



Consumer Federation of America

**Testimony to the House Economic Matters Committee – HB 274
Vehicle Laws – Manufacturers and Dealers – Prices Listed on Dealer Website
Position: Favorable**

February 9, 2022

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

Honorable Chair Wilson and Members of the Committee:

The Consumer Federation of America strongly supports **HB 274** because Maryland citizens deserve full transparency when it comes to purchasing a vehicle, one of the most expensive items they will ever buy.

Full price transparency is the only way consumers can truly comparison shop, which is critically important for Marylanders seeking to make the most of their hard-earned dollars.

Right now, under the Minimum Allowable Advertised Price (MAAP) rules that many car manufacturers require their dealers to follow, online car shoppers really don't get access to price transparency or competitive pricing. And because these online pricing rules don't allow dealers to list deep discounts from a car's MSRP price, online shoppers (or people who use online price comparison tools), will see very little variation in the prices offered by dealers.

Few consumers know that the prices they see online can be \$1,500 or more than those available in the showroom. Nor can they see that there is great price variation among dealers. In other words, these antiquated rules simply serve to prevent the internet from doing what it does best, facilitating price competition.

Marylanders depend on the internet as a critically important shopping tool, but the out-of-date rules that keep car dealers from publishing their best prices essentially prevent consumers from shopping around online. More importantly, this lack of internet price competition likely keeps Marylanders paying more than they have to for the vehicles they need.

Maryland is known as the “Free State” and dealers should be free to publish their lowest prices. Car makers who suggest that their non-transparent pricing requirements protect consumers against fraudulent or bait-and-switch price offers are simply using scare tactics to falsely intimidate legislators into keeping the status quo. There’s nothing in this legislation that changes the rules about auto price fraud, and we see no evidence that MAAP rules prevent advertising fraud. What these rules really do is prevent the vigorous and honest price competition that benefits Maryland consumers.

Two years into the pandemic, car prices are at record highs and more and more car shopping has moved online. Now is not the time to protect car maker profits at the expense of the competitive prices that have never before been more needed.

Online car shopping is here to stay – and car shoppers ought to have the same access to accurate prices on the internet that most of us now take for granted when we shop for all kinds of other products.

HB 274 is good for consumers, good for free market competition and good for Maryland. Free Staters embrace competition. The Maryland legislature should also embrace that competition by supporting this bill.

The Consumer Federation of America and its Maryland members ask you to vote **YES on HB 274**.

Sincerely,



Jack Gillis

Executive Director

[The Consumer Federation of America](#) is a national organization of more than 250 nonprofit consumer groups that was founded in 1968 to advance the consumer interest through research, advocacy, and education.