

Submitted Electronically
Written Testimony of the Truck and Engine Manufacturers Association
By
Patricia Hanz

SB 45
Maryland Senate Committee on Judicial Proceedings
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The Truck and Engine Manufacturers Association (EMA) strongly opposes SB 45 and respectfully requests that the Committee not move the bill forward. The bill appears to be intended to apply to passenger vehicles, however as drafted would also apply to commercial vehicles such as medium and heavy-duty trucks. The way passenger vehicles and commercial vehicles are manufactured, marketed and sold is significantly different. While passenger cars are mass produced, commercial vehicles are typically custom manufactured to meet customer specific needs and sold with customer specific maintenance agreements. The commercial vehicle market is “non-integrated” - different manufacturers provide major components, completing assembly of the vehicle and installation of custom features, all of which may be warranted by different entities. In the commercial vehicle sector it is common for Dealers to be trained and certified to work on components manufactured by entities other than the Dealer’s sponsored manufacturer. The proposed legislation would provide no benefits to owners/operators of commercial vehicles and is unnecessary.

The Truck and Engine Manufacturers Association (EMA) is a not-for-profit trade association that represents worldwide manufacturers of internal combustion engines and on-highway medium- and heavy-duty trucks. EMA works with government and industry to help the nation achieve its goals of cleaner air and safer highways and to ensure that environmental and safety standards and regulations are technologically feasible cost-effective, and provide safety and environmental benefits.

It is Unnecessary. This bill is premised on the belief that dealers are not receiving adequate payment for service work. There is no data to support the contention that motor vehicle dealers are being underpaid, while 2023 and 2024 data suggest that automobile dealers are enjoying record profits and, if the intent it to help consumers and/or technicians, the dealers have the financial means to do so. The bill also suggests that dealers are not fairly compensated for work related to service contracts, warranty and recall repairs, which is not true. If such payments did not sufficiently cover the dealer’s costs, dealers would simply not accept the work. The bill is also premised on the assumption that commercial vehicles owners and operators do not have a stable, reliable, convenient retail network for the sales and service, however this is simply not the case for medium and heavy-duty commercial vehicles.

Additional Costs to Manufacturers and Consumers. This bill prohibits a manufacturer from requiring that its dealers engage with third party manufacturers in connection with vehicle repairs. Unlike the light-duty vehicle industry, in the medium- and heavy-duty vehicle industry products are non-integrated. Often, a truck's engine, transmission, and axles are wholly manufactured by third party suppliers. Warranties on these components are either (i) not provided or administered by the vehicle manufacturer, or (ii) are provided and administered by the vehicle manufacturer, but individual repairs require pre-authorization by the third-party supplier to ensure warranty coverage. In the latter circumstance, this pre-authorization is requested by the dealer as they are in the best position to describe the needed repair and gather required information about the vehicle in question.

This prohibition would place a significant administrative burden on manufacturers, as it would effectively require the manufacturer to play "middle man" between the repairing dealer and the supplier. This would negatively impact manufacturers, their customers, and consumers because (i) vehicle down time would be increased as the customer waits on the repair authorization to pass through additional hands, and (ii) the additional administrative and other costs incurred by the manufacturer and its customers would lead to higher prices for consumers. Medium- and heavy-duty commercial vehicles are revenue-generating assets for their owners, and therefore any additional downtime equates to additional cost.

It presents a potential hazard to commercial vehicle owner/operators. The bill includes a provision which specifically authorizes a terminated Dealer to continue to perform warranty and recall related work. Commercial vehicle manufacturers value their relationship with their dealers and invest significant resources to ensure that they are trained to perform work on their products. Warranty and recall related work often involves emissions and safety compliance. Allowing a terminated Dealer to continue to service commercial vehicles presents a potential hazard to the owners/operators of those vehicles, and to the general public, as they no longer participate in the regular training and updates provided to certified Dealers.

This bill simply paints with a much too broad brush and results in the search of a solution for which there is no legitimate public policy concern – it would not help owner/operators of commercial vehicles or technicians, but it *would* further enrich dealers. For these reasons, EMA strongly opposes SB 45 and urges the Committee to not forward this bill. If you and the legislature believe there are issues which should be addressed, that can be done in a properly scoped bill which excludes medium and heavy-duty vehicles.

Thank you for your consideration of our comments and concerns. If you have any questions or need additional information, please do not hesitate to contact me at phanz@emamail.org or (312) 929 - 1979.