

Department of Fiscal Services  
Maryland General Assembly

FISCAL NOTE  
Revised

Senate Bill 549 (Senator Jimeno, *et al.*)

Judicial Proceedings

Referred to Commerce and Government Matters

---

**Manufacturers, Distributors, and Factory Branches - Dealers - Good Faith Requirements**

---

This amended bill provides that motor vehicle manufacturers, distributors, factory branches, dealers, and agents or employees of dealers owe a duty of “good faith” in all transactions with consumers. These businesses or persons have the burden of proof in establishing that it acted in good faith when presented with a claim by a consumer. The bill also provides that motor vehicle manufacturers, distributors, and factory branches have a duty of good faith to motor vehicle dealers regarding the performance and enforcement of franchise agreements. A manufacturer, distributor, or factory branch also has the burden of proof in establishing that it acted in good faith when presented with a claim under the franchise agreement.

---

**Fiscal Summary**

**State Effect:** None. The bill would not directly affect State finances.

**Local Effect:** None.

**Small Business Effect:** Minimal impact on small businesses as discussed below.

---

**Fiscal Analysis**

**Small Business Effect:** The majority of retail motor vehicle dealers in Maryland are small businesses. These businesses will benefit from the bill’s provisions establishing that franchise agreements with manufacturers, distributors, and factory branches be executed in good faith. The dealer will not be responsible for establishing the burden of proof that the manufacturer, distributor, or factory branch did not act in good faith. However, the dealers will also be required to act in good faith in transactions with consumers.

---

**Information Source(s):** Department of Transportation (Motor Vehicle Administration),

Department of Fiscal Services

**Fiscal Note History:** First Reader - February 26, 1997  
ncs Revised - Senate Third Reader - March 26, 1997

---

Analysis by: Jody J. Minnich

Reviewed by: John Rixey

Direct Inquiries to:

John Rixey, Coordinating Analyst

(410) 841-3710

(301) 858-3710