

Chapter 231

(House Bill 235)

AN ACT concerning

Vehicle Laws – Manufacturers and Distributors – Sale of Electric or Nonfossil–Fuel Burning Vehicles

FOR the purpose of authorizing a manufacturer or distributor to be licensed as a vehicle dealer if the manufacturer or distributor deals only in electric or nonfossil–fuel burning vehicles ~~and if, no dealer in the State holds a franchise from the manufacturer or distributor, and the manufacturer or distributor does not have a certain relationship with another manufacturer or distributor licensed as a dealer under this Act; limiting the number of licenses that may be issued under this Act; establishing that a certain license may only be issued for a dealership located in Montgomery County;~~ requiring the Motor Vehicle Administration to adopt regulations to implement this Act; ~~authorizing certain manufacturers or distributors who deal only in electric or nonfossil–fuel burning vehicles to operate a certain dealership located in an enclosed shopping mall notwithstanding certain factors;~~ making a conforming change; and generally relating to the sale of electric and nonfossil–fuel burning vehicles by manufacturers and distributors.

BY repealing and reenacting, without amendments,

Article – Transportation
Section 15–302(a)
Annotated Code of Maryland
(2012 Replacement Volume and 2014 Supplement)

BY repealing and reenacting, with amendments,

Article – Transportation
Section 15–305
Annotated Code of Maryland
(2012 Replacement Volume and 2014 Supplement)

~~BY adding to~~

~~Article – Transportation~~
~~Section 15–305.2~~
~~Annotated Code of Maryland~~
~~(2012 Replacement Volume and 2014 Supplement)~~

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

Article – Transportation

15–302.

(a) A person may not conduct the business of a dealer unless the person is licensed by the Administration under this subtitle.

15–305.

(a) A license to deal in new vehicles may not be issued to any person unless the manufacturer or distributor of the vehicles is in compliance with the surety bond requirements of § 15–205 of this title.

(b) A license to deal in new vehicles may be issued only for a dealer in new vehicles who holds a franchise from:

(1) The manufacturer of the vehicles; or

(2) A distributor who is authorized by the manufacturer or the manufacturer's authorized importer of the vehicles.

(c) If an applicant for a license to deal in new vehicles seeks to qualify under subsection (b) of this section, the applicant shall submit with the application an exact copy of the required franchise.

(d) (1) If a franchise required by this section is terminated in accordance with § 15–209 of this title, the license of the dealer shall be suspended automatically unless, before the effective date of termination, the licensed dealer files satisfactory evidence that the franchise has been extended. The Administration immediately shall notify the licensee of the suspension.

(2) (i) Notwithstanding paragraph (1) of this subsection, if a franchise issued to a licensee who deals in Class M motor homes or Class G travel trailers is terminated for any reason, the Administration may authorize the licensee to dispose of the Class M motor homes and Class G travel trailers that were in the dealer's inventory prior to the franchise termination without applying for a certificate of title in the dealership's name or paying the applicable excise tax.

(ii) The initial authorization period under subparagraph (i) of this paragraph may not exceed 12 months from the date of the franchise termination.

(iii) After the initial authorization period under subparagraph (i) of this paragraph, the Administration may review each situation on a case by case basis and determine whether a further extension of time to dispose of remaining inventory is warranted or whether the dealer shall be required to take title to any remaining Class M motor homes and Class G travel trailers in the dealer's inventory.

(e) **(1)** Notwithstanding subsections (a) and (f) of this section, a manufacturer or distributor may be licensed as a dealer [only] if the manufacturer or distributor:

[(1)] (I) Operates temporarily a dealership that:

[(i)] 1. Was previously owned by a franchised dealer; and

[(ii)] 2. Is for sale to any qualified person at a reasonable price;

[(2)] (II) Operates a dealership in a bona fide relationship in which an independent person:

[(i)] 1. Has made a significant investment, subject to loss, in the dealership; and

[(ii)] 2. Can reasonably expect to acquire full ownership of the dealership under reasonable terms and conditions; or

[(3)] (i) (III) 1. Is a second-stage manufacturer as defined in § 13-113.2(a)(7) of this article; and

[(ii)] 2. Deals only in Class E (truck) vehicles with a gross weight limit of 10,000 pounds or more, as defined in § 13-916 of this article.

