

SENATE BILL 687

R4

4r0927
CF HB 1275

By: ~~Senator Raskin~~ **Senators Raskin, Forehand, and Gladden**

Introduced and read first time: January 31, 2014

Assigned to: Judicial Proceedings

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 18, 2014

CHAPTER _____

1 AN ACT concerning

2 **Vehicle Laws – Manufacturers, Distributors, Factory Branches, and Affiliates**
3 **– Relationship With Dealers**

4 FOR the purpose of prohibiting, except under certain circumstances, a manufacturer,
5 distributor, factory branch, or one of its affiliates from requiring, ~~attempting to~~
6 ~~require, coercing, or attempting to coerce~~ or coercing a dealer to purchase
7 certain goods or services from certain vendors under certain circumstances;
8 providing for the construction of a certain prohibition under this Act; repealing
9 a requirement that certain factors be considered in determining whether a
10 dealer has been reasonably compensated; requiring a manufacturer, distributor,
11 or factory branch licensed in the State to specify in writing to each of its motor
12 vehicle dealers in the State certain dealer obligations and certain information
13 relating to the compensation of dealers for certain parts and labor; establishing
14 certain requirements for the reasonable compensation of dealers with respect to
15 certain parts and labor; requiring a dealer to make a certain submission to a
16 licensee; providing for the calculation of a dealer's labor rate and parts mark-up
17 percentage for certain purposes; establishing requirements for a certain
18 schedule of compensation; providing that certain repair orders for labor and
19 parts do not constitute qualifying repair orders under this Act; requiring a
20 licensee to compensate a dealer for certain parts given to a dealer at no cost;
21 establishing that a certain schedule of compensation will be presumed to be
22 accurate; requiring a licensee to begin compensation of a dealer under the
23 schedule within certain periods of time under certain circumstances; providing
24 for certain rebuttal of the presumption of accuracy of the schedule of
25 compensation; providing for the resolution of certain matters relating to the

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 schedule of compensation; prohibiting a licensee from making or requiring
 2 certain calculations or establishing certain special parts or component numbers;
 3 prohibiting a licensee from requiring, ~~influencing, or attempting to influence or~~
 4 coercing a dealer to change certain prices; prohibiting a licensee from taking
 5 certain adverse action against a dealer under certain circumstances; and
 6 generally relating to relationships between motor vehicle dealers and motor
 7 vehicle manufacturers, distributors, factory branches, and their affiliates.

8 BY adding to

9 Article – Transportation
 10 Section 15–207(k)
 11 Annotated Code of Maryland
 12 (2012 Replacement Volume and 2013 Supplement)

13 BY repealing and reenacting, with amendments,

14 Article – Transportation
 15 Section 15–212
 16 Annotated Code of Maryland
 17 (2012 Replacement Volume and 2013 Supplement)

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

20 **Article – Transportation**

21 15–207.

22 **(K) (1) THIS SUBSECTION DOES NOT APPLY TO ~~THE PURCHASE OR~~**
 23 **~~PROCUREMENT OF:~~**

24 **(I) THE PURCHASE OR PROCUREMENT OF:**

25 **~~(I)~~ 1. MOVEABLE DISPLAYS;**

26 **~~(II)~~ 2. BROCHURES OR OTHER PROMOTIONAL**
 27 **MATERIALS;**

28 **~~(III)~~ 3. SPECIAL TOOLS AND TRAINING AS REQUIRED BY**
 29 **THE MANUFACTURER; ~~OR~~**

30 **~~(IV)~~ 4. PARTS FOR REPAIRS MADE UNDER WARRANTY**
 31 **OBLIGATIONS OF A MANUFACTURER, DISTRIBUTOR, OR FACTORY BRANCH; OR**

32 **5. ANY GOODS OR SERVICES FOR WHICH A**
 33 **MANUFACTURER, A DISTRIBUTOR, A FACTORY BRANCH, OR AN AFFILIATE**
 34 **PROVIDES A CREDIT, STIPEND, PAYMENT, OR REIMBURSEMENT TO THE DEALER**

