

HOUSE BILL 525

R4

6lr1947

By: **Delegates Beidle, Flanagan, Fraser–Hidalgo, Frush, Lam, McCray, Stein, and Szeliga**

Introduced and read first time: February 1, 2016

Assigned to: Environment and Transportation

A BILL ENTITLED

1 AN ACT concerning

2 **Vehicle Laws – Manufacturers and Dealers**

3 FOR the purpose of prohibiting a motor vehicle manufacturer, distributor, or factory branch
4 from prohibiting or taking certain punitive action against a motor vehicle dealer for
5 providing certain notice to a customer or performing certain repairs on a motor
6 vehicle under certain circumstances; requiring a dealer that sells at retail a used
7 motor vehicle that is subject to a recall under federal law to provide to the buyer
8 under certain circumstances a certain disclosure in a certain manner; and generally
9 relating to motor vehicle manufacturers and dealers.

10 BY repealing and reenacting, without amendments,
11 Article – Transportation
12 Section 15–212(c)(1) and (11)
13 Annotated Code of Maryland
14 (2012 Replacement Volume and 2015 Supplement)

15 BY adding to
16 Article – Transportation
17 Section 15–212(c)(12)
18 Annotated Code of Maryland
19 (2012 Replacement Volume and 2015 Supplement)

20 BY repealing and reenacting, with amendments,
21 Article – Transportation
22 Section 15–311
23 Annotated Code of Maryland
24 (2012 Replacement Volume and 2015 Supplement)

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



Article – Transportation

15–212.

(c) (1) A licensee shall specify in writing to each of its motor vehicle dealers licensed in the State:

(i) The dealer’s obligation for vehicle preparation, delivery, warranties, and recalls on its products;

(ii) The schedule of compensation to be paid to the dealers for parts, including parts assemblies, and labor, including diagnostic labor and associated administrative requirements, in connection with the service obligations established under item (i) of this paragraph; and

(iii) A time allowance for the performance of labor described in this paragraph that is reasonable and adequate.

(11) (i) If a claim filed under this section is shown by the manufacturer or distributor to be false or unsubstantiated, the manufacturer or distributor may charge back the claim within 9 months from the date the claim was paid or credit issued.

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

1. Conduct an audit of any claim filed under this section; or
2. Charge back for any claim that is proven to be fraudulent.

(iii) An audit under this paragraph shall be conducted according to generally accepted accounting principles.

(12) A LICENSEE MAY NOT PROHIBIT, RETALIATE AGAINST A DEALER OR EMPLOYEE OF A DEALER FOR, DENY A CLAIM OR INCENTIVE FOR, REDUCE THE AMOUNT OF COMPENSATION TO A DEALER FOR, OR PROCESS A CHARGE BACK TO A DEALER FOR:

(I) THE PROVISION OF NOTICE BY A DEALER TO A CUSTOMER RELATING TO THE EXISTENCE OF ANY RECALL REMEDY, TECHNICAL SERVICE BULLETIN, OR ANY OTHER INSTRUCTIONS FROM A LICENSEE TO A DEALER TO RESOLVE A CONDITION; OR

(II) PERFORMING REPAIRS ON A MOTOR VEHICLE, WHETHER THE NEED FOR REPAIRS WAS DISCOVERED BY THE DEALER DURING THE COURSE OF A SEPARATE REPAIR REQUESTED BY THE CUSTOMER OR AN INSPECTION OF THE

1 **MOTOR VEHICLE BY THE DEALER, OR PROMPTED BY A DEALER NOTICE OF A RECALL**
2 **REMEDY, TECHNICAL SERVICE BULLETIN, OR OTHER INSTRUCTIONS FROM A**
3 **LICENSEE TO A DEALER TO:**

4 **1. RESOLVE A CONDITION THAT IS UNDER A WARRANTY**
5 **OF THE LICENSEE;**

6 **2. REMEDY A CONDITION THAT CAUSED A RECALL; OR**

7 **3. PERFORM A SERVICE PRESCRIBED IN A TECHNICAL**
8 **SERVICE BULLETIN OR OTHER INSTRUCTIONS FROM A LICENSEE TO A DEALER TO**
9 **RESOLVE A CONDITION.**

10 15–311.

