

SB 297 – Consumer Price Transparency: Questions & Answers
House Bill 306 – Vehicle Laws – Manufacturers and Dealers – Prices Listed on Dealer Websites

What is SB 297 about?

SB 297 is about consumer transparency in online vehicle pricing. It ensures that dealers are not punished by manufacturers for truthfully disclosing when an advertised price is affected by a manufacturer's Minimum Allowable Advertised Price (MAAP) rule and that a lower price may be available.

Why is this issue important now?

The way consumers shop for vehicles has changed. For most buyers, the dealer website is the primary showroom. Online pricing determines which dealer a consumer visits and whether they trust the process. Laws governing vehicle advertising should reflect how consumers actually shop today.

What is MAAP pricing?

MAAP, or Minimum Allowable Advertised Price, is a manufacturer policy that limits what price a dealer may display in advertising, including on dealer websites. While dealers may be willing to sell a vehicle for less, MAAP rules can require a higher price to be displayed online.

How does this affect consumers?

Consumers may see prices online that are higher than what the dealer is actually willing to accept. In many cases, dealers are also prohibited from explaining that the higher price exists because of a manufacturer rule. This creates confusion and undermines trust at the start of the buying process.

Can't dealers just disclose the real price directly to customers?

Manufacturers often say dealers can disclose prices one-on-one. However, many consumers today are unwilling to provide personal information or submit lead forms simply to learn the true price of a vehicle. Consumers increasingly expect transparency before engagement, not after.

Are dealers allowed to show real prices in physical showrooms?

Yes. Dealers may display any real selling price they choose on a vehicle's windshield in a physical showroom. However, manufacturer MAAP rules often prohibit dealers from displaying or explaining those same prices online, even though the internet is where most consumers shop.

Does SB 297 force dealers to advertise lower prices?

No. SB 297 does not set prices and does not require any dealer to advertise lower prices.

Dealers who prefer to continue advertising MAAP pricing or higher prices may do so without any change.

Does SB 297 prohibit manufacturers from using MAAP programs?

No. Manufacturers may continue to use MAAP or similar pricing programs. SB 297 does not interfere with those programs; it simply prevents manufacturers from retaliating against dealers for truthful disclosure to consumers.

Could this bill lead to misleading or bait-and-switch advertising?

No. Existing Maryland law already prohibits false, deceptive, or misleading advertising. SB 297 does not weaken those protections. It allows only truthful disclosure explaining why an advertised price may not reflect the dealer's actual selling price.

How do manufacturers enforce MAAP rules today?

Manufacturers often enforce MAAP rules by reducing or eliminating marketing assistance or cooperative advertising funds for dealers who do not comply. This enforcement mechanism can significantly impact a dealer's cost structure.

How does that enforcement impact competition and prices?

Dealers who lose manufacturer support face higher costs than competitors selling the same vehicles. Over time, this distorts competition and can result in higher prices for consumers, even though no additional value is created.

Is SB 297 taking sides between dealers and manufacturers?

No. SB 297 is consumer-focused. It does not regulate contracts or pricing decisions. It simply ensures that consumers are not prevented from receiving truthful information in the primary marketplace where vehicle purchasing decisions are made.

Why is SB 297 considered a balanced approach?

SB 297 does not mandate disclosure; it permits it. Dealers may choose whether to use this disclosure. Manufacturers may continue their pricing programs. The bill strikes a reasonable balance between transparency and existing business practices.

What is the goal of SB 297?

The goal is to modernize Maryland law to reflect current consumer behavior, restore honesty to online vehicle pricing, and promote informed decision-making in the digital marketplace.

Conclusion

SB 297 is a modest, reasonable update that promotes transparency and trust without setting prices or altering existing advertising laws. It allows consumers to better understand the prices they see online and supports fair competition in today's marketplace.