

## WRITTEN TESTIMONY

BEFORE THE MARYLAND HOUSE ECONOMIC MATTERS COMMITTEE

House Bill 1214 — Motor Vehicle Franchise Law – Dealer Association Standing

(Cross-File: Senate Bill 345)

Position: FAVORABLE

Chair, Vice Chair, and Members of the Committee:

My name is J. Peter Kitzmiller, and I serve as President of the Maryland Automobile Dealers Association, representing franchised new car and truck dealers across the State of Maryland. Thank you for the opportunity to submit testimony in support of House Bill 1214.

This legislation addresses a fundamental principle of sound economic regulation:

Laws are only effective when they can be realistically enforced.

Maryland has developed a comprehensive framework of motor vehicle franchise laws over many decades. These statutes govern the relationship between vehicle manufacturers and locally owned dealerships and are intended to protect small businesses, promote fair competition in the marketplace, and ensure consumers have access to a reliable statewide sales and service network.

However, a significant enforcement gap currently undermines those protections.

Although individual dealers technically have the right to challenge unlawful manufacturer practices, that remedy is often impractical in real-world circumstances. Manufacturers control critical aspects of a dealer's business operations, including vehicle allocation, incentive programs, facility approvals, and access to products and programs. A dealer who brings a legal challenge risks economic consequences that may threaten the viability of the business and the jobs it supports within its community.

As a result, violations of Maryland franchise law may go unchallenged — not because the conduct complies with the law, but because enforcement is too risky for a single small business acting alone.

House Bill 1214 provides a practical and balanced solution.

The bill does not create new dealer rights, expand existing franchise protections, or authorize claims for monetary damages. It does not involve private contract disputes between manufacturers and individual dealers. Instead, the legislation allows a recognized

automobile dealer association to seek declaratory or injunctive relief when a manufacturer engages in a practice that violates Maryland franchise law and affects dealers broadly.

This approach provides several important benefits.

First, it protects small businesses from retaliation concerns by allowing industry-wide legal issues to be addressed collectively rather than forcing one dealer to assume the economic risk alone.

Second, it promotes judicial efficiency. Rather than multiple lawsuits raising identical legal questions, a single association action can resolve issues affecting numerous dealers statewide, leading to consistent legal outcomes and more efficient use of court resources.

Third, the bill follows well-established principles of associational standing already recognized in other regulated industries, where trade associations may seek prospective relief to ensure compliance with state law.

Fourth, effective enforcement of franchise laws helps protect Maryland consumers by preserving a strong local sales and service network that supports warranty service, recall completion, competition, and local accountability.

Finally, House Bill 1214 reduces enforcement burdens on state agencies by permitting private enforcement of public policy at no cost to taxpayers.

House Bill 1214 does not expand franchise policy. Rather, it ensures that the statutory framework enacted by the General Assembly can function as intended in practice.

For these reasons, we respectfully request a favorable report on House Bill 1214.

Respectfully submitted,

J. Peter Kitzmiller  
President  
Maryland Automobile Dealers Association