

STATE OF MAINE

IN THE YEAR OF OUR LORD
TWO THOUSAND AND FOURTEEN

S.P. 544 - L.D. 1482

An Act To Amend the Motor Vehicle Franchise Laws

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 10 MRSA §1171, sub-§3-A is enacted to read:

3-A. Essential tool. "Essential tool" means a tool, implement or other device required by the manufacturer, including but not limited to a tablet, scanner, diagnostic machine, computer, computer program, computer software, website, website portal or similar tool, with respect to which there is no other similar tool or device available from any source other than the manufacturer or the representative of a manufacturer that will perform the function necessary to the diagnosis or repair of a manufacturer's express warranty claim on a new motor vehicle.

Sec. 2. 10 MRSA §1174, sub-§3, ¶A, as amended by PL 1997, c. 521, §8, is further amended to read:

A. To refuse to deliver in reasonable quantities and within a reasonable time after receipt of a dealer's order to any motor vehicle dealer having a franchise or contractual arrangement for the retail sale of new motor vehicles sold or distributed by that manufacturer, distributor, distributor branch or division, factory branch or division any motor vehicles or parts or accessories to motor vehicles covered by that franchise or contract specifically publicly advertised by that manufacturer, distributor, distributor branch or division, factory branch or division or wholesale branch or division to be available for delivery. The allocation of new motor vehicles in this State must be made on a fair and equitable basis and must consider the needs of those dealerships with a relevant market area radius of more than 5 miles as defined in section 1174-A, subsection 1. The manufacturer has the burden of establishing the fairness of its allocation system. A failure by a manufacturer to provide to a dealer a fair and adequate supply and mix of vehicles, including the allocation of vehicles under any separate dealer designation, including but not limited to "premier," "business class or elite" or any other designation not available to all new motor vehicle dealers for that franchise, that results in an effort to terminate a new motor vehicle dealer for, in whole or in part, poor sales performance or market

penetration may be evidence that the termination was not for good cause. The failure to deliver any motor vehicle is not considered a violation of this chapter if the failure is due to an act of God, work stoppage or delay due to a strike or labor difficulty, shortage of materials, freight embargo or other cause over which the manufacturer, distributor or any agent of the manufacturer or distributor has no control. A separate dealer agreement is not required of a new motor vehicle dealer already a party to a dealer agreement or franchise agreement for the retail sale of any particular new motor vehicle model made or distributed by a manufacturer, distributor, distributor branch or division, factory branch or division, wholesale branch or division or officer, agent or other representative thereof, except that a manufacturer or distributor may require a dealer to purchase special tools or equipment, stock reasonable quantities of certain parts, purchase reasonable quantities of promotional materials or participate in training programs that are reasonably necessary for the dealer to sell or service such a new motor vehicle model. Any special tools, parts or signs not used within 2 years of receipt by the dealer may be returned by the dealer to the manufacturer or distributor for a full refund of cost of those special tools, parts and signs;

Sec. 3. 10 MRSA §1174, sub-§3, ¶F-1, as enacted by PL 1999, c. 766, §1, is amended to read:

F-1. To vary or change the cost or the markup in any fashion or through any device whatsoever to any dealer for any motor vehicle of that line make based on:

- (1) The purchase by any dealer of furniture or other fixtures from any particular source; or
- (2) The purchase by any dealer of computers or other technology from any particular source;

A manufacturer that designates any tool as special or essential, or who requires the purchase of hardware or software, whether or not designated as an essential tool, may recover from the dealer only the actual costs of providing any such tool, the actual costs of user fees, the actual costs of maintenance fees and other costs of any nature of software for any such tool, as long as the tool is directly available only from the manufacturer or its wholly owned subsidiary;

Sec. 4. 10 MRSA §1174, sub-§3, ¶N, as amended by PL 2009, c. 367, §2, is further amended to read:

