

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

House Bill 1186 (Delegate Snodgrass. *et al.*)

Commerce and Government Matters

Vehicle Laws - New Vehicles - Disclosure of Damage or Repair and Risk of Loss

This bill provides that unless the dealer determines the method of transportation, the risk of loss for a new vehicle remains with the manufacturer, distributor, or factory branch until the dealer accepts the vehicle from a carrier. The dealer must notify the manufacturer, distributor, or factory branch of any damage within a specified time range and request authorization to repair the damage. If the manufacturer, distributor, or factory branch refuses or fails to authorize the repairs, ownership of the vehicle reverts to the manufacturer, distributor, or factory branch.

The manufacturer, distributor, or factory branch must disclose to the dealer any damage in which the cost of repairs would exceed 4% of the manufacturer's suggested retail price. Further, a dealer must disclose to a purchaser any damage and repair to a new vehicle that exceeds 4% of the manufacturer's suggested retail price.

This bill may only be construed prospectively and does not apply to any contract entered into before the bill's effective date.

Fiscal Summary

State Effect: None. The bill would not directly affect State operations or finances.

Local Effect: None.

Small Business Effect: Minimal.

Fiscal Analysis

Small Business Effect: This bill will allow dealers to repair minor damages to newly delivered vehicles, with authorization from the manufacturers. While this may increase dealer costs associated with the repairs, sales revenues may increase as vehicles will not have to be returned to the manufacturer. Such vehicles will be made available for sale sooner and customers who have special ordered vehicles will not have to wait for another delivery.

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

Fiscal Note History: First Reader - March 11, 1998

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