

Department of Legislative Services
Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 511

(Senators Frosh and Forehand)

Judicial Proceedings

Rules and Executive Nominations

Vehicle Manufacturers - Advertising - Prohibiting Threats to Dealers

This bill prohibits a motor vehicle manufacturer from threatening a dealer with the loss of a franchise or a benefit available to other dealers for listing the manufacturer's invoice price in an advertisement as long as the advertisement (1) contains a clear and conspicuous notice to the buyer stating that the invoice price may be higher than the true and final cost to the dealer; and (2) is not in violation of the Maryland Consumer Protection Act.

Fiscal Summary

State Effect: The bill primarily regulates the activities of private entities. Any impact on the Motor Vehicle Administration (MVA) or Attorney General can likely be handled with existing resources.

Local Effect: None.

Small Business Effect: Potential meaningful impact on small business motor vehicle dealerships.

Analysis

Current Law: The Maryland Vehicle Law contains a number of provisions that protect motor vehicle dealers from discriminatory or coercive business practices by manufacturers, distributors, and factory branches and that strengthen dealerships' franchise rights.

An unfair or deceptive trade practice under the Maryland Consumer Protection Act includes any false, falsely disparaging, or misleading oral or written statement, visual description, or other representation of any kind which has the capacity, tendency, or effect of deceiving or misleading consumers. The prohibition against engaging in any unfair or deceptive trade practice encompasses the offer for or actual sale, lease, rental, loan, or bailment of any consumer goods, consumer realty, or consumer service; the extension of consumer credit; and the collection of consumer debt.

Small Business Effect: It is unknown how many motor vehicle dealers are engaged in the types of advertising practices specified in the bill, or how many manufacturers would take action against a dealer or its franchise. However, a small business dealer will realize a meaningful benefit to the extent that its dealership franchise would otherwise be threatened in the absence of the bill.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Office of the Attorney General (Consumer Protection Division), Maryland Department of Transportation, Department of Legislative Services

Fiscal Note History: First Reader - March 16, 2010
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