

## Senate Bill 345 — Dealer Association Standing

Position: FAVORABLE

Chair, Vice Chair, and Members of the Committee:

My name is **J. Peter Kitzmiller**, and I serve as President of the Maryland Automobile Dealers Association, representing franchised new car and truck dealers across the State of Maryland. Thank you for the opportunity to submit written testimony in support of Senate Bill 345.

This legislation addresses a fundamental principle of sound public policy:

**Laws are only effective when they can be realistically enforced.**

Maryland has developed a comprehensive framework of motor vehicle franchise laws over many decades. These statutes are designed to protect local small businesses, preserve fair competition in the vehicle marketplace, and ensure consumers have access to a reliable, statewide sales and service network. However, a significant enforcement gap currently undermines those protections.

Although individual dealers technically have the right to challenge unlawful manufacturer practices, that remedy is often impractical in the real world. Manufacturers control key aspects of a dealer's business operations, including vehicle allocation, incentive programs, facility approvals, and access to products and programs. A dealer who brings a legal challenge risks economic consequences that can jeopardize the viability of their business and the jobs they provide in their communities. As a result, violations of state franchise law frequently go unchallenged — not because the conduct is lawful, but because enforcement is too risky for one small business acting alone.

Senate Bill 345 provides a practical and balanced solution to this structural problem.

The bill does **not** create new dealer rights, expand existing franchise protections, or authorize claims for monetary damages. It does **not** involve private contract disputes between a manufacturer and a dealer. Instead, it allows a recognized dealer association to seek **declaratory or injunctive relief** when a manufacturer engages in a practice that violates Maryland franchise law and affects dealers broadly.

This approach offers several important benefits:

First, it protects small businesses from retaliation. Allowing an association to bring an action removes the pressure on any one dealer to assume the economic risk of challenging a manufacturer.

Second, it promotes judicial efficiency. Rather than multiple lawsuits raising the same legal issue, one association action can resolve a matter affecting many dealers, leading to consistent rulings and more efficient use of court resources.

Third, it mirrors well-established principles of associational standing used in other regulated industries, where trade associations are permitted to seek prospective relief on issues of broad statutory compliance.

Fourth, it helps protect consumers. Maryland's franchise system supports a strong local sales and service network, competitive pricing, effective recall performance, and local accountability.

Ensuring that franchise laws can be enforced helps preserve those consumer benefits.

Senate Bill 345 is not a policy expansion. It is an enforcement mechanism designed to ensure that the franchise laws enacted by the General Assembly can function as intended in practice.

For these reasons, we respectfully urge a **favorable report** on Senate Bill 345.

Respectfully submitted,

**J. Peter Kitzmiller**

President

Maryland Automobile Dealers Association