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January 28, 2020

TO: The Honorable William C. Smith, Jr., Chair  
Judicial Proceedings Committee

FROM: Steven M. Sakamoto-Wengel   
Consumer Protection Counsel for Regulation, Legislation and Policy

RE: Senate Bill 178 – Vehicle Laws – Manufacturers and Dealers –  
Advertisements -- SUPPORT WITH AMENDMENTS

The Consumer Protection Division of the Office of the Attorney General supports Senate Bill 178, sponsored by Senators Hough, Lee, Ready, Smith and Waldstreicher, with the amendments discussed below. Senate Bill 178 would bar an automobile manufacturer, distributor or factory branch from prohibiting an automobile dealer from advertising a vehicle at the “purchase price.” “Purchase price” is defined in the bill as the “full delivered price of a vehicle, excluding only taxes, title fees, and any freight or dealer processing charge disclosed in accordance with § 15-311.1 of [the Transportation Article].” The Division understands that Senate Bill 178 is intended to ensure that accurate price information is available to consumers.

The Division, however, is concerned that the bill could undermine a manufacturer’s requirement that a dealer’s advertised price be more accurate by, for example, requiring the advertised price to *include* the freight or dealer processing charge. Senate Bill 178 would make it illegal for a manufacturer to impose such a requirement upon a dealer so that the advertised price better reflected the true “full delivered price.”

The Division believes the following amendments to the bill, which the bill’s proponents have agreed to accept, would address our concerns:

On page 2, line 31, after “(3)”, insert “(A)”; and on page 3, after line 2, insert:

**“(B) NOTHING IN THIS SECTION PROHIBITS A MANUFACTURER, DISTRIBUTOR, OR FACTORY BRANCH FROM REQUIRING ALL DEALERS TO INCLUDE FREIGHT OR DEALER PROCESSING CHARGES IN THEIR ADVERTISEMENTS OF THE PURCHASE PRICE.”**

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Additionally, the Division believes that the statement required on page 3, lines 17 through 19, regarding advertised prices does not belong in a contract of sale and would serve only to confuse consumers and, consequently, should be deleted from the bill.

Consequently, the Consumer Protection Division requests that the Judicial Proceedings Committee give Senate Bill 178 a favorable report with the amendments discussed.

cc: The Honorable Michael Hough  
The Honorable Susan Lee  
The Honorable Justin Ready  
The Honorable Jeff Waldstreicher  
Members, Judicial Proceedings Committee