N. To require any new motor vehicle dealer to change the location of the new motor vehicle dealership or during the course of the agreement or as a condition of renewal of a franchise agreement to make any substantial alterations to the dealership premises when to do so would be unreasonable. A manufacturer may not require any substantial alterations or renovations to the dealership's premises without written assurance of a sufficient supply of new motor vehicles so as to justify an expansion in light of the current market and economic conditions or require any new motor vehicle dealer to use a specific product or service provider in relation to any dealership premises or facilities alterations or renovations unless the manufacturer reimburses the dealer for a substantial portion, which may not be less than 55%, of the cost of the

product or service provider. However, a new motor vehicle dealer may elect to use a vendor selected by the dealer if the product or service is substantially similar in quality and design to that required by the manufacturer, subject to the manufacturer's approval, which may not be unreasonably withheld. A manufacturer may not require any substantial renovation or alteration to dealership premises or facilities without providing, upon a dealer's request, a dealer-specific detailed economic analysis of the impact of the alteration or renovation on sales, service and dealer profitability that substantiates the need for the alteration or renovation or require a new motor vehicle dealer to make any substantial alterations or renovations more than once every 10 years. A dealer-specific economic analysis provided by the manufacturer may not be interpreted as a guaranty of a return on investment by the dealer. Nothing in this paragraph creates an exemption from the requirements of state health and safety laws or local zoning laws or restricts the requirement to comply with alterations or renovations that are necessary to adequately sell or service a vehicle due to the technology of the vehicle. Nothing in this paragraph allows a dealer or vendor to infringe upon or impair a manufacturer's intellectual property or trademark and trade dress rights. A manufacturer is not required to reimburse a dealer for the cost of signs or other materials bearing that manufacturer's own trademark;

Sec. 5. 10 MRSA §1174, sub-§3, ¶T, as amended by PL 2009, c. 367, §5, is further amended to read:

T. To act as, offer to act as or purport to be a broker; ~~or~~

Sec. 6. 10 MRSA §1174, sub-§3, ¶¶V and W are enacted to read:

V. Except as expressly authorized in this paragraph, to require a motor vehicle dealer to provide its customer lists, customer information, consumer contact information, transaction data or service files.

(1) The following definitions apply to this paragraph:

(a) "Dealer management computer system" means a computer hardware and software system that is owned or leased by the dealer, including a dealer's use of web applications, software or hardware, whether located at the dealership or provided at a remote location, and that provides access to customer records and transactions by a motor vehicle dealer and that allows the motor vehicle dealer timely information in order to sell vehicles, parts or services through that motor vehicle dealership.

(b) "Dealer management computer system vendor" means a seller or reseller of dealer management computer systems, a person that sells computer software for use on dealer management computer systems or a person that services or maintains dealer management computer systems, but only to the extent the seller, reseller or other person listed is engaged in such activities.

(c) "Security breach" means an incident of unauthorized access to and acquisition of records or data containing dealership or dealership customer information through which unauthorized use of the dealership or dealership customer information has occurred or is reasonably likely to occur or that creates material risk of harm to a dealership or a dealership's customer. An

incident of unauthorized access to and acquisition of records or data containing dealership or dealership customer information, or an incident of disclosure of dealership customer information to one or more 3rd parties that was not specifically authorized by the dealer or customer, constitutes a security breach.

(2) Any requirement by a manufacturer, distributor, wholesaler, distributor branch or division, factory branch or division, wholesale branch or division or officer, agent or other representative thereof that a new motor vehicle dealer provide its customer lists, customer information, consumer contact information, transaction data or service files as a condition of the dealer's participation in any incentive program or contest, for a customer or dealer to receive any incentive payments otherwise earned under an incentive program or contest, for the dealer to obtain customers or customer leads or for the dealer to receive any other benefits, rights, merchandise or services that the dealer would otherwise be entitled to obtain under the franchise or any other contract or agreement or that are customarily provided to dealers is voidable at the option of the dealer, unless all of the following conditions are satisfied:

(a) The customer information requested relates solely to the specific program requirements or goals associated with such manufacturers' or distributors' own new vehicle makes or specific vehicles of their own make that are certified preowned vehicles and the dealer is not required to provide general customer information or other information related to the dealer;

(b) The requirement is lawful and would not require the dealer to allow any customer the right to opt out under the federal Gramm-Leach-Bliley Act, 15 United States Code, Chapter 94, Subchapter I; and

(c) The dealer is not required to allow the manufacturer, distributor or a 3rd party to have direct access to the dealer's dealer management computer system, but the dealer is instead permitted to provide the same dealer, consumer or customer data or information specified by the manufacturer or distributor by timely obtaining and pushing or otherwise furnishing the required data in a widely accepted file format in accordance with subparagraph (11).

