

# HOUSE BILL 235

R4, C2

5lr0564

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By: **Delegates Reznik, Smith, and Fraser-Hidalgo**

Introduced and read first time: February 2, 2015

Assigned to: Environment and Transportation

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 16, 2015

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Vehicle Laws – Manufacturers and Distributors – Sale of Electric or**  
3 **Nonfossil–Fuel Burning Vehicles**

4 FOR the purpose of authorizing a manufacturer or distributor to be licensed as a vehicle  
5 dealer if the manufacturer or distributor deals only in electric or nonfossil–fuel  
6 burning vehicles ~~and if~~, no dealer in the State holds a franchise from the  
7 manufacturer or distributor, and the manufacturer or distributor does not have a  
8 certain relationship with another manufacturer or distributor licensed as a dealer  
9 under this Act; limiting the number of licenses that may be issued under this Act;  
10 establishing that a certain license may only be issued for a dealership located in  
11 Montgomery County; requiring the Motor Vehicle Administration to adopt  
12 regulations to implement this Act; ~~authorizing certain manufacturers or distributors~~  
13 ~~who deal only in electric or nonfossil–fuel burning vehicles to operate a certain~~  
14 ~~dealership located in an enclosed shopping mall notwithstanding certain factors;~~  
15 making a conforming change; and generally relating to the sale of electric and  
16 nonfossil–fuel burning vehicles by manufacturers and distributors.

17 BY repealing and reenacting, without amendments,

18 Article – Transportation

19 Section 15–302(a)

20 Annotated Code of Maryland

21 (2012 Replacement Volume and 2014 Supplement)

22 BY repealing and reenacting, with amendments,

23 Article – Transportation

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 Section 15–305  
 2 Annotated Code of Maryland  
 3 (2012 Replacement Volume and 2014 Supplement)

4 ~~BY adding to~~  
 5 ~~Article – Transportation~~  
 6 ~~Section 15–305.2~~  
 7 ~~Annotated Code of Maryland~~  
 8 ~~(2012 Replacement Volume and 2014 Supplement)~~

9 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
 10 That the Laws of Maryland read as follows:

11 **Article – Transportation**

12 15–302.

13 (a) A person may not conduct the business of a dealer unless the person is licensed  
 14 by the Administration under this subtitle.

15 15–305.

16 (a) A license to deal in new vehicles may not be issued to any person unless the  
 17 manufacturer or distributor of the vehicles is in compliance with the surety bond  
 18 requirements of § 15–205 of this title.

19 (b) A license to deal in new vehicles may be issued only for a dealer in new vehicles  
 20 who holds a franchise from:

21 (1) The manufacturer of the vehicles; or

22 (2) A distributor who is authorized by the manufacturer or the  
 23 manufacturer's authorized importer of the vehicles.

24 (c) If an applicant for a license to deal in new vehicles seeks to qualify under  
 25 subsection (b) of this section, the applicant shall submit with the application an exact copy  
 26 of the required franchise.

27 (d) (1) If a franchise required by this section is terminated in accordance with  
 28 § 15–209 of this title, the license of the dealer shall be suspended automatically unless,  
 29 before the effective date of termination, the licensed dealer files satisfactory evidence that  
 30 the franchise has been extended. The Administration immediately shall notify the licensee  
 31 of the suspension.

32 (2) (i) Notwithstanding paragraph (1) of this subsection, if a franchise  
 33 issued to a licensee who deals in Class M motor homes or Class G travel trailers is  
 34 terminated for any reason, the Administration may authorize the licensee to dispose of the

1 Class M motor homes and Class G travel trailers that were in the dealer's inventory prior  
2 to the franchise termination without applying for a certificate of title in the dealership's  
3 name or paying the applicable excise tax.

4 (ii) The initial authorization period under subparagraph (i) of this  
5 paragraph may not exceed 12 months from the date of the franchise termination.

6 (iii) After the initial authorization period under subparagraph (i) of  
7 this paragraph, the Administration may review each situation on a case by case basis and  
8 determine whether a further extension of time to dispose of remaining inventory is  
9 warranted or whether the dealer shall be required to take title to any remaining Class M  
10 motor homes and Class G travel trailers in the dealer's inventory.

11 (e) **(1)** Notwithstanding subsections (a) and (f) of this section, a manufacturer  
12 or distributor may be licensed as a dealer **[only]** if the manufacturer or distributor:

13 **[(1)] (I)** Operates temporarily a dealership that:

14 **[(i)] 1.** Was previously owned by a franchised dealer; and

15 **[(ii)] 2.** Is for sale to any qualified person at a reasonable price;

16 **[(2)] (II)** Operates a dealership in a bona fide relationship in which an  
17 independent person:

18 **[(i)] 1.** Has made a significant investment, subject to loss, in the  
19 dealership; and

20 **[(ii)] 2.** Can reasonably expect to acquire full ownership of the  
21 dealership under reasonable terms and conditions; or

22 **[(3) (i)] (III) 1.** Is a second-stage manufacturer as defined in §  
23 13-113.2(a)(7) of this article; and

24 **[(ii)] 2.** Deals only in Class E (truck) vehicles with a gross weight  
25 limit of 10,000 pounds or more, as defined in § 13-916 of this article.

