

SENATE BILL 806

R4

9lr2616
CF 9lr2615

By: **Senator Patterson**

Introduced and read first time: February 4, 2019

Assigned to: Judicial Proceedings

A BILL ENTITLED

1 AN ACT concerning

2 **Vehicle Laws – Dealers – Dealer Processing and Freight Charges**

3 FOR the purpose of establishing that certain costs for services provided are eligible to be
4 included in a vehicle’s “dealer processing charge”; repealing certain vehicle dealer
5 price disclosure requirements for dealer processing and freight charges; requiring
6 vehicle dealers to disclose the amount of a dealer processing charge in a certain
7 manner and file with the Motor Vehicle Administration certain notice of the amount
8 of a dealer processing charge; requiring a vehicle dealer to notify the Administration
9 of a planned increase in the amount of a dealer processing charge a certain amount
10 of time before the effective date of the increase; making a certain technical correction;
11 and generally relating to dealer processing and freight charges for vehicle sales.

12 BY repealing and reenacting, with amendments,
13 Article – Transportation
14 Section 15–311.1
15 Annotated Code of Maryland
16 (2012 Replacement Volume and 2018 Supplement)

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

19 **Article – Transportation**

20 15–311.1.

21 (a) (1) In this section, “dealer processing charge” includes an amount charged
22 by a dealer for:

23 (i) The preparation of written documentation of the transaction;

24 (ii) Obtaining the title and license plates for the vehicle;

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



- 1 (iii) Obtaining a release of lien;
- 2 (iv) Filing title documents with the Administration;
- 3 (v) Retaining documentation and records of the transaction;
- 4 (vi) Complying with federal or State privacy laws, **DATA**
 5 **PROTECTION LAWS, OR OTHER LEGAL OR COMMERCIAL STANDARDS ESTABLISHED**
 6 **TO PROTECT CONSUMER INTERESTS AND PRIVACY; [or]**
- 7 (vii) **RETURNING A CUSTOMER’S REGISTRATION PLATES FOR A**
 8 **TRADE-IN VEHICLE TO THE ADMINISTRATION AND OTHER ADMINISTRATIVE**
 9 **SERVICES ASSOCIATED WITH A TRANSACTION INVOLVING A TRADE-IN VEHICLE; OR**
- 10 **(VIII) Other administrative services concerning the sale of the vehicle.**

11 (2) “Dealer processing charge” does not include a charge to purchase or
 12 install tangible personal property on or in the vehicle, or to perform mechanical service on
 13 the vehicle.

14 (b) (1) If a dealer charges a dealer processing charge, the charge:

15 (i) Shall be reasonable;

16 (ii) May not exceed[:

17 1. \$200 for the period from July 1, 2011, through June 30,
 18 2014; and

19 2.] \$300 [on and after July 1, 2014]; and

20 (iii) Shall reflect dealer expenses generally incurred for the services
 21 identified in subsection (a)(1) of this section.

22 (2) A dealer shall provide a written disclosure of the services included in
 23 the dealer processing charge on request by the purchaser.

24 (c) Any dealer processing charge or freight charge shall be disclosed to a
 25 purchaser as provided in this section.

26 (d) A contract for the sale of a vehicle shall contain a statement, in 12 point type
 27 or larger, on the contract form as follows:

28 “Dealer processing charge (not required by law): \$....”.

1 ["Freight charge: \$...".]

2 (e) If a dealer advertises the price of a vehicle, the amount of any dealer
3 processing charge and freight charge shall be included in the advertised price unless the
4 dealer clearly and conspicuously discloses the amount of the dealer processing charge and
5 freight charge in at least 10 point and bold font within reasonable proximity to the
6 advertised price.

7 [(f) The dealer shall attach its price statement to a window of the vehicle, next to
8 any other price disclosure required by law. The dealer's price statement shall state the total
9 price for which the dealer is offering to sell the vehicle. The total price stated shall include
10 any dealer processing charge, which shall be disclosed above the total price in at least 10
11 point type as "dealer processing charge (not required by law): \$....". The total price may
12 exclude only the taxes and title fees payable to the State.]

13 **(F) IN ADDITION TO THE DISCLOSURE REQUIREMENTS UNDER SUBSECTION**
14 **(B) OF THIS SECTION, THE DEALER SHALL:**

15 **(1) DISCLOSE THE AMOUNT OF THE DEALER PROCESSING CHARGE BY**
16 **PLACING A CLEAR AND CONSPICUOUS SIGN IN THE PUBLIC SALES AREA OF THE**
17 **DEALERSHIP IN A MANNER AND FORM APPROVED BY THE ADMINISTRATION,**
18 **STATING:**

19 **(I) THE AMOUNT OF THE DEALER PROCESSING CHARGE; AND**

20 **(II) THAT THE DEALER PROCESSING CHARGE IS "NOT**
21 **REQUIRED BY LAW";**

22 **(2) FILE WITH THE ADMINISTRATION A NOTICE STATING THE**
23 **AMOUNT OF THE DEALER PROCESSING CHARGE; AND**

24 **(3) SEND NOTICE INFORMING THE ADMINISTRATION OF A PLANNED**
25 **INCREASE IN THE AMOUNT OF THE DEALER PROCESSING CHARGE AT LEAST 15 DAYS**
26 **BEFORE THE EFFECTIVE DATE OF THE INCREASE.**

27 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
28 1, 2019.