

Department of Fiscal Services  
Maryland General Assembly

FISCAL NOTE

House Bill 725 (Delegate Barve)  
Commerce and Government Matters

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

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This 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. 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 has the burden of proof in establishing that it acted in good faith when presented with a claim under the franchise agreement.

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**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.

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**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.

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

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