



February 23, 2024

The Honorable C.T. Winston  
Chair, House Economic Matters Committee  
Room 231  
House Office Building  
Annapolis, Maryland 21401

## **HB 1273 - Vehicle Laws – Manufacturers and Dealers – Delivery of Vehicles Position: Unfavorable**

Dear Chairman Winston:

On behalf of the Alliance for Automotive Innovation,<sup>1</sup> please accept the following comments in opposition to HB 1273. The bill would create a conflict with another section of Title 15, it is unnecessary, and it does not logically fit with the way the motor vehicle distribution business works.

Currently, Section 15-208 says that a manufacturer may not refuse to deliver a vehicle to a dealer after receipt of the dealer's written order. HB 1273 would change that to say that a manufacturer may not refuse to deliver a vehicle after a dealer has submitted the order or accepted vehicle allocation. Both of those are problematic.

First, changing the triggering event from the manufacturer's receipt of an order to a dealer's submission of an order puts the manufacturer in a position where it could be found to be in violation of the law for not having fulfilled an order that it never received. It also creates a risk that a manufacturer could be found to have violated the law if it did not fulfill an order that was incomplete, not properly submitted, or specified an unbuildable vehicle (e.g. the order selected components that do not fit together). The law should not penalize manufacturers because a dealer made an error in submitting an order.

Second, HB 1273 states that a manufacturer may not fail to deliver vehicles after the dealer has accepted allocation. This misunderstands what allocation is. When a manufacturer offers vehicle allocation to a dealer, it is simply telling the dealer that the dealer can order up to a specified number of vehicles. When a dealer accepts some or all of that allocation, it is simply telling the manufacturer

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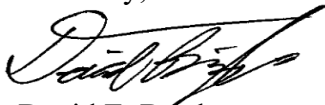
<sup>1</sup> Formed in 2020, the Alliance for Automotive Innovation is the singular, authoritative and respected voice of the automotive industry. Focused on creating a safe and transformative path for sustainable industry growth, the Alliance for Automotive Innovation represents the manufacturers producing nearly 99 percent of cars and light trucks sold in the U.S. The newly established organization, a combination of Global Automakers and Alliance of Automobile Manufacturers, will be directly involved in regulatory and policy matters impacting the light-duty vehicle market across the country. Members include motor vehicle manufacturers, original equipment suppliers, technology and other automotive-related companies and trade associations. The Alliance for Automotive Innovation is headquartered in Washington, DC, with offices in Detroit, MI and Sacramento, CA. For more information, visit our website <http://www.autosinnovate.org>.

how many vehicles the dealer wants to order. But the dealer still needs to order the vehicles so that it can specify how it wants the vehicle made. It is at the order stage, not the allocation stage, that the dealer would indicate specifics such as what color to paint the vehicle, which stereo option to install, which seats to use, etc.

HB 1273 would thus set an impossible standard because it would require manufacturers to build and deliver vehicles even if the dealer has not specified how to configure the vehicle. And a manufacturer cannot make those decisions for a dealer because that would violate Section 15-207(c), which says that a manufacturer cannot require a dealer to accept delivery of a vehicle that it has not ordered.

HB 1273 is unnecessary and illogical. The Alliance for Automotive Innovation respectfully asks you to vote against this bill. For more information, please contact our local representative, Bill Kress, at (410) 375-8548.

Sincerely,

A handwritten signature in black ink, appearing to read "David E. Bright", written in a cursive style.

David E. Bright  
Senior Attorney  
Alliance for Automotive Innovation