



DATE: February 24, 2022

TO: House Economic Matters Committee

FROM: J. Peter Kitzmiller (President)  
Travis Martz (General Counsel)

RE: HB 931 (Delegate Queen)

**POSITION: SUPPORT**

The Maryland Automobile Dealers Association (MADA) represents over 300 franchised new car and truck dealers, and their 24,000 employees. We support HB 931.

Maryland law currently requires automobile manufacturers to deliver all vehicles ordered by a dealership in a timely manner. However, some manufacturers will prohibit certain dealers from ordering specific makes/models through their allocation vehicle ordering platform. Essentially, Maryland law requires a manufacturer to deliver an ordered vehicle, but the manufacturer will not allow a dealer to process a finalized order to ensure delivery.

The ongoing microchip shortage has accentuated the uneven vehicle allocation process implemented by some manufacturers. HB 931 simply requires a manufacturer to implement a fair and reasonable allocation process for ALL dealers. The allocation process can take into consideration demographic and geographic characteristics of a dealer location, but it must be fair and reasonable.

Maryland also has a law that requires a manufacturer to consider demographic and geographic characteristics when evaluating a dealer's market area performance. Therefore, creating a fair and reasonable allocation process should not be difficult for vehicle manufacturers given existing legal obligations.

**MADA respectfully asks the House Economic Matters Committee to give HB 931 a favorable report.**