



Testimony to the Economic Matters Committee
HB931 -- Vehicle Laws – Manufacturers and Dealers – Fairness of incentives through
affiliates and transparent distribution
Position: Favorable

February 25, 2022

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

Dear Chairman Wilson and Committee Members,

I am testifying in support of HB931 to make shopping for consumers more fair and the distribution of vehicles more transparent.

I have been in the automobile business for 33 years with Jack Fitzgerald. We represent many brands, in small markets and in large ones. We have over 1,700 associates in almost every Maryland County. Combined, Maryland car dealers have 23,945 direct jobs (NADA).

Manufacturer Affiliates are not party to the dealer service and sales agreement (Dealer Agreement). The purpose of the legislation is to prevent them from doing through an affiliate what they can't do themselves directly.

An example of that is rebates for consumers that manufacturers direct through their affiliates, such as the captive finance companies, instead of offering it right on the vehicle itself.

Using their affiliate, a captive finance company, the manufacturer can offer exclusive incentives only to consumers who qualify for financing. A consumer with bad credit or a member of a credit union would be left behind. At the same time, it is the manufacturer that reimburses the dealer when the consumer does qualify for the rebate. The relationship is symbiotic.

The second part of HB931 comes direct from Pennsylvania law, and requires that manufacturers be reasonable and fair. It is not prescriptive, but puts the burden of proof on the manufacturer, because it is their distribution system.

We strongly support HB931 and urge the committee to give it a FAVORABLE report.

Sincerely,

Rob Smith



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