



Auto Consumer Alliance
13900 Laurel Lakes Avenue, Suite 100
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Testimony to the Senate Judicial Proceedings Committee
SB 834 – Vehicle Laws – Manufacturers and Dealers – Prices Listed on Dealer Websites
Position: Favorable

The Honorable Will Smith
Judicial Proceedings Committee
2 East, Miller Senate Building
Annapolis, MD 21401
cc: Members, Judicial Proceedings Committee

March 5, 2025

Dear Chairman Smith and Committee Members,

I'm a consumer advocate and Executive Director of Consumer Auto, a non-profit group that works for safety, transparency, and fair treatment for Maryland drivers and consumers.

We support **SB 834** because it will help give consumers better information about price discounts available on new cars, make car pricing more competitive, and help make new cars more affordable for Maryland drivers. Those benefits matter very much at a time when the average price of a new car has climbed to more than \$49,000¹ and the cost of car ownership has grown into a real burden for many drivers.

As we've discussed in this committee in the past, many car manufacturers now impose Minimum Allowable Advertised Price (MAAP) rules on their dealers and their customers. Those rules set a high floor for the prices dealers can list for many new car models in advertisements or even on their own websites. Dealers can be punished with loss of access to incentives and other supports they need to compete if they list prices below the MAAP level— and that often means they can't accurately list their own price discounts on their own websites.

As a result, the prices customers see on a dealer's websites often are \$1,000, \$1,500 or more HIGHER than the actual transaction prices available in the showroom (where MAAP rules do not apply). And under current manufacturer's rules, dealers can be punished even for posting language that suggests lower prices may be available in the dealership. For dealers, posting seemingly innocuous phrases like "contact us for other price offers" or "additional discounts may be available at the dealership" can lead to a loss of important benefits.

This practice sharply restricts the freedom of dealers to compete to offer lower prices to customers. It also significantly distorts the price information available to consumers – and tends to push the prices people pay for cars even higher.

Many car buyers now start their car search and hunt for car bargains on the Internet – just as most of us start our search for other products we need online. But few know that, in the case of new cars,

¹ <https://www.kbb.com/car-news/average-new-car-price-flirting-with-record/>



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the prices we see online (or in price-comparison sites many consumers now use), may be \$1000 or more higher than the prices available in the showroom.

The Internet ought to be a great tool to help car buyers get a better deal on their car purchases. But these MAAP rules really do stand in the way of it working that way. And that's a particular problem for car buyers who may find it harder to get to the dealership to learn about other price offers – i.e. older customers, those without a working vehicle, those with mobility challenges.

Unlike the bills that this committee endorsed, and the full Senate passed with overwhelming support in 2020 and 2021, this bill would NOT prohibit manufacturers from enforcing MAAP rules on their dealers. Instead, this narrower bill would simply give consumers a better opportunity to learn that lower prices may be available in the showroom – by prohibiting manufacturers from taking “**adverse action against a dealer**” for using language that discloses that “**the advertised price of a vehicle is the manufacturer’s Minimum Allowable Advertised Price and that the dealer may offer a lower price.**”

This language would not affect the rules about fraudulent sales offers or those prohibiting bait-and-switch car sales tactics or intentionally misleading car sales offers. Those practices are prohibited now – and the language of this bill would not change that.

What it would do is give dealers more freedom at least to advise customers online or add simple phrases to their website disclosing that lower prices than they’re seeing may be available in the showroom. This would help car buyers get access to discounts that current pricing rules may prevent them from discovering.

This change would make car pricing more competitive and make the car market work better both for consumers looking for more affordable vehicles and for dealers willing to compete to offer them better prices.

We strongly support SB 834 and ask you to give it a FAVORABLE report.

Sincerely,

Franz Schneiderman
Consumer Auto