26 **(2) (I) NOTWITHSTANDING SUBSECTIONS (B) AND (F) OF THIS**  
27 **SECTION AND SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, A**  
28 **MANUFACTURER OR DISTRIBUTOR MAY BE LICENSED AS A DEALER IF:**

29 ~~(I)~~ **1. THE MANUFACTURER OR DISTRIBUTOR DEALS ONLY**  
30 **IN ELECTRIC OR NONFOSSIL-FUEL BURNING VEHICLES; ~~AND~~**

31 ~~(II)~~ **2. NO DEALER IN THE STATE HOLDS A FRANCHISE FROM**  
32 **THE MANUFACTURER OR DISTRIBUTOR;**

1                   **3. THE MANUFACTURER OR DISTRIBUTOR, OR A**  
 2 **SUBSIDIARY, AN AFFILIATE, OR A CONTROLLED ENTITY OF THE MANUFACTURER OR**  
 3 **DISTRIBUTOR, DOES NOT HOLD A CONTROLLING INTEREST IN ANOTHER**  
 4 **MANUFACTURER OR DISTRIBUTOR, OR A SUBSIDIARY, AN AFFILIATE, OR A**  
 5 **CONTROLLED ENTITY OF THE OTHER MANUFACTURER OR DISTRIBUTOR, THAT IS**  
 6 **LICENSED AS A DEALER UNDER THIS PARAGRAPH; AND**

7                   **4. NO OTHER MANUFACTURER OR DISTRIBUTOR, OR**  
 8 **SUBSIDIARY, AFFILIATE, OR CONTROLLED ENTITY OF THE OTHER MANUFACTURER**  
 9 **OR DISTRIBUTOR, THAT IS LICENSED AS A DEALER UNDER THIS PARAGRAPH, HOLDS**  
 10 **A CONTROLLING INTEREST IN THE MANUFACTURER OR DISTRIBUTOR, OR A**  
 11 **SUBSIDIARY, AN AFFILIATE, OR A CONTROLLED ENTITY OF THE MANUFACTURER OR**  
 12 **DISTRIBUTOR.**

13                   **(II) 1. SUBJECT TO SUBSUBPARAGRAPH 2 OF THIS**  
 14 **SUBPARAGRAPH, NO MORE THAN TWO LICENSES MAY BE ISSUED UNDER THIS**  
 15 **PARAGRAPH.**

16                   **2. ONE LICENSE ISSUED UNDER THIS PARAGRAPH MAY**  
 17 **ONLY BE ISSUED FOR A DEALERSHIP LOCATED IN MONTGOMERY COUNTY.**

18                   **(III) THE ADMINISTRATION SHALL ADOPT REGULATIONS TO**  
 19 **IMPLEMENT THIS PARAGRAPH.**

20           (f) A manufacturer or distributor, or a person who is acting for a partnership or  
 21 corporation that is owned or controlled by or under common control with a manufacturer  
 22 or distributor, may not sell a new vehicle to a retail buyer.

23 ~~15-305.2.~~

24 ~~NOTWITHSTANDING ANY OTHER PROVISION OF LAW, A MANUFACTURER OR~~  
 25 ~~DISTRIBUTOR LICENSED AS A DEALER IN ACCORDANCE WITH § 15-305(E)(2) OF THIS~~  
 26 ~~SUBTITLE MAY OPERATE, IN ADDITION TO ANY OTHER DEALERSHIP AUTHORIZED~~  
 27 ~~UNDER THIS SUBTITLE, ONE DEALERSHIP LOCATED IN AN ENCLOSED SHOPPING~~  
 28 ~~MALL EVEN IF THE DEALERSHIP:~~

29                   ~~(1) DOES NOT FACE OR ADJOIN, AND IS NOT FULLY VISIBLE FROM, AN~~  
 30 ~~IMPROVED STREET OR HIGHWAY;~~

31                   ~~(2) CANNOT ACCOMMODATE THE DISPLAY OF 10 VEHICLES OR~~  
 32 ~~CUSTOMER PARKING; AND~~

1                    ~~(3) DOES NOT HAVE A PERMANENTLY AFFIXED SIGN OR A SIGN THAT~~  
2 ~~IS REASONABLY LEGIBLE FROM THE STREET OR HIGHWAY.~~

3                    SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
4                    October 1, 2015.

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.