



**Testimony to the House Economic Matters Committee  
HB955: Vehicle Laws - Manufacturers and Dealers - Incentives  
Position: Favorable**

March 8, 2023

The Honorable C.T. Wilson, Chair  
House Economic Matters Committee  
Room 231, House Office Building  
Annapolis, Maryland 21401  
cc: Members, House Economic Matters

Honorable Chair Wilson and members of the committee:

Economic Action Maryland (formerly the Maryland Consumer Rights Coalition) is a statewide coalition of individuals and organizations that advances financial justice and economic inclusion for Maryland consumers through research, education, direct service, and advocacy. Our 8,500 supporters include consumer advocates, practitioners, and low-income and working families throughout Maryland.

We are writing in support of HB955. This bill promotes transparency and equity in the allocation of new cars among auto dealers. When manufacturers allocate a fair share of vehicles to each of their dealerships, large dealerships in more attractive markets are prevented from dominating the market. This provision will help smaller dealerships remain competitive while expanding consumer choice in all markets.

Furthermore, HB955 requires manufacturers to provide clear and transparent information about their allocation policies to their dealerships, which will help prevent unfair practices such as favoritism or discrimination. By ensuring that all dealerships have access to the same information and resources, this bill will create a level playing field that will benefit both consumers and dealerships. This more equitable distribution will also boost price competition that helps car buyers get a good deal.

Buying a car is a major purchase for consumers, and the cost of buying a new car has reached record highs.<sup>1</sup> When supply is ample, dealerships are incentivized to sell less than the Manufacturer Suggested Retail Price (MSRP) to move cars off the lot. However, with supply-chain problems creating shortages of new vehicles, many dealerships have been charging much more than MSRP. Meanwhile, the dealerships that don't add markups to MSRP are seeing their inventory quickly depleted.<sup>2</sup> The current shortage exemplifies what happens in markets where cars are not readily available - prices go up for consumers. This is particularly troubling in "less attractive" markets in low-income areas.

Not all car markets are equal. Among the several articles published on affordable car buying in the last year, tips for consumers included shopping around and expanding the search to sellers further from the

---

<sup>1</sup> <https://www.bankrate.com/loans/auto-loans/how-to-buy-a-new-car-when-prices-are-high/#four>

<sup>2</sup> <https://www.opb.org/article/2022/09/04/inside-the-rise-of-stealerships-and-shady-economics-of-car-buying/>



consumer's home.<sup>3</sup> Many consumers cannot reach these more desirable markets because they may not have a vehicle or cannot afford to take time off work to drive hours from their home. A more equitable distribution of new cars will increase consumer selection of cars at a competitive price and help ensure low-income consumers are not charged more for a car because of where they live.

Overall, HB955 will help protect the rights of consumers and promote economic equity in the vehicle industry. I urge you to support this bill and help ensure a fair and transparent market for all consumers and dealerships.

Respectfully,

Isadora Stern  
Policy Manager

---

<sup>3</sup><https://www.upstart.com/learn/why-are-cars-so-expensive/#:~:text=Currently%2C%20cars%20are%20so%20expensive,available%20cars%20continue%20to%20rise>.