1 THAT COVERS ALL OR A SUBSTANTIAL PORTION OF THE DEALER'S PROGRAM
2 COSTS;

3 (II) OPTIONAL PROGRAMS;

4 (III) A PROGRAM, OR THE RENEWAL OR MODIFICATION OF A
5 PROGRAM, IN EXISTENCE ON OCTOBER 1, 2014; OR

6 (IV) AN AGREEMENT BETWEEN THE MANUFACTURER,
7 DISTRIBUTOR, FACTORY BRANCH, OR AFFILIATE AND THE DEALER THAT IS
8 DIRECTLY RELATED TO THE DEALER'S COMPLETION OF A PROGRAM IF
9 SEPARATE AND VALUABLE CONSIDERATION HAS BEEN OFFERED TO THE
10 DEALER AND ACCEPTED.

11 (2) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH,
12 A MANUFACTURER, DISTRIBUTOR, FACTORY BRANCH, OR ONE OF ITS
13 AFFILIATES MAY NOT, DIRECTLY OR THROUGH AN AGENT, AN EMPLOYEE, AN
14 AFFILIATE, OR A REPRESENTATIVE, REQUIRE, ~~ATTEMPT TO REQUIRE,~~ COERCE,
15 ~~OR ATTEMPT TO~~ OR COERCE BY AGREEMENT, PROGRAM, OR INCENTIVE
16 PROVISION, ~~OR OTHERWISE,~~ A DEALER TO PURCHASE GOODS OR SERVICES ~~FOR~~
17 ~~THE MODIFICATION OF A FACILITY~~ FROM A VENDOR THAT IS SELECTED,
18 IDENTIFIED, OR DESIGNATED BY THE MANUFACTURER, DISTRIBUTOR, FACTORY
19 BRANCH, OR ONE OF ITS AFFILIATES.

20 (II) A MANUFACTURER, DISTRIBUTOR, FACTORY BRANCH,
21 OR ONE OF ITS AFFILIATES MAY OFFER A DEALER THE OPTION TO OBTAIN
22 GOODS OR SERVICES UNDER THIS SUBSECTION OF SUBSTANTIALLY SIMILAR
23 QUALITY AND DESIGN FROM A VENDOR CHOSEN BY THE DEALER SUBJECT TO
24 THE ADVANCED APPROVAL OF THE MANUFACTURER, DISTRIBUTOR, FACTORY
25 BRANCH, OR ONE OF ITS AFFILIATES.

26 (3) A MANUFACTURER, DISTRIBUTOR, FACTORY BRANCH, OR ONE
27 OF ITS AFFILIATES MAY NOT UNREASONABLY WITHHOLD THE APPROVAL
28 REQUIRED UNDER PARAGRAPH (2) OF THIS SUBSECTION.

29 (4) NOTHING IN THIS SUBSECTION MAY BE CONSTRUED TO
30 ALLOW A DEALER OR VENDOR TO:

31 (I) DIRECTLY OR INDIRECTLY ELIMINATE OR IMPAIR IN
32 ANY WAY A MANUFACTURER'S INTELLECTUAL PROPERTY ~~RIGHTS OR~~
33 ~~REASONABLE BUSINESS REQUIREMENTS,~~ TRADEMARK, OR TRADE DRESS
34 RIGHTS; OR

1 **(II) ERECT OR MAINTAIN SIGNS THAT DO NOT CONFORM TO**
2 **THE INTELLECTUAL PROPERTY USAGE GUIDELINES OF THE MANUFACTURER,**
3 **DISTRIBUTOR, FACTORY BRANCH, OR ONE OF ITS AFFILIATES.**

4 **(5) (I) A MANUFACTURER, DISTRIBUTOR, FACTORY BRANCH,**
5 **OR ONE OF ITS AFFILIATES MAY NOT PENALIZE A DEALER FOR FAILURE TO**
6 **PARTICIPATE IN AN OPTIONAL PROGRAM.**

7 **(II) WITHHOLDING THE BENEFITS OF AN OPTIONAL**
8 **PROGRAM IN WHICH THE DEALER FAILED TO PARTICIPATE MAY NOT BE**
9 **CONSTRUED TO BE A PENALTY IMPOSED BY THE MANUFACTURER,**
10 **DISTRIBUTOR, FACTORY BRANCH, OR AFFILIATE.**

11 15-212.

