

testimony2024sb1003.pdf

Uploaded by: Franz Schneiderman

Position: FAV



Auto Consumer Alliance
13900 Laurel Lakes Avenue, Suite 100
Laurel, MD 20707

Testimony to the Senate Judicial Proceedings Committee
SB 1003 – Vehicle Laws – Manufacturers and Dealers – Delivery of Vehicles
Position: Favorable

The Honorable Will Smith
Judicial Proceedings Committee
2 East, Miller Senate Building
Annapolis, MD 21401
cc: Members, Judicial Proceedings Committee

March 6, 2024

Dear Chairman Smith and Committee Members,

I'm a consumer advocate and Executive Director of Consumer Auto, a nonprofit group that works to protect Maryland consumers and secure safety, transparency, and fair treatment for Maryland drivers and car buyers.

We support **SB 1003** because it acts to update Maryland's rules about the ways dealers can order vehicles from manufacturers – in ways that make our statutes more consistent with current practices and should make the process more efficient for both dealers and consumers.

Maryland's statutes still suggest that cars are ordered through written orders. Section 15-208(a) of the Transportation Code stipulates that car manufacturers "may not refuse to deliver new motor vehicles, new two-stage vehicles, or truck component parts" to a dealer "within a reasonable time after *receipt of a written order.*" (emphasis added) That language, however, no longer reflects contemporary practices. Dealers now primarily order cars electronically through a factory portal or application – or simply accept an allocation they're awarded by the manufacturer.

This bill modernizes the statute to replace the "written order" language with "submission of an order or acceptance of an allocation" – a phrase that better reflects how cars are ordered and delivered today.

This reform should prevent future conflicts by making our laws more consistent with our practices – and make the distribution of vehicles easier and more efficient, to the benefit of both dealers and consumers.

We support SB 1003 and ask you to give it a FAVORABLE report.

Sincerely,

Franz Schneiderman
Consumer Auto

Maryland SB 1003 - Allocation.pdf

Uploaded by: Joshua Fisher

Position: FWA

March 5, 2024

The Honorable Will Smith
Chair, Senate Judicial Proceedings
Annapolis, Maryland 21401

SB 1003:
Vehicle Laws - Manufacturers and Dealers - Delivery of Vehicles
Position: Favorable with Amendments

Chair Smith:

The Alliance for Automotive Innovation¹ (Auto Innovators) appreciates the opportunity to provide the following comments on SB 1003 and to request an amendment to clarify the bill's intent.

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. It is our understanding that the intent of the bill is to clarify that an "electronic" order is treated the same as a "written" order. While we are not opposed to making that clarification, we do not believe the current bill language is sufficient and in fact has a different meaning.

We request an amendment which makes this clear and our suggested language follows this letter.

Thank you for your consideration of our position. For more information, please contact our local representative, Bill Kress, at (410) 375-8548.

Sincerely,



Josh Fisher
Senior Director
Alliance for Automotive Innovation

¹ From the manufacturers producing most vehicles sold in the U.S. to autonomous vehicle innovators to equipment suppliers, battery producers and semiconductor makers – Alliance for Automotive Innovation represents the full auto industry, a sector supporting 10 million American jobs and five percent of the economy. Active in Washington, D.C. and all 50 states, the association is committed to a cleaner, safer and smarter personal transportation future. www.autosinnovate.org.

1 AN ACT concerning

Vehicle Laws – Manufacturers and Dealers – Delivery of Vehicles

3 FOR the purpose of establishing that certain requirements for motor
vehicle
manufacturers, distributors, and factory branches to deliver new motor vehicles to
licensed dealers apply after submission of an order or acceptance of an allocation;
and generally relating to motor vehicle manufacturers and dealers.

7 BY repealing and reenacting, with amendments,
Article – Transportation
Section 15–208
Annotated Code of Maryland
(2020 Replacement Volume and 2023 Supplement)

13 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That the Laws of Maryland read as follows:

Article – Transportation

15 15–208.

