

# HOUSE BILL 235

R4, C2

5lr0564

---

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

Introduced and read first time: February 2, 2015

Assigned to: Environment and Transportation

---

## A BILL ENTITLED

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; authorizing certain manufacturers or distributors who  
8 deal only in electric or nonfossil–fuel burning vehicles to operate a certain dealership  
9 located in an enclosed shopping mall notwithstanding certain factors; making a  
10 conforming change; and generally relating to the sale of electric and nonfossil–fuel  
11 burning vehicles by manufacturers and distributors.

12 BY repealing and reenacting, with amendments,  
13 Article – Transportation  
14 Section 15–305  
15 Annotated Code of Maryland  
16 (2012 Replacement Volume and 2014 Supplement)

17 BY adding to  
18 Article – Transportation  
19 Section 15–305.2  
20 Annotated Code of Maryland  
21 (2012 Replacement Volume and 2014 Supplement)

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

24 **Article – Transportation**

25 15–305.

---

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

6 (1) The manufacturer of the vehicles; or

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

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

12 (d) (1) If a franchise required by this section is terminated in accordance with  
13 § 15–209 of this title, the license of the dealer shall be suspended automatically unless,  
14 before the effective date of termination, the licensed dealer files satisfactory evidence that  
15 the franchise has been extended. The Administration immediately shall notify the licensee  
16 of the suspension.

17 (2) (i) Notwithstanding paragraph (1) of this subsection, if a franchise  
18 issued to a licensee who deals in Class M motor homes or Class G travel trailers is  
19 terminated for any reason, the Administration may authorize the licensee to dispose of the  
20 Class M motor homes and Class G travel trailers that were in the dealer's inventory prior  
21 to the franchise termination without applying for a certificate of title in the dealership's  
22 name or paying the applicable excise tax.

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

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

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

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

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

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

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

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

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

7            ~~[(3) (i)]~~ **(III)** **1.** Is a second-stage manufacturer as defined in §  
8 13-113.2(a)(7) of this article; and

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

11                    **(2) NOTWITHSTANDING SUBSECTIONS (B) AND (F) OF THIS SECTION,**  
12 **A MANUFACTURER OR DISTRIBUTOR MAY BE LICENSED AS A DEALER IF:**

13                    **(I) THE MANUFACTURER OR DISTRIBUTOR DEALS ONLY IN**  
14 **ELECTRIC OR NONFOSSIL-FUEL BURNING VEHICLES; AND**

15                    **(II) NO DEALER IN THE STATE HOLDS A FRANCHISE FROM THE**  
16 **MANUFACTURER OR DISTRIBUTOR.**

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

20 **15-305.2.**

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

26                    **(1) DOES NOT FACE OR ADJOIN, AND IS NOT FULLY VISIBLE FROM, AN**  
27 **IMPROVED STREET OR HIGHWAY;**

28                    **(2) CANNOT ACCOMMODATE THE DISPLAY OF 10 VEHICLES OR**  
29 **CUSTOMER PARKING; AND**

30                    **(3) DOES NOT HAVE A PERMANENTLY AFFIXED SIGN OR A SIGN THAT**  
31 **IS REASONABLY LEGIBLE FROM THE STREET OR HIGHWAY.**

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