

Department of Legislative Services
Maryland General Assembly
2015 Session

FISCAL AND POLICY NOTE

Senate Bill 559

(Senator Lee, *et al.*)

Judicial Proceedings

Vehicle Law - Dealers' Facilities - Internet Locations

This bill defines “dealer’s facility” or “dealership facility” to include any website or Internet location where a dealer conducts the business authorized by its license, for purposes of prohibiting the coercion of vehicle dealers by manufacturers, distributors, or factory branches.

Fiscal Summary

State Effect: The bill is not anticipated to materially affect State operations or finances, as it pertains primarily to private-sector activities.

Local Effect: None.

Small Business Effect: Potential meaningful.

Analysis

Current Law: Unless a dealer violates a State or local law intended to protect the public, a manufacturer, distributor, or factory branch may not require a dealer to alter or replace an existing dealership facility or threaten to deny any benefit generally available to all dealers for a dealer’s failure to alter or replace an existing dealership facility.

A manufacturer, distributor, or factory branch generally may not require or coerce a dealer to (1) exclude from the use of the dealer’s facilities a dealership for which the dealer has a franchise agreement to utilize the facilities or (2) materially change the dealer’s facilities or method of conducting business if the change would impose substantial financial hardship on the business of the dealer.

Small Business Effect: It is unknown how many licensed manufacturers, distributors, or factory branches may be affected by the bill's expanded definition of a dealer's facility or dealership facility. However, a small business dealer realizes a meaningful benefit to the extent that the bill provides significant additional protections from coercion by licensed manufacturers, distributors, or factory branches based on the dealer's online activities. To the extent that any manufacturer, distributor, or factory branch is a small business entity, the bill creates additional restrictions and requirements. According to the Motor Vehicle Administration, there were 2,126 used car, new car, and wholesale dealers licensed in fiscal 2013, as well as 19 manufacturers or distributors, and two factory branches.

Additional Information

Prior Introductions: None.

Cross File: HB 1078 (Delegate Frush, *et al.*) - Environment and Transportation.

Information Source(s): Maryland Department of Transportation, Department of Legislative Services

Fiscal Note History: First Reader - February 20, 2015
min/ljm

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