

SENATE BILL 178

R4
SB 526/19 – JPR

0lr1725
CF 0lr1099

By: **Senators Hough, Lee, Ready, Smith, and Waldstreicher**

Introduced and read first time: January 13, 2020

Assigned to: Judicial Proceedings

A BILL ENTITLED

1 AN ACT concerning

2 **Vehicle Laws – Manufacturers and Dealers – Advertisements**

3 FOR the purpose of providing that a manufacturer, distributor, or factory branch may not
4 prohibit a dealer from advertising a vehicle for sale or lease at a certain price or
5 coerce or require a dealer to change the advertising medium for a certain price;
6 requiring a contract for the sale of a vehicle by a dealer to contain a certain
7 statement; defining a certain term; and generally relating to advertising for the sale
8 or lease of vehicles.

9 BY repealing and reenacting, with amendments,
10 Article – Transportation
11 Section 15–207(a) and (h) and 15–311(a)
12 Annotated Code of Maryland
13 (2012 Replacement Volume and 2019 Supplement)

14 BY repealing and reenacting, without amendments,
15 Article – Transportation
16 Section 15–313(a) and (b)
17 Annotated Code of Maryland
18 (2012 Replacement Volume and 2019 Supplement)

19 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
20 That the Laws of Maryland read as follows:

21 **Article – Transportation**

22 15–207.

23 (a) (1) In this section the following words have the meanings indicated.

24 (2) (i) “Coerce” means to compel or attempt to compel by threat of harm,

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 breach of contract, or other adverse action or consequences, including the loss of any
2 incentive or other benefit made available to other dealers of the same line make in the
3 State.

4 (ii) "Coerce" includes to act in a manner that violates § 15–206.1 of
5 this subtitle.

6 (iii) "Coerce" does not include to argue, urge, recommend, or
7 persuade.

8 (3) **"PURCHASE PRICE" MEANS THE FULL DELIVERED PRICE OF A**
9 **VEHICLE, EXCLUDING ONLY TAXES, TITLE FEES, AND ANY FREIGHT OR DEALER**
10 **PROCESSING CHARGE DISCLOSED IN ACCORDANCE WITH § 15–311.1 OF THIS TITLE.**

11 (4) "Require" means to impose upon a dealer a provision not required by
12 law or previously agreed to by a dealer in a franchise agreement, excluding business
13 decisions made to comply with the requirements of this title by a manufacturer, distributor,
14 or factory branch which are uniformly applied to all Maryland dealers in new vehicles of
15 the manufacturer, distributor, or factory branch.

16 (h) (1) (i) Any consumer rebates, dealer incentives, price or interest rate
17 reductions, or finance terms that a manufacturer, distributor, or factory branch offers or
18 advertises, or allows its dealers to offer or advertise, shall be offered to all dealers of the
19 same line make.

20 (ii) Any manufacturer, distributor, or factory branch that denies the
21 benefit of any consumer rebates, dealer incentives, price or interest rate reductions, or
22 finance terms to a dealer on the basis that the dealer failed to comply with performance
23 standards has the burden of proving that the performance standards comply with the
24 provisions of this section.

25 (2) Unless a dealer violates a State or local law intended to protect the
26 public, a manufacturer, distributor, or factory branch may not:

27 (i) Require a dealer to alter or replace an existing dealership
28 facility; or

29 (ii) Deny, or threaten to deny, any benefit generally available to all
30 dealers for a dealer's failure to alter or replace an existing dealership facility.

31 (3) **UNLESS A DEALER VIOLATES § 15–313(A) OR (B) OF THIS TITLE**
32 **OR A STATE OR LOCAL LAW INTENDED TO PROTECT THE PUBLIC, A MANUFACTURER,**
33 **DISTRIBUTOR, OR FACTORY BRANCH MAY NOT:**

34 (I) **PROHIBIT A DEALER FROM ADVERTISING A VEHICLE FOR**
35 **SALE OR LEASE AT THE PURCHASE PRICE; OR**

1 **(II) COERCE OR REQUIRE A DEALER TO CHANGE THE MEDIUM**
2 **FOR ADVERTISEMENT OF THE PURCHASE PRICE.**

3 **[(3)] (4)** A manufacturer, distributor, or factory branch may not reduce
4 the price of a motor vehicle charged to a dealer or provide different financing terms to a
5 dealer in exchange for the dealer's agreement to:

- 6 (i) Maintain an exclusive sales or service facility;
- 7 (ii) Build or alter a sales or service facility; or
- 8 (iii) Participate in a floor plan or other financing arrangement.

9 15-311.

10 (a) A contract for the sale of a vehicle by a dealer shall contain a clear statement
11 of:

- 12 (1) The principal amount charged for the vehicle;
- 13 (2) Any interest charged on the principal amount;
- 14 (3) Any fee charged under § 13-610 of this article;
- 15 (4) Any dealer processing charge, as defined in § 15-311.1 of this subtitle;

16 **[and]**

17 **(5) THE MANUFACTURER'S MINIMUM ADVERTISED PRICE, PLACED**
18 **ADJACENT TO THE WORDS "NOT THE FINAL PRICE AVAILABLE TO CONSUMERS", ALL**
19 **TO BE TYPED IN A 10 POINT FONT SIZE OR GREATER; AND**

- 20 **(6)** Any other charge made in connection with the sale of the vehicle.

21 15-313.

22 (a) A dealer or an agent or employee of a dealer may not use any advertisement
23 that is in any way false, deceptive, or misleading.

24 (b) A dealer or an agent or employee of a dealer may not by any means advertise
25 or offer to the public any vehicle without intent to sell it as advertised or offered.

26 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
27 October 1, 2020.