

SB 642 (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. 1. 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. 2. It is non-reciprocal; MD dealers would be required to obtain licenses in the other states. And 3. **As pointed out by MD MDOT and MVA, it would eliminate the numerous consumer protection provisions relating to the sales of these vehicles by out of state dealers.**

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 pay 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.

HB 545 discriminates against MD based businesses. While MD RV Dealers are fully licensed by MVA, this bill will allow out-of-state dealers, unlicensed by MD MVA, 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 licensed, MD businesses.

II. AND IF THAT IS NOT BAD ENOUGH, ALL MD RV DEALERS WOULD STILL BE REQUIRED TO OBTAIN LICENSING FROM SURROUNDING STATES IF A MD DEALER WISHED TO SHOW AND SELL VEHICLES IN THAT OTHER STATE.

This bill is a one-way street. It permits out-of-state dealers, unlicensed in MD, to come into MD and sell vehicles in MD. Yet, MD dealers would still be required to be licensed by other states if the MD dealer wished to sell in those other states, (Delaware, for example). This bill is grossly unfair to Maryland businesses, and frankly, it is impossible for MD dealers to understand why such a one-sided and unfair arrangement would be promoted to the detriment of licensed MD Dealers.

III. FINALLY, CONSIDER THE STARK WARNING OF MD MVA AND MDOT THAT SB 642 (HB 545 Cross-file) WILL ELIMINATE THE CONSUMER PROTECTION REQUIREMENTS OF MD LAW REGARDING THE SALES OF THESE VEHICLES.

As MDOT and MVA has stated so clearly in its informational letter on the cross-file of this bill:

The MDOT Motor Vehicle Administration (MVA) overseas dealership regulations and enforcement along with licenses for salesmen. The MVA only has the authority to enforce Maryland laws around vehicle and trailer sales for businesses and salesmen licensed in Maryland. Any dealers and their salesmen who are not licensed in Maryland and conduct business at vehicle shows in the state would not be subject to consumer law enforcement for any sales made at those shows as a result. MDOT letter, 2/16/2023

MD legal requirements that apply to MD licensed dealers and salesmen are extensive. SB 642 will essentially eliminate these requirements for out of state dealers, because there will be no enforcement of MD's legal requirements for the sales of these vehicles. The MDOT/MVA letter says it all: with no licensing by MD MVA of out of state dealers, MVA will have no way of enforcing the legal rules that apply to the sales of vehicles, or to audit sales, or to ensure that sales taxes are remitted to the state. MD MVA intends to send the same warning letter to this Committee.

The MD RV Dealers Association urges an Unfavorable report.

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