17 (a) A manufacturer may not refuse to deliver new motor vehicles, new two–stage
vehicles, or truck component parts, as the case may be, to a licensed dealer or
distributor,
18 in reasonable quantities and within a reasonable time after [receipt of a written
order, including an electronic order,]
19 ~~[SUBMISSION OF AN ORDER OR ACCEPTANCE OF AN ALLOCATION,]~~ if:

- 21 (1) The manufacturer specifically advertises that these vehicles or truck
component parts are available for immediate delivery; and
- 23 (2) The dealer or distributor has a franchise or other contract with the
manufacturer for the sale of these vehicles or truck component parts to the public.
-

1 (b) A distributor may not refuse to deliver new motor vehicles, or new two-
2 stage
3 vehicles, as the case may be, to a licensed dealer, in reasonable quantities
4 and within a
5 reasonable time after ~~[receipt of a written order,~~ including an electronic
6 order.] ~~[SUBMISSION OF AN ORDER OR~~
7 ~~ACCEPTANCE OF AN ALLOCATION,]~~ if:

5 (1) The distributor specifically advertises that these vehicles are
6 available
7 for immediate delivery; and

7 (2) The dealer has a franchise or other contract with the distributor
8 for the
9 sale of these vehicles to the public.

9 (c) A factory branch may not refuse to deliver new motor vehicles, or
10 new
11 two-stage vehicles, as the case may be, to a licensed dealer, in reasonable
12 quantities and
13 within a reasonable time after ~~[receipt of a written order,~~ including an
14 electronic order.] ~~[SUBMISSION OF AN ORDER OR~~
15 ~~ACCEPTANCE OF AN ALLOCATION,]~~ if:

13 (1) The factory branch specifically advertises that these
14 vehicles are available for immediate delivery; and

14 (2) The dealer has a franchise or other contract with the factory
15 branch for the sale of these vehicles to the public.

15 (d) A failure to deliver vehicles because of a labor strike, government
16 regulation, or other cause not the fault of the manufacturer, distributor, or
17 factory branch is not a violation of this section.

16 (e) If a dealer has a franchise or other contract with a manufacturer,
17 distributor, or factory branch for the sale of vehicles or truck component parts of
18 a specific line or make,
19 the manufacturer, distributor, or factory branch shall allow the dealer to:

18 (1) Purchase the vehicles or truck component parts at the same
19 price and

19 on the same terms as all other dealers with a franchise or other contract for
the sale of
20 vehicles or truck component parts of the same line or make; and

21 (2) Receive the same right to incentive payments that is given to all
other dealers with a franchise or other contract for the sale of vehicles or truck
component parts of the same line or make.

22 (f) (1) Any system operated by a manufacturer, distributor, or factory
branch or its affiliate for the allocation of new vehicles to dealers shall be
reasonable and fair for all dealers.

23 (2) On the written request by any of its dealers, a
manufacturer, distributor, or factory branch or its affiliate shall disclose to the
dealer the method by which new vehicles are allocated to dealers of the same
line make.

1 (3) In any dispute over compliance with this subsection, a
manufacturer, distributor, or factory branch or its affiliate has the burden of
proving its compliance.

2 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
effect 4 October 1, 2024.

SB1003 2024 Favorable Rob Smith Testimony.pdf

Uploaded by: Rob Smith

Position: FWA



**Testimony to the Senate Judicial Proceedings Committee
SB 1003 – Vehicle Laws – Manufacturers and Dealers – Delivery of Vehicles
Position: Favorable**

The Honorable Will Smith
Judicial Proceedings Committee
2 East, Miller Senate Building
Annapolis, MD 21401
cc: Members, Judicial Proceedings Committee

March 6, 2024

Dear Chairman Smith and Committee Members,

I am testifying in support of SB1003 to modernize the language in the current law for how vehicles are ordered from manufacturers.

I have been in the automobile business for 35 years and I am the President of Fitzgerald Auto Malls with dealerships in Anne Arundel, Frederick, Montgomery, St. Mary's and Washington Counties. We represent many brands, in small markets and in large ones. We have over 1,800 associates. Combined, Maryland car dealers have 23,945 direct jobs (NADA).

SB1003 adds few words as a replacement for the past when orders for vehicles were handwritten and submitted to the manufacturer. In today's modern world, dealers place orders for vehicles electronically, or accept an allocation of vehicles directly from the manufacturer.

This change will bring the code into modern times and accurately reflects what is actually occurring every day, rather than the old system of written orders, faxing etc. SB1003 is clear and narrow.

This change makes no changes to the regulations set forth by the MVA and the Attorney General.

We strongly support SB1003 and urge the committee to give it a FAVORABLE report.

Sincerely,

Rob Smith
Fitzgerald Auto Mall