(3) Nothing contained in this section limits the ability of a manufacturer, distributor, wholesaler, distributor branch or division, factory branch or division, wholesale branch or division or officer, agent or other representative thereof to require that the dealer provide, or use in accordance with law, customer information related solely to that manufacturer or distributor's own vehicle makes to the extent necessary to:

(a) Satisfy any safety or recall notice obligations;

(b) Complete the sale and delivery of a new motor vehicle to a customer;

(c) Validate and pay customer or dealer incentives; or

officer, agency, dealer management computer system vendor or other representative thereof, to provide such capability.

(6) A manufacturer, distributor, wholesaler, distributor branch or division, factory branch or division, wholesale branch or division or officer, agent or other representative thereof or dealer management computer system vendor, or a 3rd party acting on behalf of a manufacturer, distributor, wholesaler, distributor branch or division, factory branch or division, wholesale branch or division or officer, agent or other representative thereof or dealer management computer system vendor may not access or use customer or prospect information maintained in a dealer management computer system used by a motor vehicle dealer for purposes of soliciting a customer or prospect on behalf of, or directing a customer or prospect to, any other dealer. The limitations in this subsection do not apply to:

(a) A customer that requests a reference to another dealership;

(b) A customer that moves more than 60 miles away from the dealer whose data were accessed;

(c) Customer or prospect information that was provided to the dealer by the manufacturer, distributor, wholesaler, distributor branch or division, factory branch or division, wholesale branch or division or officer, agent or other representative thereof; or

(d) Customer or prospect information obtained by the manufacturer, distributor, wholesaler, distributor branch or division, factory branch or division, wholesale branch or division or officer, agent or other representative thereof in which the dealer agrees to allow the manufacturer, distributor, wholesaler, distributor branch or division, factory branch or division, wholesale branch or division or officer, agent or other representative thereof or dealer management computer system vendor or a 3rd party acting on behalf of a manufacturer, distributor, wholesaler, distributor branch or division, factory branch or division, wholesale branch or division or officer, agent or other representative thereof or dealer management computer system vendor the right to access and use the customer or prospect information maintained in the dealer's dealer management computer system for purposes of soliciting a customer or prospect of the dealer on behalf of or directing a customer or prospect to any other dealer in a separate, stand-alone written instrument dedicated solely to such an authorization.

(7) A manufacturer, distributor, wholesaler, distributor branch or division, factory branch or division, wholesale branch or division or officer, agent or other representative thereof or dealer management computer system vendor or a 3rd party acting on behalf of a manufacturer, distributor, wholesaler, distributor branch or division, factory branch or division, wholesale branch or division or officer, agent or other representative thereof or dealer management computer system vendor may not provide access to customer or dealership information maintained in a dealer management computer system used by a motor vehicle dealer without first obtaining the dealer's prior express written consent, revocable

by the dealer upon 5 days' written notice, to provide such access. Prior to obtaining such consent and prior to entering into an initial contract or renewal of a contract with a dealer, the manufacturer, distributor, wholesaler, distributor branch or division, factory branch or division, wholesale branch or division or officer, agent or other representative thereof or dealer management computer system vendor or a 3rd party acting on behalf of or through a manufacturer, distributor, wholesaler, distributor branch or division, factory branch or division, wholesale branch or division or officer, agent or other representative thereof or dealer management computer system vendor shall provide to the dealer a written list of all specific 3rd parties to whom any data obtained from the dealer have actually been provided within the 12-month period ending November 1st of the prior year. The list must describe the scope and specific fields of the data provided. In addition to the initial list, a dealer management computer system vendor or a 3rd party acting on behalf of or through a dealer management computer system vendor must provide to the dealer an annual list of 3rd parties to whom such data are actually being provided on November 1st of each year and to whom the data have actually been provided in the preceding 12 months and describe the scope and specific fields of the data provided. Lists required pursuant to this subparagraph must be provided to the dealer by January 1st of each year. A dealer management computer system vendor's contract that directly relates to the transfer or accessing of dealer or dealer customer information must conspicuously state: "NOTICE TO DEALER: THIS AGREEMENT RELATES TO THE TRANSFER AND ACCESSING OF CONFIDENTIAL INFORMATION AND CONSUMER-RELATED DATA." Consent in accordance with this subparagraph does not change any such person's obligations to comply with the terms of this section and any additional state or federal laws, rules and regulations. A dealer management computer system vendor may not refuse to provide a dealer management computer system to a motor vehicle dealer if the dealer refuses to provide consent under this subparagraph.

