

SUSAN C. LEE
Legislative District 16
Montgomery County

MAJORITY WHIP

Judicial Proceedings Committee

Joint Committee on
Cybersecurity, Information Technology,
and Biotechnology

Chair

Maryland Legislative Asian American
and Pacific Islander Caucus

President Emeritus

Women Legislators of the
Maryland General Assembly, Inc.



James Senate Office Building
11 Bladen Street, Room 223
Annapolis, Maryland 21401
410-841-3124 · 301-858-3124
800-492-7122 Ext. 3124
Susan.Lee@senate.state.md.us

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

March 3, 2022

Senate Judicial Proceedings Committee

SB886 - Favorable – Vehicle Laws – Manufacturers and Dealers - Incentives

Senate Bill 886 includes language modeled after Pennsylvania law on car allocation, which works efficiently for our neighbor to the north. This bill further aims to ensure Maryland consumers have a wide and fair distribution of incentives, rebates and cars themselves. Affiliates of a manufacturer, distributor or factory branch that offers or advertises any consumer rebates, dealer incentives, price or interest rate reductions or finance terms must make those incentives available to all dealers and all purchasers of vehicles of the same line make. This bill protects against discrimination for using your own financing and ensure fairness in distribution to dealerships so consumers are less likely to be inconvenienced.

Currently, incentive may only be available to those who finance with a captive financing arm of car manufacturers, which are not available to other car buyers. This practice is not fair because it allows for discrimination in prices and benefits based on demands of the car companies' financing scheme. Consumers often feel pressure from certain dealers to add services and fees to the loan, or "loan packing", which adds thousands of dollars to the cost over the life of the vehicle with little real value.

Consumer advocates often recommend car shoppers to arrange financing outside the dealer network, but those who choose to do so shouldn't face higher prices. The cost of the vehicle should be separate from the financing option, to allow more freedom to shop for the financing you prefer. To allow otherwise seems to be a deceptive trade practice that should be against the policy intent of the general assembly in this intricate balance between the dealers and manufacturers. The consumers should not be forgotten in this discussion either and we are

pleased to have the support of the Consumer Protection Division of the Office of the Attorney General supporting this legislation as well. We find ourselves in the middle of these groups because we must be to keep a balance of the distribution of power when it comes to policy decision affecting all Marylanders.

Section 15-207(h) of the Transportation Article already requires that manufacturers offer incentives and rebates through all dealers of any line make and puts the burden of proof on manufacturers. This legislation applies that same principle and protection to consumers.

For these reasons, I respectfully request a favorable report on SB 886.