12 (a) In this section, “motor home” means a motor vehicle that:

13 (1) Is designed to provide temporary living quarters, built into as an
14 integral part of, or permanently attached to, a self-propelled motor vehicle chassis or
15 van; and

16 (2) Contains permanently installed independent life support systems
17 which provide at least four of the following facilities:

18 (i) Cooking;

19 (ii) Refrigeration or ice box;

20 (iii) Self-contained toilet;

21 (iv) Heating, air-conditioning, or both;

22 (v) A potable water supply system including a faucet and sink;

23 (vi) Separate 110-125 volt electrical power supply; or

24 (vii) An LP gas supply.

25 (b) In addition to the other grounds specified in Subtitle 1 of this title for
26 refusal, suspension, or revocation of a license, the Administration may refuse to grant
27 a license under this subtitle to any person and may suspend, revoke, or refuse to
28 renew the license of any person if it finds that the person has:

29 (1) Made any material misrepresentation in transferring a vehicle or
30 truck component part to a dealer or distributor;

- 1 (2) Failed to comply with any written warranty agreement; or
- 2 (3) Failed to reasonably compensate any franchised dealer who does
3 work under:
- 4 (i) The vehicle preparation and delivery obligations of the
5 dealer; or
- 6 (ii) Any outstanding express or implied new vehicle or truck
7 component parts warranty.

8 (c) (1) [The following factors, as they exist in the city or community in
9 which the dealer is doing business, shall be included among those considered in
10 determining under subsection (b)(3) of this section whether a dealer has been
11 reasonably compensated:

- 12 (i) The compensation being paid by other licensees to their
13 dealers;
- 14 (ii) The prevailing wage rate being paid by these dealers; and
- 15 (iii) The prevailing labor rate being charged by these dealers.

16 (2) Notwithstanding paragraph (1) of this subsection and except as
17 provided in paragraph (3) of this subsection, a licensee may not compensate its dealers
18 for work performed under any warranty under subsection (b)(3)(ii) of this section in an
19 amount that is less than the average amount charged by the dealer to retail customers
20 for nonwarranty work of like kind during the preceding 12 months as long as this
21 amount is reasonable.] **A LICENSEE SHALL SPECIFY IN WRITING TO EACH OF ITS
22 MOTOR VEHICLE DEALERS LICENSED IN THE STATE:**

23 **(I) THE DEALER'S OBLIGATION FOR VEHICLE**
24 **PREPARATION, DELIVERY, WARRANTIES, AND RECALLS, ~~GOODWILL,~~**
25 **~~CERTIFICATION OF PRE-OWNED STATUS, AND FACTORY CAMPAIGN SERVICE ON~~**
26 **ITS PRODUCTS;**

27 **(II) THE SCHEDULE OF COMPENSATION TO BE PAID TO THE**
28 **DEALERS FOR PARTS, INCLUDING PARTS ASSEMBLIES, AND LABOR, INCLUDING**
29 **DIAGNOSTIC LABOR AND ASSOCIATED ADMINISTRATIVE REQUIREMENTS, IN**
30 **CONNECTION WITH THE SERVICE OBLIGATIONS ESTABLISHED UNDER ITEM (I)**
31 **OF THIS PARAGRAPH; AND**

32 **(III) A TIME ALLOWANCE FOR THE PERFORMANCE OF LABOR**
33 **DESCRIBED IN THIS PARAGRAPH THAT IS REASONABLE AND ADEQUATE.**

