

Department of Legislative Services
Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE

Senate Bill 302

(Senator Glassman)

Finance

Economic Matters

**Commercial Law - Equipment Dealer Contract Act - Outdoor Power Sports
Equipment**

This bill applies the Equipment Dealer Contract Act to persons engaged in the sale of outdoor power sports equipment by altering the definitions of “dealer” and “inventory” under the Act. Under the bill, “outdoor power sports equipment” includes all-terrain vehicles, dirt bikes, and snowmobiles.

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: Within the scope of the Equipment Dealer Contract Act, “dealer” means a person engaged in the retail sale of construction, farm, utility, or industrial equipment, implements, machinery, attachments, outdoor power equipment, or repair parts. Chapters 109 and 110 of 2009 amended the definition of “dealer” to include persons engaged in the retail sale or commission-based sale of commercial heating, ventilation, and air-conditioning equipment or repair parts.

“Inventory” is defined as farm implements or machinery, construction, utility, and industrial equipment, consumer products, outdoor power equipment, attachments, or

repair parts. The term also includes commercial heating, ventilation, and air-conditioning equipment or repair parts.

Background: 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: None.

Information Source(s): Office of the Attorney General (Consumer Protection Division), Maryland Department of Transportation, Department of Legislative Services

Fiscal Note History: First Reader - February 9, 2010
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