
By: **Senators Forehand, Brochin, DeGrange, Garagiola, Giannetti, Haines,
Jacobs, and Jimeno**

Introduced and read first time: February 6, 2004

Assigned to: Judicial Proceedings

A BILL ENTITLED

1 AN ACT concerning

2 **Vehicle Laws - Manufacturers, Distributors, and Factory**
3 **Branches - Dealer Claims**

4 FOR the purpose of prohibiting a failure by a dealer of vehicles to comply with the
5 requirements of a manufacturer or distributor for processing a claim from
6 constituting grounds for denial of the claim or reduction of the amount of
7 compensation paid to the dealer if the dealer presents reasonable
8 documentation or other evidence to substantiate the claim; prohibiting a
9 manufacturer or its representative from denying a claim for which a dealer has
10 received preauthorization from the manufacturer or its representative; altering
11 the amount of time during which a manufacturer or distributor may charge back
12 a certain claim if the claim is shown to be false or unsubstantiated; altering the
13 amount of time during which a manufacturer, factory branch, or distributor may
14 charge back a certain claim if the claim is shown to be false or unsubstantiated;
15 and generally relating to claims made by a dealer against a manufacturer,
16 distributor, or factory branch.

17 BY repealing and reenacting, with amendments,
18 Article - Transportation
19 Section 15-212(c) and 15-212.1
20 Annotated Code of Maryland
21 (2002 Replacement Volume and 2003 Supplement)

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

24 **Article - Transportation**

25 15-212.

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

- 1 (i) The compensation being paid by other licensees to their dealers;
- 2 (ii) The prevailing wage rate being paid by these dealers; and
- 3 (iii) The prevailing labor rate being charged by these dealers.

4 (2) Notwithstanding paragraph (1) of this subsection and except as
5 provided in paragraph (3) of this subsection, a licensee may not compensate its
6 dealers for work performed under any warranty under subsection (b)(3)(ii) of this
7 section in an amount that is less than the average amount charged by the dealer to
8 retail customers for nonwarranty work of like kind during the preceding 12 months as
9 long as this amount is reasonable.

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

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

16 1. In the manner and form prescribed by the manufacturer
17 or distributor; and

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

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

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

23 (5) (I) A DEALER'S FAILURE TO COMPLY WITH THE REQUIREMENTS OF
24 THE MANUFACTURER OR DISTRIBUTOR FOR PROCESSING A CLAIM MAY NOT
25 CONSTITUTE GROUNDS FOR DENIAL OF THE CLAIM OR REDUCTION OF THE AMOUNT
26 OF COMPENSATION PAID TO THE DEALER IF THE DEALER PRESENTS REASONABLE
27 DOCUMENTATION OR OTHER EVIDENCE TO SUBSTANTIATE THE CLAIM.

28 (II) A MANUFACTURER OR ITS REPRESENTATIVE MAY NOT DENY A
29 CLAIM FOR WHICH A DEALER HAS RECEIVED PREAUTHORIZATION FROM THE
30 MANUFACTURER OR ITS REPRESENTATIVE.

31 [(5)] (6) (i) If a claim filed under this section is shown by the
32 manufacturer or distributor to be false or unsubstantiated, the manufacturer or
33 distributor may charge back the claim within [1 year] 180 DAYS from the date the
34 claim was paid or credit issued.

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