1 (2) REASONABLE COMPENSATION UNDER THIS SECTION MAY NOT
2 BE LESS THAN:

3 (I) WITH RESPECT TO LABOR FOR WARRANTY OR RECALL
4 REPAIRS, THE DEALER'S CURRENT LABOR RATE CALCULATED UNDER ITEM
5 ~~(3)(I)1 OF THIS SUBSECTION~~ FOR NONWARRANTY REPAIRS OF A LIKE KIND FOR
6 RETAIL CUSTOMERS; AND

7 (II) WITH RESPECT TO ANY PART, THE DEALER'S COST PLUS
8 ITS CURRENT RETAIL MARK-UP PERCENTAGE CHARGED TO RETAIL CUSTOMERS
9 FOR NONWARRANTY REPAIRS OF A LIKE KIND.

10 (3) (I) FOR PURPOSES OF PARAGRAPH (2) OF THIS
11 SUBSECTION, THE DEALER'S LABOR RATE OR PARTS MARK-UP PERCENTAGE
12 SHALL BE ESTABLISHED BY A SUBMISSION TO THE LICENSEE OF WHICHEVER OF
13 THE FOLLOWING PRODUCES FEWER REPAIR ORDERS CLOSED, AS OF THE DATE
14 OF SUBMISSION, WITHIN THE PRECEDING 180 DAYS:

15 1. 100 QUALIFYING SEQUENTIAL CUSTOMER-PAID
16 REPAIR ORDERS; OR

17 2. 90 DAYS OF QUALIFYING CUSTOMER-PAID REPAIR
18 ORDERS.

19 (II) ~~A~~ WITH RESPECT TO PARTS, A SCHEDULE OF
20 COMPENSATION ESTABLISHED UNDER THIS SUBSECTION SHALL BE EQUAL TO:

21 ~~1. WITH RESPECT TO LABOR, THE SUM OF THE~~
22 ~~TOTAL CUSTOMER LABOR CHARGES AS REFLECTED IN QUALIFYING REPAIR~~
23 ~~ORDERS DIVIDED BY THE TOTAL NUMBER OF HOURS THAT WOULD BE ALLOWED~~
24 ~~FOR THE REPAIRS IF THE REPAIRS WERE MADE UNDER THE MANUFACTURER'S~~
25 ~~TIME ALLOWANCES USED TO COMPENSATE THE DEALER FOR WARRANTY WORK;~~
26 ~~AND~~

27 ~~2. WITH RESPECT TO PARTS, THE ARITHMETIC~~
28 ~~MEAN OF THE PARTS MARK-UP PERCENTAGE AS REFLECTED IN QUALIFYING~~
29 ~~REPAIR ORDERS, CALCULATED BY DIVIDING THE TOTAL CHARGES FOR PARTS IN~~
30 ~~THE REPAIR ORDERS BY THE TOTAL DEALER COST FOR THE PARTS MINUS ONE.~~

31 (III) 1. A DEALER MAY NOT MAKE A SUBMISSION UNDER
32 THIS SUBSECTION MORE THAN ONCE IN 1 YEAR.

1 **2. FOR PURPOSES OF SUBSUBPARAGRAPH 1 OF THIS**
2 **SUBPARAGRAPH, A REVISION OR SUPPLEMENT TO A SUBMISSION TO CORRECT**
3 **OR CLARIFY THE SUBMISSION DOES NOT CONSTITUTE A NEW SUBMISSION.**

4 **(4) REPAIR ORDERS FOR LABOR OR PARTS IN CONNECTION WITH**
5 **ANY OF THE FOLLOWING MAY NOT CONSTITUTE A QUALIFYING REPAIR ORDER**
6 **UNDER PARAGRAPH (2) OF THIS SUBSECTION:**

7 **(I) ACCESSORIES;**

8 **(II) REPAIRS FOR MANUFACTURER, DISTRIBUTOR, OR**
9 **FACTORY BRANCH SPECIAL EVENTS, PROMOTIONS, OR SERVICE CAMPAIGNS;**

