

HB 545 (2023 session)

OPPOSITION BY THE MARYLAND RV DEALERS ASSOCIATION

(Requesting Unfavorable Report)

This Bill would **exempt an out-of-state RV dealer** from all Maryland MVA license requirements to sell motor homes and travel trailers at a vehicle show in the state of Maryland. It would **also exempt the salespersons of the out-of-state dealer** from the requirement of obtaining a MD MVA license. This exemption from licensing discriminates against MD based dealers, and their salespersons, who must be licensed in MD, while giving preferential treatment to unlicensed out-of-state dealers and salespersons who would be exempt from MVA licensing requirements.

I. THE BILL IS GROSSLY UNFAIR AND DISCRIMINATES AGAINST MARYLAND-BASED DEALERS

Maryland law requires that any dealer who wishes to sell a vehicle in Maryland, including RVs, must first obtain a license from MVA. In addition, MD law requires that each salesperson must also be licensed. These licensing requirements apply to sales at vehicle shows, which are popular venues for the sales of RVs.

MD RV Dealers and their sales agents comply with all MD law and obtain the required licenses from MVA. They have paid the required fees, posted required surety bonds, comply with all the requirements of MD law required for vehicle contracts and disclosures, sales practices, and collect and remit to MD state sales tax in accordance with MVA rules on calculation of taxes. These MD dealers, located in MD, are also audited or inspected by MVA for compliance with the various legal requirements of licensees. Noncompliance can result in fines, penalties, or suspension or revocation of a license by MVA.

MD RV Dealers and their sales agents pay MD the required annual licensing fees, pay MD taxes, and comply with MD vehicle sales laws. MD Dealerships pay thousands of dollars to license their dealership and sales employees in MD. They pay for required surety bonds under MD law. They primarily employ MD residents. They collect and remit to the state hundreds of thousands in sales taxes. **MD licensed dealers have a strong financial commitment to this state, it's laws, and it's consumers.**

Yet HB 545 discriminates against MD based businesses. While MD RV businesses are fully licensed, this bill will allow unlicensed, out of state dealers to come into MD and sell RVs without obtaining a MD license for the dealer or its salespersons, pay required fees, or comply with MD law. There will be no way to determine whether these out-of-state dealers comply with MD's legal requirements for sales, and no way for MVA to later audit for

compliance with MD laws. And since the dealers are unlicensed, MVA would have little or no authority to take any action against an out of state dealer or its salespersons even if it determined that violations of MD law had occurred. A clear double standard, favoring out-of-state dealers over MD businesses.

And if that is not bad enough, all MD RV Dealers would still be required to obtain licensing from a surrounding state if a MD dealer wishes to show and sell vehicles in that other state. MD dealers are required to be licensed by other states in order to sell in those other states, (Delaware, for example), yet under HB 545 out-of-state dealers would be exempted from all MVA licensing requirements in MD. Grossly unfair to Maryland businesses, and frankly, impossible for MD dealers to understand why such a one-sided and unfair arrangement would be promoted.

II. HB 545 WOULD ELIMINATE OR WEAKEN THE LEGAL AND REGULATORY REQUIREMENTS PUT IN PLACE FOR PROTECTION OF CONSUMERS

MD legal requirements that apply to licensed dealer businesses are extensive. Just a few: persons who are untrustworthy, lack competence, or convicted of certain crimes may not be licensed; prohibitions on false or misleading ads; misrepresentations in obtaining sales contracts; willful failure to perform sales contracts; failure to comply with terms of warranties; notice requirements concerning dealer arranged financing; requirements of the reasonableness of dealer processing charges; contract requirements regarding clear disclosures of total amount charged, interest on principal amount, processing and other charges; statement of the base price of the vehicle, specific description of each extra charge; a required surety bond based on vehicle sales at a location; a fixed business location in MD for the execution of contracts and delivery of the vehicle; proper repair facilities for servicing. In addition to these consumer protections, MD has an interest in ensuring that sales taxes are properly calculated, collected and remitted.

HB 545 will essentially eliminate these requirements for out of state dealers, because there will be no effective enforcement of MD's legal requirements. With no licensing by MD MVA of out of state dealers, MVA will have no effective way of enforcing the legal rules that apply to the sales of vehicles.

In fact, MVA itself has indicated in a filing with this committee the effects that enactment of this bill will have on consumer protection in this state. MD RV Dealers urge an Unfavorable report.

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