

CANDACE McLAREN LANHAM
Chief Deputy Attorney General

CAROLYN A. QUATTROCKI
Deputy Attorney General

LEONARD J. HOWIE III
Deputy Attorney General

CHRISTIAN E. BARRERA
Chief Operating Officer

ZENITA WICKHAM HURLEY
Chief, Equity, Policy, and Engagement

PETER V. BERNS
General Counsel



ANTHONY G. BROWN
Attorney General

STATE OF MARYLAND
OFFICE OF THE ATTORNEY GENERAL
CONSUMER PROTECTION DIVISION

WILLIAM D. GRUHN
Chief
Consumer Protection Division

Writer's Direct Dial No.

410-576-7942
kstraughn@oag.state.md.us
Fax: 410-576-7040

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To: The Honorable C.T. Wilson
Chair, Economic Matters Committee

From: Karen S. Straughn
Consumer Protection Division

Re: House Bill 695 – Consumer Protection – Notice to Consumers by Manufacturers and Dealers of Motor Vehicles (SUPPORT)

The Consumer Protection Division of the Office of the Attorney General submits the following written testimony in support of House Bill 695 submitted by Delegate Heather Bagnall. This bill requires a dealer of used or leased vehicles to provide the consumer with any service bulletins or manufacturer adjustment program information about the condition of the vehicle prior to completion of the sale.

When purchasing a new vehicle, the Maryland lemon law, as well as the requirement to advise of service bulletins when requested, protects consumers. However, when purchasing a used vehicle, an individual runs the risk that the vehicle may have problems about which the purchaser is unaware. The same may occur when leasing a vehicle, which may have been driven by others in the past. Service bulletins can reveal issues with a make or model of vehicle that may need attention – even if it has never caused a problem with the particular vehicle before. If the vehicle has the problem identified in the service bulletin and the car is under warranty, the repair may be relatively simple. Service bulletins, however, may also identify concerns for which there is no fix. If the original warranty has expired, warranty adjustment programs may help to protect the consumer when their vehicle has some form of defect. For these reasons, providing a consumer with the service bulletins and warranty adjustment programs prior to purchase allows a consumer to make an educated decision about the vehicle they intend to purchase.

The Consumer Protection Division receives complaints from individuals who buy and lease used vehicles, only to find out that there were known problems. Knowing about the potential concerns prior to purchase may have affected their purchase decision. Except for vehicles that the law allows to be sold “as is”, the Consumer Protection Act requires disclosure of material facts about a vehicle being sold to a consumer. Often the vehicles are sold with relatively short warranties or none at all, and the purchaser is financially incapable of dealing with the potential concerns. This leaves buyers feeling disillusioned. By providing the information prior to the sale, the potential purchaser can have the vehicle inspected for this type of problem, should they choose, or they may choose a different vehicle. Either way, their choice is more informed.

For these reasons, we ask that the Economic Matters Committee return a favorable report on this bill.

cc: The Honorable Heather Bagnall
Members, Economic Matters Committee