10 **(III) REPAIRS RELATED TO COLLISION;**

11 **(IV) VEHICLE EMISSION OR SAFETY INSPECTIONS REQUIRED**
12 **BY LAW;**

13 **(V) PARTS SOLD, OR REPAIRS PERFORMED, AT WHOLESALE**
14 **OR FOR INSURANCE CARRIERS, OR OTHER THIRD-PARTY PAYORS;**

15 **(VI) ROUTINE MAINTENANCE NOT COVERED UNDER ANY**
16 **WARRANTY, INCLUDING MAINTENANCE INVOLVING FLUIDS, FILTERS, AND**
17 **BELTS NOT PROVIDED IN THE COURSE OF REPAIRS;**

18 **(VII) NUTS, BOLTS, FASTENERS, AND SIMILAR ITEMS THAT**
19 **DO NOT HAVE AN INDIVIDUAL PARTS NUMBER;**

20 **(VIII) TIRES;**

21 **(IX) VEHICLE RECONDITIONING;**

22 **(X) GOODWILL OR POLICY REPAIRS OR REPLACEMENTS; OR**

23 **(XI) REPAIRS ON ~~VEHICLE MAKES NOT SOLD AS NEW BY THE~~**
24 **~~DEALER~~ VEHICLES FROM A DIFFERENT LINE-MAKE.**

25 **(5) IF A LICENSEE GIVES A DEALER A PART AT NO COST TO USE IN**
26 **PERFORMING A REPAIR UNDER A RECALL, CAMPAIGN SERVICE ACTION, OR**
27 **WARRANTY REPAIR, THE LICENSEE SHALL COMPENSATE THE DEALER FOR THE**
28 **PART BY PAYING THE DEALER THE PARTS MARK-UP PERCENTAGE ESTABLISHED**
29 **UNDER THIS SUBSECTION ON THE COST FOR THE PART LISTED ON THE**
30 **LICENSEE'S PRICE SCHEDULE.**

1 **(6) (I) THE SCHEDULE OF COMPENSATION SUBMITTED UNDER**
2 **PARAGRAPH (3) OF THIS SUBSECTION SHALL BE PRESUMED TO BE ACCURATE**
3 **AND REASONABLE.**

4 **(II) THE LICENSEE SHALL APPROVE OR REBUT THE**
5 **DEALER'S SUBMISSION WITHIN 30 DAYS OF RECEIPT.**

6 **(III) IF THE LICENSEE APPROVES A DEALER'S SUBMISSION,**
7 **THE LICENSEE SHALL BEGIN COMPENSATING THE DEALER UNDER THE**
8 **SCHEDULE ~~ON~~ WITHIN 30 DAYS AFTER THE DATE OF APPROVAL.**

9 **(IV) IN THE ABSENCE OF A TIMELY REBUTTAL BY THE**
10 **LICENSEE, THE SCHEDULE OF COMPENSATION SUBMITTED BY THE DEALER**
11 **SHALL GO INTO EFFECT ON THE 31ST DAY FOLLOWING THE LICENSEE'S**
12 **RECEIPT OF THE SCHEDULE.**

13 **(V) ANY REBUTTAL OF THE SCHEDULE OF COMPENSATION**
14 **BY THE LICENSEE SHALL:**

15 **1. BE DELIVERED TO THE DEALER WITHIN 30 DAYS**
16 **OF THE LICENSEE'S RECEIPT OF THE SCHEDULE; AND**

17 **2. CONSIST OF ~~CLEAR AND CONVINCING~~**
18 **REASONABLE SUBSTANTIATING EVIDENCE THAT THE DECLARED RATE IS**
19 **MATERIALLY INACCURATE.**

