

Department of Legislative Services  
Maryland General Assembly

FISCAL NOTE  
Revised

Senate Bill 14 (Senator Middleton)  
Finance

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**Commercial Law - Equipment Dealer Contract Act**

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This bill repeals the provisions of the Equipment Dealer Contract Act which relate to the termination of contracts between equipment dealers and suppliers. It sets forth new provisions which require a supplier to have “good cause” and to provide prior notice to a dealer before terminating, canceling, or failing to renew a contract except under specified circumstances.

The bill requires a dealer to submit a written request to a supplier to sell or transfer any portion of the dealer’s business, and the supplier to respond within 90 days of receipt. The request must include the financial information, personal background, character references, and work history of the potential transferee. If the supplier refuses the request, it must provide the dealer with its reasons for refusal. The bill also provides for the operation of a dealership upon the death of a dealer.

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**Fiscal Summary**

**State Effect:** None. Assuming that the Consumer Protection Division receives fewer than 50 additional complaints as a result of this bill, any additional costs could be absorbed within existing resources.

**Local Effect:** None.

**Small Business Effect:** Minimal effect on suppliers and dealers, some of which may be small businesses.

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## Fiscal Analysis

**Small Business Effect:** This bill alters the right to terminate a contract between equipment suppliers and dealers. Except under specified circumstances, this bill prohibits a supplier from unilaterally terminating a contract without meeting the notice requirements and having “good cause.” Because current law does not have a “good cause” requirement, this bill makes it more difficult for a supplier to terminate a contract.

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**Information Source(s):** Attorney General’s Office, Judiciary (Administrative Office of the Courts)

**Fiscal Note History:** First Reader - January 27, 1998  
tlw Revised - Senate Third Reader - April 3, 1998

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