

# V O L V O

TO: The Honorable C.T. Wilson, Chair  
Members, House Economic Matters Committee  
The Honorable Dana Stein

FROM: Richard A. Tabuteau

DATE: March 8, 2023

RE: **OPPOSE** – House Bill 1208 – *Vehicle Laws - Manufacturers – Dealer Compensation*

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The Volvo Group drives prosperity through transport and infrastructure solutions, offering trucks, buses, construction equipment, power solutions for marine and industrial applications, financing and services that increase our customers' uptime and productivity. Founded in 1927, the Volvo Group is committed to shaping the future landscape of sustainable transport and infrastructure solutions. The Volvo Group employs more than 100,000 people worldwide and serves customers in more than 190 markets. Volvo Group North America employs around 14,000 people in the United States and operates 11 manufacturing and remanufacturing facilities in seven states.

In Maryland, Volvo Group's Hagerstown Powertrain Production facility employs nearly 2,000 people including over 1,400 members of the UAW Locals 171 and 1247 and is the last major automotive manufacturer in the state. The plant develops, manufactures, and tests heavy-duty powertrains, transmissions and axles for its Mack and Volvo trucks as well as Prevost and Volvo buses at its 280-acre campus. Volvo Group also employs more than 60 people at one of its U.S. parts distribution facilities in Elkridge.

We respectfully oppose House Bill 1208 because it alters the basis for determining compensation from a vehicle manufacturer to a vehicle dealer for repairs made under a recall or warranty.

This bill effectively allows each dealer in Maryland to select a different labor guide. Differing labor guides among dealers will result in manufacturers paying different dealers different "time allowances" for the same repair. This administratively burdensome and expensive for manufacturers, it will increase costs for consumers, and is unfair to some dealers who will be paid less than other dealers for the same repair. Right now, our entire dealer network uses the same time guide and gets paid the same.

Second, this bill allows dealers to arbitrarily select more expensive time guides or create a time guide that uses inflated times, which ultimately increases costs for manufacturers and consumers because consumers will have to pay increased costs for the warranties. Today,

manufacturers have standard repair and diagnostic times, but this bill will create uncontrolled repair, diagnostic, and communication time. If communication includes anytime a technician feels the need to call or, perhaps, even e-mail for assistance, it will result in increased costs for manufacturers, dealers, and consumers.

Third, this bill limits the value of technological innovation, data analytics and auditing, which is a way for both manufacturers and dealers to improve customer satisfaction and uptime. Volvo Group makes significant investments in its dealer network to ensure that Volvo Group branded technicians are properly trained with the expertise to most efficiently work on Volvo and Mack Trucks. A time guide developed by a third-party does not take into account the efficiencies Volvo Group technicians realize with the specialized tools and training that we provide. If manufacturers are unable to realize the cost savings associated with training specialized tools and repair methods, repairs may actually become slower, less safe, and less reliable. Furthermore, investment in future improvements can be limited. The result can be a decreased uptime for customers utilizing our products and services, which results in higher consumer cost.

In short, the Volvo Group urges the House Economic Matters Committee to give House Bill 1208 an unfavorable report. In the alternative, we respectfully request that this bill be amended to exclude medium and heavy-duty vehicle manufacturers, as the proponents have expressed that this bill deals exclusively with their experience with passenger and light duty vehicle manufacturers.

**For more information call:**

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