

February 24, 2022

The Honorable Will Smith  
2 East  
Miller Senate Office Building  
Annapolis, Maryland 21401

## **SB 615: Vehicle Laws - Manufacturers and Dealers – Advertisements Position: Unfavorable**

Dear Chairman Smith:

The Alliance for Automotive Innovation opposes SB 615, which seeks to regulate automobile advertising. SB 615 would make advertising through local marketing associations more difficult and less useful while also causing confusion for consumers. Focused on creating a safe and transformative path for sustainable industry growth, the Alliance for Automotive Innovation represents the manufacturers producing nearly 99 percent of cars and light trucks sold in the U.S.

### **Harms Regional Advertising Associations**

Manufacturers and dealers often have regional advertising associations in which the manufacturer and the local dealers pool their advertising dollars to buy advertising that benefits all them. For example, commercials that say, “See your Baltimore area dealer for great deals on....” Those commercials may include price examples for models of vehicles to attract consumers. Those prices are not necessarily final prices, they may be designed by marketers to leave room for dealers and customers to negotiate, as is customary and expected in automobile purchasing. SB 615 could make those types of regional advertising efforts vulnerable to legal challenges or impractical.

SB 615 says that a manufacturer may not “coerce” a dealer to list a price on its website that is different from the “purchase price,” defined to mean the full delivered price.<sup>1</sup> Websites that advertise vehicles for sale are examples of advertisements just like newspaper ads or other customer-facing ads, and as such may be covered by the terms of a regional advertising agreement. The problem is that § 15-207 is unusual in that it broadly defines “coerce” to

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<sup>1</sup> HB 274’s definition of “purchase price” also allows a dealer to not include the processing fees set by the dealer, which can vary from dealer to dealer, and which state law allows to be up to \$300. The bill also allows dealers to exclude freight fees as well.

include the loss of an incentive or benefit available to other dealers.<sup>2</sup> That means that if a regional advertising incentive was structured to work one way, but a single dealer wanted to advertise differently, then the entire state program could be jeopardized because that dealer would still be able to demand its incentive money from the manufacturer despite not complying with the advertising requirements.

SB 615 make regional advertising more difficult to deploy and cause it to contain less useful information to attract consumers. The Alliance for Automotive Innovation respectfully asks the members of the Committee to report the bill unfavorable. For more information, please contact our local representative, Bill Kress, at (410) 375-8548.

Sincerely,



Josh Fisher  
Director, State Affairs  
Alliance for Automotive Innovation

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<sup>2</sup> The definition of “coerce” can be found on Page 1, Line 24 of the bill.