

HEATHER BAGNALL  
Legislative District 33C  
Anne Arundel County



Annapolis Office  
The Maryland House of Delegates  
6 Bladen Street, Room 160  
Annapolis, Maryland 21401  
410-841-3406 · 301-858-3406  
800-492-7122 Ext. 3406  
Heather.Bagnall@house.state.md.us

Health and Government Operations  
Committee

*Subcommittees*

Health Occupations and Long-Term Care

Public Health and  
Minority Health Disparities

THE MARYLAND HOUSE OF DELEGATES  
ANNAPOLIS, MARYLAND 21401

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**HB695 - Consumer Protection - Notice to Consumers by Manufacturers and Dealers of  
Motor Vehicles**

Good afternoon Chairman, Vice Chair, and members of the Economic Matters Committee. Thank you for the opportunity to present House Bill 695.

House Bill 695 is the result of a litany of constituent complaints regarding a lack of transparency by automotive manufacturers and dealers, especially in the sale of used cars. These complaints stemmed primarily from a shortcoming in Maryland consumer protection law that allows manufacturers to effectively hide critical functional and safety issues with used motor vehicles before and after they are sold, as well as adjustments in warranties that could offset significant unjust costs to the consumer.

There is a current statutory and industry-wide framework under which consumers can be notified of defects in motor vehicles. When a model of automobile experiences a common defect, manufacturers can issue service bulletins, which nominally notify owners and consumers of the potential for a defect with a vehicle. Service bulletins are not the same thing as recalls, as recalls are required repairs for imminent safety concerns, while service bulletins outline a set of recommended repair procedures for purportedly non-life-threatening issues. For example, in 2019, it was discovered in a popular model that snow build-up around the air intake blower motor led to constricted airflow inside the vehicle.<sup>1</sup> However, service bulletins have also been used in recent years to notify more critical failures impacting the performance and reliability of the vehicle. As recently as 2020 a popular model's service bulletin included a widespread engine defect that could result in sudden engine seizure.<sup>2</sup> Although such defects are clearly dangerous, current law allows sellers of motor vehicles to circumvent their disclosure often under the guise that the defect is primarily functional rather than hazardous.

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<https://www.jdpower.com/cars/shopping-guides/what-is-a-recall-or-technical-service-bulletin-tsb>

<sup>2</sup> [https://www.ford-trucks.com/forums/tsb\\_recall/tsbs/hyundai/accent/2015](https://www.ford-trucks.com/forums/tsb_recall/tsbs/hyundai/accent/2015)

Currently, Maryland law only requires that dealers provide any service bulletin for used vehicles *at the request* of the consumer. Meanwhile, service bulletins are being used increasingly often by manufacturers to communicate information about defects. As a result, many consumers are left in the dark about crucial information regarding the sale of their vehicle at their expense and potentially at the cost of safety on the road.

Additionally, in the case of a widespread defect, manufacturers will often pay for repairs by a dealer after the expiration of the initial warranty under a hidden predetermined agreement with the dealer. These agreements, called warranty adjustments, are sometimes known tongue-in-cheek as “secret warranties” because consumers are often not made aware of their existence. In other words, if a consumer brings their defective automobile to a dealer to repair an issue after their warranty has expired, they still may end up paying for the repair, even under a warranty adjustment. It took until 2016 for Maryland to pass a law that would simply prevent car manufacturers from interfering with dealers that want to disclose, on their own volition, information about these kinds of warranties.<sup>3</sup> We still have work to do to ensure that consumers have fair access to critical information related to their car’s safety and reliability.

HB695 requires that dealers provide notifications of service bulletins and warranty adjustment programs provided by manufacturers on *all* used motor vehicles purchased in Maryland at the point of sale. This includes *all* potential warranty adjustment options provided at the time of repairs. These relatively simple changes will not only improve transparency for consumers, but they will prevent unfair expenses from being levied where they should not be and potential safety hazards and defects from going unrepaired.

It’s time that the state of Maryland stand up for automobile consumers and prevent critical information about purchases from being obscured. I respectfully ask for a favorable report on House Bill 695.

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<sup>3</sup> <https://mgaleg.maryland.gov/2016RS/bills/hb/hb0525E.pdf>