(8) A dealer management computer system vendor or 3rd party acting on behalf of or through a dealer management computer system vendor may not access or obtain data from or write data to a dealer management computer system used by a motor vehicle dealer unless the dealer management computer system allows the dealer to reasonably maintain the security, integrity and confidentiality of customer and dealer information maintained in the system. A dealer management computer system vendor or 3rd party acting on behalf of or through a dealer management computer system vendor may not prohibit a dealer from providing a means to regularly and continually monitor the specific data accessed from or written to the dealer management computer system and from complying with applicable state and federal laws, rules and regulations. This subparagraph does not impose on a manufacturer, distributor, wholesaler, distributor branch or division, factory branch or division, wholesale branch or division or officer, agent or other representative thereof or dealer management computer system vendor or a 3rd party acting on behalf of or through a manufacturer, distributor, wholesaler, distributor branch or division, factory branch or division, wholesale branch or division or officer, agent or other representative thereof or dealer management computer system vendor an obligation to provide such capability.

(9) A manufacturer, distributor, wholesaler, distributor branch or division, factory branch or division, wholesale branch or division or officer, agent or other representative thereof or dealer management computer system vendor or a 3rd party acting on behalf of or through a manufacturer, distributor, wholesaler, distributor branch or division, factory branch or division, wholesale branch or division or officer, agent or other representative thereof or dealer management computer system vendor that has electronic access to customer or motor vehicle dealership data in a dealer management computer system used by a motor vehicle dealer shall provide notice to the dealer of any security breach of dealership or customer data obtained through that access, which at the time of the security breach was in the possession or custody of the manufacturer, distributor, wholesaler, distributor branch or division, factory branch or division, wholesale branch or division or officer, agent or other representative thereof or dealer management computer system vendor or a 3rd party. The disclosure notification must be made without unreasonable delay by the manufacturer, distributor, wholesaler, distributor branch or division, factory branch or division, wholesale branch or division or officer, agent or other representative thereof or dealer management computer system vendor or a 3rd party following discovery by the person, or notification to the person, of the security breach. The disclosure notification must describe measures reasonably necessary to determine the scope of the security breach and corrective actions that may be taken in an effort to restore the integrity, security and confidentiality of the data; these measures and corrective actions must be implemented as soon as practicable by all persons responsible for the security breach.

(10) Nothing in this section precludes, prohibits or denies the right of the manufacturer, distributor, wholesaler, distributor branch or division, factory branch or division, wholesale branch or division or officer, agent or other representative thereof to receive customer or dealership information from a motor vehicle dealer for the purposes of complying with federal or state safety requirements or implement any steps related to manufacturer recalls at such times as necessary in order to comply with federal and state requirements or manufacturer recalls as long as receiving this information from the dealer does not impair, alter or reduce the security, integrity and confidentiality of the customer and dealership information collected or generated by the dealer.

(11) Notwithstanding any of the terms or provisions contained in this subparagraph or in any consent, authorization, release, novation, franchise or other contract or agreement, whenever any manufacturer, distributor, wholesaler, distributor branch or division, factory branch or division, wholesale branch or division or officer, agent or other representative thereof or dealer management computer system vendor or a 3rd party acting on behalf of or through a manufacturer, distributor, wholesaler, distributor branch or division, factory branch or division, wholesale branch or division or officer, agent or other representative thereof or dealer management computer system vendor requires that a new motor vehicle dealer provide any dealer, consumer or customer data or information through direct access to a dealer's dealer management computer system, the dealer is not required to provide, and may not be required to consent to provide in a written agreement, that direct access to its dealer management