20 **(VI) IN THE EVENT OF A TIMELY REBUTTAL, ON RESOLUTION**
21 **OF THE MATTER BY AGREEMENT OF THE PARTIES OR BY ADMINISTRATIVE,**
22 **JUDICIAL, OR OTHER ACTION, A LICENSEE'S PAYMENT OBLIGATIONS UNDER**
23 **THE RESULTING SCHEDULE OF COMPENSATION SHALL BEGIN ON THE 31ST DAY**
24 **FOLLOWING ~~THE MANUFACTURER'S RECEIPT OF THE SCHEDULE~~ A FINAL ORDER**
25 **UNLESS OTHERWISE PROVIDED FOR BY THE FACT FINDER.**

26 **(VII) 1. TO THE EXTENT THAT ANY ACTION COMMENCED**
27 **UNDER SUBSECTION (D) OF THIS SECTION OR § 15-213 OR § 15-214 OF THIS**
28 **SUBTITLE INVOLVES THE APPLICATION OF PARAGRAPH (3) OF THIS**
29 **SUBSECTION, THE ISSUES SHALL BE LIMITED TO WHETHER THE LABOR RATE OR**
30 **PARTS MARK-UP PERCENTAGE STATED IN THE DEALER'S SUBMISSION WAS**
31 **MATERIALLY INACCURATE.**

32 **2. A LICENSEE SHALL HAVE THE BURDEN OF**
33 **PROVING UNDER THIS SUBPARAGRAPH THAT THE DEALER'S SUBMISSION WAS**
34 **MATERIALLY INACCURATE.**

1 **(VIII) 1. A LICENSEE MAY VERIFY A DEALER'S EFFECTIVE**
2 **RATES ONCE ANNUALLY.**

3 **2. IF A LICENSEE FINDS THAT A DEALER'S**
4 **EFFECTIVE RATES HAVE INCREASED OR DECREASED, THE LICENSEE MAY**
5 **INCREASE OR DECREASE, RESPECTIVELY, THE WARRANTY REIMBURSEMENT**
6 **RATE PROSPECTIVELY.**

7 **(7) A LICENSEE MAY NOT DIRECTLY OR INDIRECTLY:**

8 **(I) ~~DIRECTLY OR INDIRECTLY CALCULATE~~ CALCULATE ITS**
9 **OWN LABOR RATE OR PARTS MARK-UP PERCENTAGE ON A WARRANTY**
10 **REIMBURSEMENT RATE SUBMISSION BY THE LICENSEE'S DEALER UNDER THIS**
11 **SECTION, OR REQUIRE A DEALER TO CALCULATE A LABOR RATE OR PARTS**
12 **MARK-UP PERCENTAGE, BY ANY METHOD NOT REQUIRED UNDER THIS SECTION,**
13 **INCLUDING A METHOD THAT IS UNDULY BURDENSOME OR TIME-CONSUMING OR**
14 **THAT REQUIRES INFORMATION THAT IS UNDULY BURDENSOME OR**
15 **TIME-CONSUMING TO PROVIDE SUCH AS:**

16 **1. A PART-BY-PART OR TRANSACTION BY**
17 **TRANSACTION CALCULATION; OR**

18 **2. PRESENTATION OF INFORMATION AS TO, OR**
19 **CALCULATIONS BASED ON, THE DEALER'S OR OTHER DEALERS' WARRANTY**
20 **COMPENSATION ~~OR FINANCIAL STATEMENTS;~~**

21 **(II) ESTABLISH OR IMPLEMENT A SPECIAL PART OR**
22 **COMPONENT NUMBER FOR PARTS USED IN WARRANTY FULFILLMENT, IF THE**
23 **SPECIAL PART OR COMPONENT NUMBER RESULTS IN REDUCED COMPENSATION**
24 **FOR THE DEALER UNLESS THE PART IS USED FOR SPECIFIC, LIMITED REPAIR**
25 **SITUATIONS;**

26 **(III) ~~REQUIRE, INFLUENCE, OR ATTEMPT TO INFLUENCE OR~~ OR**
27 **COERCE A DEALER TO CHANGE THE PRICES FOR WHICH IT SELLS PARTS OR**
28 **LABOR FOR RETAIL CUSTOMER REPAIRS;**

