

Department of Legislative Services
Maryland General Assembly
2019 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 525 (Senator Hough, *et al.*)
Judicial Proceedings

Vehicle Manufacturers and Dealers - Violations - Award of Damages

This bill establishes that damages awarded for a violation of Title 15, Subtitle 2 of the Transportation Article committed by a manufacturer, distributor, or factory branch must be in an amount that is at least triple the total amount of all financial injuries and other damages suffered by the person as a result of the violation.

Fiscal Summary

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

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

Small Business Effect: Potential meaningful.

Analysis

Current Law: Title 15, Subtitle 2 of the Transportation Article establishes various licensing and regulatory requirements for vehicle manufacturers, distributors, and factory branches. If a person suffers financial injury or other damage as a result of a violation of that subtitle by any other person – whether or not that other person has been found guilty of a criminal violation – the injured person may recover damages and reasonable attorney’s fees in any court of competent jurisdiction.

Licensing Requirements and Refusal to Grant, Suspend, Revoke, or Renew a License

A motor vehicle manufacturer, distributor, or factory branch must be licensed by the Motor Vehicle Administration (MVA) in order to, among other things, transfer new vehicles and

conduct business in new vehicles in Maryland. Likewise, a person may not conduct the business of a dealer unless licensed by MVA. MVA may refuse to grant, suspend, revoke, or refuse to renew a license under specified circumstances. For a manufacturer, distributor, or factory branch, those circumstances include a finding that the person (1) made any material misrepresentation in transferring a vehicle or truck component to a dealer or distributor; (2) failed to comply with any written warranty agreement; or (3) failed to reasonably compensate any franchised dealer for specified work.

Small Business Effect: Small businesses may be able to recover greater awards for damages under the bill.

Additional Information

Prior Introductions: None.

Cross File: HB 1334 (Delegate Lisanti) - Rules and Executive Nominations.

Information Source(s): Judiciary (Administrative Office of the Courts); Maryland Department of Transportation; Department of Legislative Services

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