



February 27, 2023

The Honorable William C. Smith
2 East Miller Senate Office Building
11 Bladen Street
Annapolis, MD 21401

The Honorable Pamela E. Queen
224 Lowe House Office Building
6 Bladen St.
Annapolis, MD 21401

Re: MIC opposes HB 955/SB 742

Dear Senator Smith and Delegate Queen:

The Motorcycle Industry Council (MIC) is a national, not-for-profit trade association representing several hundred manufacturers, distributors, dealers and retailers of motorcycles, scooters, motorcycle parts, accessories and related goods, and allied trades.

As written, MIC opposes HB 955/SB 742. We urge that it be amended to exclude motorcycles. This could possibly be done by adding a new subsection to 15–208(f) as follows:

(4) The provisions under 15–208(f) are not applicable to a motorcycle manufacturer, distributor, or factory branch or its affiliates.

HB 955/SB 742 was drafted to address automobile dealer concerns and should not apply to motorcycles. Without a compelling need from motorcycle dealers, the Legislature should not begin to consider implementing additional layers of regulation without specific rationale or impacts.

HB 955/SB 742 requires that any system operated by a manufacturer, etc. (“franchisor”), for the allocation of vehicles to dealers shall be reasonable and fair for all dealers. It additionally requires the franchisor to disclose the system upon a dealer’s request and would place the burden of proof on franchisors in any dispute regarding the allocation of vehicles.

The legislation’s “reasonable and fair” standard is undefined, which makes it difficult to identify how this standard could be fairly applied across the State. Franchisors may not be able to set higher operational requirements in markets possessing larger sales opportunity under these provisions. The likely outcome would be that dealerships in bigger cities would be shorted resources necessary to be effective and the needs of customers and franchisors would go unmet.

MIC also opposes requiring franchisors to provide information to dealers regarding its system of vehicle allocation. This is unreasonable because it would essentially require a franchisor to share sensitive business information about how it interacts with other dealers in the State beyond the original dealer who made the information request. This requirement would impede one of the basic tenets of business contracts.

Erecting more barriers through legislation only serves to create an environment for franchisors and dealers where options to respond to economic challenges are limited. Ultimately, when the cost of doing business increases, it hurts everyone – consumers, franchisors, and dealers.

Should you have any questions, please do not hesitate to contact me at sschloegel@MIC.org or 703-446-0444 x 3202.

Sincerely,



Scott P. Schloegel
Senior Vice President, Government Relations

Cc: Senate Committee on Judicial Proceedings
House Committee on Economic Matters