

testimony2025sb834ltr.pdf

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Position: FAV



Auto Consumer Alliance
13900 Laurel Lakes Avenue, Suite 100
Laurel, MD 20707

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/>



Auto Consumer Alliance
13900 Laurel Lakes Avenue, Suite 100
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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

2025.3.3 SB834 Rob Smith Fitzgerald Auto Mall Favo

Uploaded by: Rob Smith

Position: FAV



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

Dear Chairman Smith and Committee Members,

My name is Rob Smith, and I am the President of Fitzgerald Auto Malls, a company that has been family-founded but is now proudly employee-owned. Our 1,300 Maryland employees and their families are committed to one fundamental principle in car sales—transparency. At Fitzgerald Auto Malls, we believe in upfront, honest pricing. The price you see is the price you pay. That’s what consumers expect, and it’s what they deserve.

For years, we have built our business on the foundation of trust. As highlighted in Wards Auto, research consistently shows that transparency is the key driver of consumer confidence and loyalty in the automotive industry. (ATTACHMMMENT)

Yet, outdated manufacturer policies—like the Minimum Allowable Advertised Price (MAAP)—work directly against that transparency by artificially inflating the prices consumers see online. This practice is anti-consumer in an era where customers expect honesty, not hidden pricing games.

Under MAAP rules, dealers are prohibited from listing the true transaction prices of vehicles online, often forcing prices to be displayed at \$1,000, \$1,500, or more above what a customer would actually pay in the showroom. Worse still, **manufacturers penalize dealers for even suggesting that additional discounts may be available.** Dealers who break these rules risk losing crucial manufacturer incentives—creating an uneven playing field where some dealers can offer lower prices due to incentives, while others cannot.

Manufacturers often claim that dealers are free to set their own prices, but they fail to acknowledge how MAAP manipulates that freedom. While a dealer can list a real price ON THE CAR ON THE LOT, they take cannot do the same on the internet. A dealership that follows the rules and honestly advertises prices is at a competitive disadvantage compared to one that quietly offers hidden showroom discounts. Why should car buyers be forced to navigate a system that obscures real pricing instead of providing clear, honest numbers from the start?

SB 834 does not prohibit MAAP enforcement outright, but it does take a modest and necessary step toward ensuring that consumers are at least informed that lower prices may be available. It simply prevents manufacturers from retaliating against dealers for adding language that truthfully states: “The advertised price of a vehicle is the manufacturer’s Minimum Allowable Advertised Price and that the dealer may offer a lower price.”

This bill isn’t about bait-and-switch tactics or deceptive advertising—it’s about basic fairness. It allows dealers to communicate openly with customers, restoring trust in a process that should be built on honesty, not secrecy.

So, I ask this committee: Why would anyone oppose telling consumers the truth?

At Fitzgerald Auto Malls, we stand for fairness, transparency, and trust. We urge you to support SB 834 and help ensure that Maryland consumers receive the honest pricing information they deserve.

Sincerely,

A handwritten signature in blue ink, appearing to read "Robert M. Syll".

President, Fitzgerald Auto Malls

2025.3.3 Trust, Not Price, Drives Sales.pdf

Uploaded by: Rob Smith

Position: FAV

FINANCE & INSURANCE

DEALERS

RETAIL

Trust, Not Price, Drives Sales

Capital One survey highlights the critical role of trust in boosting dealer sales and customer loyalty.



Nancy Dunham, Principal Analyst/Retail

October 25, 2024

2 Min Read



Transparent pricing is key to earning customers' trust. GETTY IMAGES

Dealers who blame slow sales on pricing might need to take a closer look at their customer relationships.

Nearly half (48%) of car buyers surveyed for the 2024 Capital One Car Buying Outlook cite trust, not price, as the most important factor in their purchasing decisions.

“The car buying experience demands a unique standard of transparency and trust,” says Sanjiv Yajnik, president of Financial Services at Capital One. “Establishing common ground is key to robust sales and satisfied, loyal customers.”

Yajnik emphasizes that integrating online tools with in-person interactions can boost sales by demonstrating transparency in the buying process. However, a [recent WardsAuto story](#) revealed that strong customer relationships are lacking at some dealerships.

Before diving into the importance of transparency, here are some key insights from the Capital One study:

88% of car buyers complete at least half of the buying process in person, a 5-point increase from last year.

26% say working with a trustworthy dealer is the most important part of the experience, while only 10% prioritize getting the best price.

Salespeople play a crucial role in building trust, with 60% of buyers stating that sales reps are instrumental in fostering confidence.

Car buyers who perceive the process as transparent are 2.75 times more likely to trust dealers, and those who trust dealers are over seven times more likely to view the process as transparent.

