

8111 Thoreau Drive
Bethesda, MD 20817
March 3, 2025

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

SB 834
Favorable, with amendment

Dear Chair Smith and Members of the Committee:

I write in support of SB 834, if this Committee will accept an amendment proposed below. Although I'm a past President of the Maryland Consumer Rights Coalition (now Economic Action MD), the views expressed in this letter are solely my own.

Under the new Trump administration, one can reasonably expect an emphasis on free markets, long a hallmark of our democracy. Yet, curiously, there's one corner of the market for new automobiles where handcuffs limit the freedom of key players in that market: car dealers.

Maryland dealers pay manufacturers millions of dollars for their franchise to sell new vehicles and to maintain the parts and service departments required to support those sales. For over 100 years, dealers have enjoyed the right to sell and advertise their inventory at prices that help them succeed in the marketplace. Our dealers know local markets in Maryland better than their overlords in Japan, Korea, Germany or Detroit. But by enforcing the "Minimum Allowable Advertised Price" in their franchise agreements, manufacturers now stymie dealers who want to advertise prices they know will help them sell more cars than their competitors (which incidentally would benefit consumers).

This letter reviews manufacturer actions that seriously undermine our free market principles and harm consumers. Consumers, to state the obvious, are your constituents. And it offers a stronger, more meaningful amendment that will help your constituents locate dealers willing to sell new vehicles for a good price.

Maryland law allows dealers to advertise new vehicle prices that are higher than a Manufacturer's Suggested Retail Price ("MSRP"). I have no problem with that. But Maryland law also currently allows manufacturers to effectively prohibit those same dealers from advertising new vehicle prices low enough to attract shoppers to their dealership. By not prohibiting manufacturers from enforcing draconian penalties against dealers who advertise the lower prices they think best, Maryland law unnecessarily harms consumers and dealers willing to offer low sale prices. Unless the General Assembly acts, dealers will be forced to continue to kowtow to manufacturers and the rest of are harmed.

AN AMENDMENT TO PROHIBIT MANUFACTURERS FROM PUNISHING DEALERS WHO ADVERTISE PRICES BELOW THE MINIMUM ALLOWABLE ADVERTISED PRICE

In lieu of SB 834's proposed new language for Transportation Article 15-207(3), I urge the Committee to adopt this amendment:

(3) UNLESS A DEALER VIOLATES SECTION 15-313(A) OR (B) OF THIS TITLE OR A STATE OR LOCAL LAW INTENDED TO PROTECT THE PUBLIC, A MANUFACTURER, DISTRIBUTOR OR FACTORY BRANCH MAY NOT TAKE AN ADVERSE ACTION AGAINST A DEALER FOR DISCLOSING ON ITS WEBSITE THE PRICE AT WHICH IT IS OFFERING TO SELL A NEW VEHICLE. THIS APPLIES TO PROHIBIT MANUFACTURERS FROM TAKING AN ADVERSE ACTION AGAINST A DEALER FOR DISCLOSING THE PRICE OF A NEW VEHICLE THAT IS LOWER THAN A MANUFACTURER'S MINIMUM ALLOWABLE ADVERTISED PRICE OR OTHER SIMILAR EFFORT BY A MANUFACTURER, DISTRIBUTOR OR FACTORY BRANCH TO RESTRICT A DEALER'S RIGHT TO ADVERTISE THE PRICE AT WHICH IT IS OFFERING TO SELL A NEW VEHICLE.

Other than this amendment to Transportation Article 15-207(3), the remainder of SB 834 would remain unchanged.

Passage of this amendment will let dealers compete on price. It will save car shoppers a huge amount of time and aggravation. It will help them save money. Ten years ago, it was relatively simple to find a dealer advertising a good price discounted from the MSRP and strike a fair deal. Not any more. Marylanders deserve better.

UNLESS THIS AMENDMENT IS ENACTED INTO LAW, CONSUMERS WILL CONTINUE TO FACE UNACCEPTABLE BARRIERS TO PURCHASING NEW CARS OR TRUCKS FOR A GOOD PRICE.

My wife and I shopped for a new car 3 months ago. It is rare to find a dealer who advertises a price for a new vehicle at less than the MSRP. Instead, dealer websites universally urge shoppers to contact the dealership. But what happens when you do? Because of requirements in a manufacturer's franchise agreement, shoppers have to give up their name, email address and phone number to each dealer they contact. That exposes shoppers to calls, emails and text messages. And it's not just from one salesperson. If shoppers don't respond promptly, you also begin to hear from a dealer's "internet manager," its "assistant sales manager," and Lord knows who else. Multiply that aggravation by the number of other dealers to whom you had to give your contact info. This amendment will help Marylanders shop anonymously on the internet and have a much easier time buying a new vehicle for a good price.

I support SB 834 as amended and ask you give SB 834, as amended, a favorable report.

Sincerely,

Mark Steinbach