment that performs the same function).

The term of a warranty, the warranty period, and the 30-day out-of-service period must be extended by any time during which repair services are not available to the consumer by reason of war, invasion, strike, or fire, flood, or other natural disaster.

The presumption described above does not apply against a manufacturer if the manufacturer has not been provided the required written notification and the opportunity to correct the issue.

Current Law: 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.

The Consumer Protection Division 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.

Small Business Effect: The bill may benefit small businesses that utilize agricultural equipment, to the extent they pursue a claim under a warranty under the procedures established by the bill. Conversely, a manufacturer, factory branch, or authorized dealer, to the extent they are small businesses, may be subject to a more robust warranty claims process than under current law.

Additional Information

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

Designated Cross File: HB 1345 (Delegate Jacobs, *et al.*) - Economic Matters.

Information Source(s): Judiciary (Administrative Office of the Courts); Department of Legislative Services

Fiscal Note History: First Reader - February 28, 2025
js/jkb

Analysis by: Eric F. Pierce

Direct Inquiries to:
(410) 946-5510
(301) 970-5510