29 **(IV) TAKE ADVERSE ACTION AGAINST A DEALER ~~THAT~~**
30 **BECAUSE THE DEALER SEEKS COMPENSATION UNDER THIS SECTION, BY ~~ANY~~**
31 **MEANS INCLUDING:**

32 **1. ~~CREATING AN OBSTACLE OR IMPLEMENTING~~**
33 **IMPLEMENTING A PROCESS THAT IS INCONSISTENT WITH THE LICENSEE'S**
34 **OBLIGATIONS TO THE DEALER UNDER THIS SUBTITLE; OR**

1 2. ~~ACTING OR FAILING TO ACT, EXCEPT~~ Failing to
2 ACT IN GOOD FAITH;

3 (v) CONDUCT ANY WARRANTY OR RETAIL CUSTOMER
4 REPAIR AUDIT, OR OTHER SERVICE-RELATED AUDIT, SOLELY BECAUSE THE
5 DEALER MAKES A REQUEST FOR WARRANTY REIMBURSEMENT AT RETAIL RATES
6 IN THE ORDINARY COURSE OF BUSINESS; OR

7 (vi) ESTABLISH, IMPLEMENT, ENFORCE, OR APPLY ANY
8 POLICY, STANDARD, RULE, PROGRAM, OR INCENTIVE REGARDING THE
9 COMPENSATION DUE UNDER THIS SECTION OTHER THAN IN A UNIFORM
10 MANNER AMONG THE LICENSEE'S DEALERS IN THE STATE.

11 [(3)] (8) The provisions of [paragraph (2)] **PARAGRAPHS (1)**
12 **THROUGH (7)** of this subsection do not apply to travel trailers or parts of systems,
13 fixtures, appliances, furnishings, accessories, and features of motor homes that are not
14 manufactured by the manufacturer of the motor home as a part of the unit.

15 [(4)] (9) (i) A claim filed under this section by a dealer with a
16 manufacturer or distributor shall be:

17 1. In the manner and form **REASONABLY** prescribed by
18 the manufacturer or distributor; and

19 2. Approved or disapproved within 30 days of receipt.

20 (ii) A claim not approved or disapproved within 30 days of
21 receipt shall be deemed approved.

22 (iii) Payment of or credit issued on a claim filed under this
23 section shall be made within 30 days of approval.

24 [(5)] (10) A dealer's failure to comply with ~~the specific requirements~~ A
25 SPECIFIC REQUIREMENT of the manufacturer or distributor ~~for processing a claim~~
26 may not constitute grounds for denial of the claim or reduction of the amount of
27 compensation paid to the dealer if the dealer presents ~~reasonable~~ documentation or
28 other REASONABLE evidence to substantiate ~~the claim~~ THAT THE REPAIR AND THE
29 CLAIM WERE DONE ACCORDING TO MANUFACTURER WARRANTY GUIDELINES.

30 [(6)] (11) (i) If a claim filed under this section is shown by the
31 manufacturer or distributor to be false or unsubstantiated, the manufacturer or
32 distributor may charge back the claim within 9 months from the date the claim was
33 paid or credit issued.

1 (ii) This paragraph does not limit the right of a manufacturer or
2 distributor to:

3 1. Conduct an audit of any claim filed under this section;
4 or

5 2. Charge back for any claim that is proven to be
6 fraudulent.

7 (iii) An audit under this paragraph shall be conducted according
8 to generally accepted accounting principles.

9 (d) As to any person licensed under this subtitle, instead of or in addition to
10 revocation, suspension, or nonrenewal of a license under this section, the
11 Administrator:

12 (1) May order the licensee to pay a fine not exceeding \$50,000 for each
13 violation of this subtitle; and

14 (2) May order the licensee to compensate any person for financial
15 injury or other damage suffered as a result of the violation.

16 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
17 October 1, 2014.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.