

SENATE BILL 559

R7

5lr2590
CF 5lr0465

By: **Senators Lee, Kagan, and Raskin**

Introduced and read first time: February 6, 2015

Assigned to: Judicial Proceedings

A BILL ENTITLED

1 AN ACT concerning

2 **Vehicle Law – Dealers’ Facilities – Internet Locations**

3 FOR the purpose of defining “dealer’s facility” and “dealership facility” to include any
4 Internet location where a dealer conducts the business authorized by its license, for
5 purposes of certain provisions of law that prohibit the coercion of motor vehicle
6 dealers by motor vehicle manufacturers, distributors, and factory branches; and
7 generally relating to dealers’ facilities and the relationship between dealers and
8 manufacturers, distributors, and factory branches.

9 BY repealing and reenacting, with amendments,
10 Article – Transportation
11 Section 15–207(a)
12 Annotated Code of Maryland
13 (2012 Replacement Volume and 2014 Supplement)

14 BY repealing and reenacting, without amendments,
15 Article – Transportation
16 Section 15–207(d) and (h)
17 Annotated Code of Maryland
18 (2012 Replacement Volume and 2014 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.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2) (i) “Coerce” means to compel or attempt to compel by threat of harm,
2 breach of contract, or other adverse consequences, including the loss of any benefit made
3 available to other dealers of the same line make in the 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) **“DEALER’S FACILITY” OR “DEALERSHIP FACILITY” INCLUDES ANY**
9 **INTERNET LOCATION, INCLUDING ANY WEB SITE, WHERE A DEALER CONDUCTS THE**
10 **BUSINESS AUTHORIZED BY ITS LICENSE.**

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 by a manufacturer, distributor, or factory branch which are uniformly applied to
14 all Maryland dealers in new vehicles of the manufacturer, distributor, or factory branch.

15 (d) A manufacturer, distributor, or factory branch, whether directly or through
16 an agent, employee, affiliate, or representative, may not require or coerce a dealer, by
17 franchise agreement or otherwise, or as a condition to the renewal or continuation of a
18 franchise agreement, to:

19 (1) Exclude from the use of the dealer’s facilities a dealership for which the
20 dealer has a franchise agreement to utilize the facilities; or

21 (2) Materially change the dealer’s facilities or method of conducting
22 business if the change would impose substantial financial hardship on the business of the
23 dealer.

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

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

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

35 (i) Require a dealer to alter or replace an existing dealership
36 facility; or

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

3 (3) A manufacturer, distributor, or factory branch may not reduce the price
4 of a motor vehicle charged to a dealer or provide different financing terms to a dealer in
5 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 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
10 October 1, 2015.