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February 9, 2022

TO: The Honorable C.T. Wilson, Chair
Economic Matters Committee

FROM: Karen S. Straughn
Consumer Protection Division

RE: House Bill 274 – Vehicle Laws – Manufacturers and Dealers – Prices
Listed on Dealer Website -- SUPPORT

The Consumer Protection Division of the Office of the Attorney General supports House Bill 274, sponsored by Delegates Qi, Henson and Ruth. House Bill 274 would bar an automobile manufacturer, distributor or factory branch from prohibiting an automobile dealer from advertising a vehicle at the “purchase price.” “Purchase price” is defined in the bill as the “full delivered price of a vehicle, excluding only taxes, title fees, and any freight or dealer processing charge disclosed in accordance with § 15-311.1 of [the Transportation Article].” The Division understands that House Bill 274 is intended to ensure that accurate price information is available to consumers.

We understand that some car manufacturers have established Minimum Allowable Advertised Price rules that establish a minimum price that dealers can list for a car model online that is often \$1,500 or more greater than the actual price at which the dealership is willing to sell the vehicle. This practice limits the price competition that can help car buyers get a good deal. The Division believes that House Bill 274 would solve the problem by prohibiting manufacturers from punishing dealers for listing a valid price offer on their websites. The bill does nothing to prevent a manufacturer from requiring that dealers provide truthful price advertising.

Consequently, the Consumer Protection Division requests that the Economic Matters Committee give House Bill 274 a favorable report.

cc: The Honorable Lily Qi
The Honorable Shaneka Henson
The Honorable Sheila Ruth
Members, Economic Matters Committee