

Department of Legislative Services
Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE

House Bill 1068
Economic Matters

(Delegate Davis)

Finance

Commercial Law - Equipment Dealer Contract Act - Scope

This bill applies the Equipment Dealer Contract Act to persons engaged in the retail sale or commission-based sale of commercial heating, ventilation, and air-conditioning equipment or repair parts by altering the definitions of “dealer” and “inventory” under the Act.

The bill takes effect June 1, 2009.

Fiscal Summary

State Effect: The bill does not directly affect State finances or operations.

Local Effect: The bill does not directly affect local finances or operations.

Small Business Effect: Potential minimal.

Analysis

Current Law/Background: “Dealer” currently means a person engaged in the retail sale of construction, farm, utility, or industrial equipment, implements, machinery, attachments, outdoor power equipment, or repair parts. “Inventory” is currently defined as farm implements or machinery, construction, utility, and industrial equipment, consumer products, outdoor power equipment, attachments, or repair parts.

Chapter 433 of 2005 substantially revised the Equipment Dealer Contract Act, which governs suppliers and dealers in heavy construction equipment. Chapter 433 of 2005:

- increased protection for local dealers when supply contracts are entered into, transferred, or terminated;
- required a supplier to repurchase a dealer's inventory when a contract is terminated unless the dealer chooses otherwise;
- specified the amounts a supplier must pay for various kinds of inventory and required the supplier to pay for inventory shipping costs;
- required a supplier to repurchase inventory from the heir of a deceased dealer or deceased majority stockholder of a corporation operating as a dealer at the option of the heir;
- established exceptions to the repurchase requirements for certain dealer inventory;
- specified procedures and time limits for processing and paying warranty claims for parts or services made by a dealer; and
- established various rights of dealers and remedies for a person injured by a violation of the Act, including the right to bring a civil action for monetary damages, injunctive relief, attorney's fees, and court costs.

Additional Information

Prior Introductions: None.

Cross File: SB 896 (Senator Garagiola, *et al.*) - Finance.

Information Source(s): Department of Legislative Services

Fiscal Note History: First Reader - March 2, 2009
ncs/ljm

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