

Department of Legislative Services
Maryland General Assembly
2023 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 742

(Senator Smith)

Judicial Proceedings

Economic Matters

Vehicle Laws - Manufacturers and Dealers - Allocation of Vehicles

This bill requires that any system operated by a manufacturer, distributor, or factory branch or its affiliate for the allocation of new vehicles to dealers be reasonable and fair for all dealers. Upon written request by a dealer, a manufacturer, distributor, or factory branch or its affiliate must disclose the method by which new vehicles are allocated to dealers of the same line make. In any dispute over compliance with the bill's requirements, a manufacturer, distributor, or factory branch or its affiliate has the burden of proving its compliance.

Fiscal Summary

State Effect: The bill does not materially affect State finances or operations.

Local Effect: None.

Small Business Effect: Minimal, as discussed below.

Analysis

Current Law: The Motor Vehicle Administration (MVA) is responsible for regulating businesses that manufacture, distribute, sell, lease, deliver, and title motor vehicles in the State. Generally, to operate in one of these businesses, a person must first obtain a license from MVA and pay any applicable license fee. State law includes other requirements for persons and individuals working in the motor vehicle industry; for example, manufacturers, distributors, and factory branches must always act in good faith (*i.e.*, maintaining honesty in fact and the observance of reasonable commercial standards of fair dealing in the trade) when doing business.

State law does not explicitly regulate the allocation of new vehicles to dealers by manufacturers, distributors, and factory branches.

Small Business Effect: Small business vehicle dealers may benefit from the bill's requirement that any system operated by a manufacturer, distributor, or factory branch or its affiliate for the allocation of new vehicles be reasonable and fair for all dealers.

Additional Information

Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

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

Fiscal Note History: First Reader - March 1, 2023
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