

**Department of Legislative Services**  
Maryland General Assembly  
2010 Session

**FISCAL AND POLICY NOTE**  
**Revised**

Senate Bill 18

(Senator Raskin, *et al.*)

Judicial Proceedings

Environmental Matters

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**Vehicle Laws - Manufacturers, Distributors, and Factory Branches - Benefits to  
Employees of Dealers**

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This emergency bill repeals the prohibition against a vehicle manufacturer, distributor, or factory branch giving an incentive payment or any other thing of value totaling more than \$200 in a calendar year directly to an employee of a vehicle dealer. A manufacturer, distributor, or factory branch may give the payment to the dealer for distribution to the employee as part of the payroll process, or may give the payment directly to the employee, if information about the payment is made available to the dealer.

The bill takes effect on the date of enactment, but applies to incentive payments or other things of value earned on or after May 1, 2009.

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**Fiscal Summary**

**State Effect:** None. The bill pertains exclusively to private-sector activities.

**Local Effect:** None.

**Small Business Effect:** Potential meaningful impact on small business car dealerships.

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**Analysis**

**Current Law:** Beginning June 1, 2009, Chapter 747 of 2009 prohibited a vehicle manufacturer, distributor, or factory branch from giving an incentive payment, reimbursement, cash, gift, or anything of value totaling more than \$200 in a calendar year directly to an employee of a vehicle dealer. Any payments or other things of value totaling over \$200 per year must be given to the dealer for distribution to the employee

through the regular payroll process. The dealer may retain a reasonable portion of any payment to cover the cost of payroll processing.

**Background:** During the 2009 interim a number of vehicle dealers and dealer employees contacted Legislative Services with inquiries regarding the effect of Chapter 747 on existing incentive programs. The Maryland Automobile Dealers Association advises that several major vehicle manufacturers considered terminating incentive programs to dealers in Maryland, but most have chosen not to do so after discussion with the Office of the Attorney General. However, at least one major vehicle manufacturer no longer provides incentives to dealer employees as a result of Chapter 747.

**Small Business Effect:** The bill may have a meaningful impact on small business car dealers to the extent that vehicle manufacturers that had ceased providing incentives to dealer employees, following enactment of Chapter 747 of 2009, resume providing incentives.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Maryland Automobile Dealers Association, Maryland Department of Transportation, Department of Legislative Services

**Fiscal Note History:** First Reader - January 15, 2010  
ncs/ljm Revised - Senate Third Reader - February 3, 2010

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