

MCRC Testimony

HB 274 Vehicle Laws – Manufacturers and Dealers – Prices Listed on Dealer Websites

Position: Favorable

February 4, 2022

The Honorable C. T. Wilson, Chair
House Economic Matters Committee
Room 231, House Office Building
Annapolis, MD 21401
cc: Members, House Economic Matters Committee

Dear Chair Wilson and Members of the Committee:

The Maryland Consumer Rights Coalition is a statewide coalition of individuals and organizations that advances financial justice and economic inclusion for Maryland consumers through research, education, direct service, and advocacy. Our 8,500 supporters include consumer advocates, practitioners, and low income and working families throughout Maryland.

We are writing today in support of HB 274. It is a strong, much needed pro-consumer bill. It will prevent auto manufacturers from punishing dealers who – in their view – commit the sin of telling the truth about new car or truck prices.

Few consumers know that automakers artificially prevent car dealers from advertising the actual price at which they will sell a new vehicle. Why aren't car dealers free to attract customers by advertising low prices? Isn't this how the free market is supposed to work?

Yet auto manufacturers oppose HB 274. They are oblivious to their hypocrisy that all of us see so clearly. Every automaker touts the benefits of the free market system and systematically opposes governmental regulations. Yet they turn around and regulate their Maryland dealers – who have invested millions in their businesses – handcuffing dealers from honestly advertising the price at which they are willing to sell their new vehicles. So at the very same time auto manufacturers decry “unnecessary regulations” that distort the free market system, they themselves turn around and distort the market by effectively mandating that dealers not advertise prices below their “Minimum Allowable Advertised Price.”

It's rare that a consumer group finds common cause with car dealers, but HB 274 will help both: dealers who want to attract buyers by advertising the actual price at which they are willing to sell a car, and consumers who will finally, easily find a wider array of prices and who stand to benefit as free market competition among dealers results in lower car prices. When Kelley Blue Book reported in November, 2021 that the average new vehicle sale price now exceeds the stunning figure of \$46,000, it became even easier to see how auto makers “Minimum Allowable Advertised Prices” are a part of the problem.

HB 274 will bring much needed transparency back to Maryland auto sales and lead to better prices for consumers.

THE PANDEMIC AND THE EMERGENCE OF ONLINE SHOPPING INCREASE THE NEED FOR HB 274

These days, pretty much everyone starts their car-buying process online. It saves time, and it ought to help save money. But when dealers can't advertise low new car prices online because of automakers' "Minimum Allowable Advertised Price" restrictions, many of these benefits evaporate.

These concerns are only heightened by the pandemic, which has rendered many consumers reluctant to spend hours inside a car dealership. According to the Maryland Department of Health, more than 958,000 Marylanders have already contracted the coronavirus. More than 13,000 have died of the disease. By passing HB 274, this Committee can help both vulnerable Marylanders and car dealers trying to earn more business from consumers.

If dealers are allowed to compete on price on the internet, competition will lower prices for consumers. More Marylanders will be able to afford the vehicles they want.

MCRC urges the committee to give a favorable report on HB 274.

Best,

Marceline White
Executive Director