(2) (I) NOTWITHSTANDING SUBSECTIONS (B) AND (F) OF THIS SECTION AND SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, A MANUFACTURER OR DISTRIBUTOR MAY BE LICENSED AS A DEALER IF:

~~(I)~~ **1. THE MANUFACTURER OR DISTRIBUTOR DEALS ONLY IN ELECTRIC OR NONFOSSIL-FUEL BURNING VEHICLES; AND**

~~(II)~~ **2. NO DEALER IN THE STATE HOLDS A FRANCHISE FROM THE MANUFACTURER OR DISTRIBUTOR;**

3. THE MANUFACTURER OR DISTRIBUTOR, OR A SUBSIDIARY, AN AFFILIATE, OR A CONTROLLED ENTITY OF THE MANUFACTURER OR DISTRIBUTOR, DOES NOT HOLD A CONTROLLING INTEREST IN ANOTHER MANUFACTURER OR DISTRIBUTOR, OR A SUBSIDIARY, AN AFFILIATE, OR A CONTROLLED ENTITY OF THE OTHER MANUFACTURER OR DISTRIBUTOR, THAT IS LICENSED AS A DEALER UNDER THIS PARAGRAPH; AND

4. NO OTHER MANUFACTURER OR DISTRIBUTOR, OR SUBSIDIARY, AFFILIATE, OR CONTROLLED ENTITY OF THE OTHER MANUFACTURER OR DISTRIBUTOR, THAT IS LICENSED AS A DEALER UNDER THIS PARAGRAPH, HOLDS A CONTROLLING INTEREST IN THE MANUFACTURER OR DISTRIBUTOR, OR A

SUBSIDIARY, AN AFFILIATE, OR A CONTROLLED ENTITY OF THE MANUFACTURER OR DISTRIBUTOR.

~~(H) 1. SUBJECT TO SUBSUBPARAGRAPH 2 OF THIS SUBPARAGRAPH, NO MORE THAN TWO LICENSES MAY BE ISSUED UNDER THIS PARAGRAPH.~~

~~2. ONE LICENSE ISSUED UNDER THIS PARAGRAPH MAY ONLY BE ISSUED FOR A DEALERSHIP LOCATED IN MONTGOMERY COUNTY.~~

(II) NO MORE THAN SIX FOUR LICENSES MAY BE ISSUED UNDER THIS PARAGRAPH.

(III) THE ADMINISTRATION SHALL ADOPT REGULATIONS TO IMPLEMENT THIS PARAGRAPH.

(f) A manufacturer or distributor, or a person who is acting for a partnership or corporation that is owned or controlled by or under common control with a manufacturer or distributor, may not sell a new vehicle to a retail buyer.

~~15-305.2.~~

~~NOTWITHSTANDING ANY OTHER PROVISION OF LAW, A MANUFACTURER OR DISTRIBUTOR LICENSED AS A DEALER IN ACCORDANCE WITH § 15-305(E)(2) OF THIS SUBTITLE MAY OPERATE, IN ADDITION TO ANY OTHER DEALERSHIP AUTHORIZED UNDER THIS SUBTITLE, ONE DEALERSHIP LOCATED IN AN ENCLOSED SHOPPING MALL EVEN IF THE DEALERSHIP:~~

~~(1) DOES NOT FACE OR ADJOIN, AND IS NOT FULLY VISIBLE FROM, AN IMPROVED STREET OR HIGHWAY;~~

~~(2) CANNOT ACCOMMODATE THE DISPLAY OF 10 VEHICLES OR CUSTOMER PARKING; AND~~

~~(3) DOES NOT HAVE A PERMANENTLY AFFIXED SIGN OR A SIGN THAT IS REASONABLY LEGIBLE FROM THE STREET OR HIGHWAY.~~

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2015.

Approved by the Governor, May 12, 2015.