11 (a) A contract for the sale of a vehicle by a dealer shall contain a clear statement
12 of:

13 (1) The principal amount charged for the vehicle;

14 (2) Any interest charged on the principal amount;

15 (3) Any fee charged under § 13–610 of this article;

16 (4) Any dealer processing charge, as defined in § 15–311.1 of this subtitle;
17 and

18 (5) Any other charge made in connection with the sale of the vehicle.

19 (b) In addition to the information required by subsection (a) of this section, a
20 contract for the sale of a new vehicle shall include:

21 (1) The base price of the vehicle;

22 (2) The manufacturer's code or stock number for the vehicle; and

23 (3) A clear and specific description of each extra item and each extra charge
24 not included in the base price of the vehicle ordered by the buyer.

25 (c) **IN ADDITION TO THE INFORMATION REQUIRED BY SUBSECTION (A) OF**
26 **THIS SECTION, A DEALER THAT SELLS AT RETAIL A USED MOTOR VEHICLE THAT IS**
27 **SUBJECT TO A CONDITION THAT CAUSED A RECALL UNDER FEDERAL LAW AND IS**
28 **NOT REMEDIED SHALL PROVIDE TO THE BUYER OF THE MOTOR VEHICLE, IN THE**
29 **BUYER'S ORDER OR IN A SEPARATE WRITTEN DOCUMENT, A DISCLOSURE THAT:**

1 **(1) IF THE USED MOTOR VEHICLE IS A LINE-MAKE THAT THE DEALER**
2 **HOLDS A FRANCHISE TO SELL AS NEW AND TO SERVICE:**

3 **(I) THERE IS A REMEDY FOR THE CONDITION THAT CAUSED**
4 **THE RECALL AND THE BUYER MAY RETURN THE MOTOR VEHICLE TO HAVE THE**
5 **DEALER PROVIDE THE REMEDY; OR**

6 **(II) THERE IS NOT AT THE TIME OF SALE A REMEDY FOR THE**
7 **CONDITION THAT CAUSED THE RECALL AND THE BUYER MAY RETURN THE MOTOR**
8 **VEHICLE TO HAVE THE DEALER PROVIDE THE REMEDY WHEN THE BUYER LEARNS**
9 **OR HAS NOTICE THAT A REMEDY IS AVAILABLE; OR**

10 **(2) IF THE USED MOTOR VEHICLE IS A LINE-MAKE THAT THE DEALER**
11 **DOES NOT HOLD A FRANCHISE TO SELL AS NEW AND TO SERVICE:**

12 **(I) THERE IS A REMEDY FOR THE CONDITION THAT CAUSED**
13 **THE RECALL AND THE BUYER MAY CONTACT A DEALER OF THE LINE-MAKE FOR**
14 **PROVISION OF THE REMEDY; OR**

15 **(II) THERE IS NOT A REMEDY AT THE TIME OF SALE FOR THE**
16 **CONDITION THAT CAUSED THE RECALL AND THE BUYER MAY CONTACT A DEALER OF**
17 **THE LINE-MAKE FOR PROVISION OF THE REMEDY WHEN THE BUYER LEARNS OR HAS**
18 **NOTICE THAT A REMEDY IS AVAILABLE.**

19 **(D)** When a vehicle arrives for delivery, the dealer shall advise the buyer of any
20 extra items ordered by the buyer that are not on the vehicle.

21 ~~[(d)]~~ **(E)** When a vehicle arrives for delivery, the dealer shall advise the buyer of
22 any extra items on the vehicle that the buyer did not order.

23 ~~[(e)]~~ **(F)** When a vehicle arrives for delivery, the dealer shall advise the buyer of
24 the cost of extra items described under subsections ~~[(c) and]~~ (d) **AND (E)** of this section.

25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
26 October 1, 2016.