Trust is critical in business relationships, especially given rising concerns about digital fraud.

A recent TransUnion study found that two-thirds of business leaders, not just auto dealers, reported that 25% of new accounts are opened virtually. High-profile cyberattacks, such as the recent ones that targeted Findlay Auto Group in Henderson, NV, and CDK Global, which serves many dealerships, have heightened consumer fears about data security.

With numerous websites, blogs and media outlets accusing dealers of price gouging, price transparency has never been more urgent. According to the Capital One survey, buyers are 2.75 times more likely to trust dealers open about pricing.

So, what does transparency mean? The Capital One survey shows that most car buyers (52%) define it as clear pricing and financing found through digital tools. Dealers who believe their processes are already transparent may need to reassess, as there remains a gap in perception between dealers and buyers, though it is narrowing.

The good news: more than half (55%) of buyers surveyed describe the buying process as “very” or “completely” transparent, up from 28% in 2023. This reduces the gap between buyers and dealers to 18 percentage points from 40 percentage points last year.

Still, there’s room for improvement. And dealers who do so are likely to reap rewards. The study indicates that car buyers are twice as likely to return to dealers they trust for their next purchase.



Nancy Dunham
Principal Analyst/Retail, WardsAuto

Nancy Dunham has written and edited for an array of dealer-centric automotive publications. Contact her at NDunham@WardsAuto.com.

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Position: FWA



March 3, 2025

The Honorable William Smith
Chair, Senate Judicial Proceedings Committee
Miller Senate Office Building
Annapolis, Maryland 21401

SB 834: Vehicle Laws - Manufacturers and Dealers – Prices Listed on Dealer Websites
Position: Favorable With Amendment

Chair Smith:

The Alliance for Automotive Innovation (Auto Innovators¹) seeks an amendment to SB 834, which seeks to regulate automobile advertising. SB 834 prohibits automakers from taking “adverse action” against dealers that disclose on their website that their selling price may be different than the minimum advertised price posted on their website. Auto Innovators requests that the bill include a provision that would still allow manufacturers and dealers to have contracts related to advertising and that those contracts be enforceable.

Harms Regional Advertising Associations

Manufacturers and dealers often have regional advertising associations in which the manufacturer and the local dealers pool their advertising dollars to buy advertising that benefits all of them. For example, commercials that say, “See your Baltimore area dealer for....” That avoids a problem where individual dealers would shoulder the advertising burden alone, and it allows consumers to receive information that is useful for their purchasing decisions.

If manufacturers are contributing money to advertising, then it is reasonable that manufacturers be able to attach strings to that money, e.g. a minimum advertised price requirement. Minimum advertised prices are not necessarily final prices, they may be designed by marketers to leave room for dealers and customers to negotiate, as is customary and expected in automobile purchasing.

A key part of advertising to consumers is dealer websites. If a regional advertising agreement includes a minimum advertised pricing but the website portion of those agreements is unenforceable, then that diminishes the benefit of the bargain for manufacturers and other dealers who contributed to the advertising campaign.

¹ From the manufacturers producing most vehicles sold in the U.S. to autonomous vehicle innovators to equipment suppliers, battery producers and semiconductor makers – Alliance for Automotive Innovation represents the full auto industry, a sector supporting 10 million American jobs and five percent of the economy. Active in Washington, D.C. and all 50 states, the association is committed to a cleaner, safer and smarter personal transportation future.

www.autosinnovate.org.

Requested Amendment

Auto Innovators requests an amendment to read, *“This provision does not prohibit or restrict a manufacturer, distributor, or factory branch from developing or utilizing dealer programs related to advertising and does not require the manufacturer, distributor, or factory branch to compensate or pay a dealer an incentive if the dealer decides not to participate in that program.”*

The amendment makes clear that a dealer can disclose that a minimum advertised price is not necessarily its selling price unless it has signed an agreement to receive a benefit under an advertising program or regional advertising association, in which case it must follow the program’s rules. This amendment puts the choice in the dealer’s hands. The dealer can follow its own advertising strategy or it can receive advertising benefits via a manufacturer advertising program, but it is not entitled to both.

SB 834 could make regional advertising more difficult to deploy and cause it to contain less useful information to attract consumers. The Alliance for Automotive Innovation respectfully asks the members of the Committee to amend the bill before reporting it. For more information, please contact our local representative, Bill Kress, at (410) 375-8548.

Sincerely,

A handwritten signature in black ink that reads "Josh Fisher". The signature is written in a cursive, slightly slanted style.

Josh Fisher
Senior Director, State Affairs
Alliance for Automotive Innovation

Steinbach on SB 834.pdf

Uploaded by: Mark Steinbach

Position: FWA

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