

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE
Revised

Senate Bill 408 (Senator Jimeno)

Judicial Proceedings

Vehicle Laws - Vehicle Franchise Agreements - Manufacturer/Dealer Relations

This bill defines “require” as it applies to vehicle franchise agreements between manufacturers and dealers. The term “require” is defined as imposing upon a dealer a provision not required by law or previously agreed to by a dealer in a franchise agreement, excluding business decisions by a manufacturer, distributor, or factory branch which are uniformly applied to all Maryland dealers.

The bill is effective July 1, 1998 and is construed to apply to any franchise agreement in effect or entered into on or after July 1, 1998.

Fiscal Summary

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

Local Effect: None.

Small Business Effect: Potential minimal.

Fiscal Analysis

Small Business Effect: Recent court cases have interpreted the current provision to mean that a manufacturer must intentionally and directly cause a dealer to materially change its methods of conducting business. The court decisions noted that only the term “coerce” is defined in statute and the court further interprets the term “require” to have the same meaning. By defining “require”, the bill may make it easier for small business vehicle dealers to prove that manufacturers have caused substantial hardships on their businesses.

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

Fiscal Note History: First Reader - February 17, 1998
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