computer system. The dealer may instead provide the same dealer, consumer or customer data or information specified by the requesting party by timely obtaining and furnishing the requested data to the requesting party in a widely accepted file format except that, when a dealer would otherwise be required to provide direct access to its dealer management computer system under the terms of a consent, authorization, release, novation, franchise or other contract or agreement, a dealer that elects to provide data or information through other means may be charged a reasonable initial setup fee and a reasonable processing fee based on actual incremental costs incurred by the party requesting the data for establishing and implementing the process for the dealer. A term or provision contained in a consent, authorization, release, novation, franchise or other contract or agreement that is inconsistent with this subsection is voidable at the option of the dealer.

(12) Notwithstanding the terms or conditions of any consent, authorization, release, novation, franchise or other contract or agreement, a manufacturer, distributor, wholesaler, distributor branch or division, factory branch or division, wholesale branch or division or officer, agent or other representative thereof or dealer management computer system vendor or a 3rd party acting on behalf of or through a manufacturer, distributor, wholesaler, distributor branch or division, factory branch or division, wholesale branch or division or officer, agent or other representative thereof or dealer management computer system vendor that has electronic access to consumer or customer data or other information in a dealer management computer system used by a new motor vehicle dealer, or who has otherwise been provided consumer or customer data or other information by the dealer, shall fully indemnify and hold harmless a dealer from whom it has acquired that consumer or customer data or other information from all damages, costs and expenses incurred by that dealer, including, but not limited to, judgments, settlements, fines, penalties, litigation costs, defense costs, court costs and attorney's fees arising out of complaints, claims, civil or administrative actions and, to the fullest extent allowable under the law, governmental investigations and prosecutions to the extent caused by the access, storage, maintenance, use, sharing, disclosure or retention of that dealer's consumer or customer data or other information by the manufacturer, distributor, wholesaler, distributor branch or division, factory branch or division, wholesale branch or division or officer, agent or other representative thereof or dealer management computer system vendor or a 3rd party acting on behalf of or through a manufacturer, distributor, wholesaler, distributor branch or division, factory branch or division, wholesale branch or division or officer, agent or other representative thereof or dealer management computer system vendor; or

W. To refuse to allow access by a dealer to a dealer file in accordance with this paragraph.

(1) For purposes of this paragraph, "dealer file" means all reports, memoranda, letters or other documents, in hard copy or electronic form, that a manufacturer, distributor, wholesaler, distribution branch or division, factory branch or division, wholesale branch or division or officer, agent or other representative thereof has in its possession that are created after the effective date of this paragraph, that

contain information or data and that state, reflect, display or represent a failure by the dealer to perform in compliance with the obligations of the franchise agreement or other standards established by the manufacturer, distributor, wholesaler, distribution branch or division, factory branch or division, wholesale branch or division or officer, agent or other representative thereof, including, but not limited to, sales performance, effectiveness and goals, customer satisfaction index, facility issues and standards, fixed operations, employee matters including personal information concerning the dealer principal as well as any executive manager, sales manager, parts manager or service manager and any dealer successor, financial information and profitability, inventory, warranty issues and audits, marketing and advertising, sales and facility programs, contact reports and market studies.

(2) A dealer has the right to review and obtain copies of its complete dealer file once every 18 months. A manufacturer, distributor, wholesaler, distribution branch or division, factory branch or division, wholesale branch or division or officer, agent or other representative thereof shall provide the dealer file or the requested portion of the file to the dealer within 30 days of the dealer's written request, which may be submitted electronically. The manufacturer, distributor, wholesaler, distribution branch or division, factory branch or division, wholesale branch or division or officer, agent or other representative thereof may provide the file electronically and shall certify that the dealer file it produces is complete as of the date of production. If the file is provided in paper format, the dealer may be charged a reasonable per page fee for copies, as long as the fee does not exceed the usual and customary fee charged by copy centers in the immediate vicinity of the location of the file. No other fees or charges may be assessed.

(3) Any documents or portions of documents that are not produced by the manufacturer, distributor, wholesaler, distribution branch or division, factory branch or division, wholesale branch or division or officer, agent or other representative thereof in response to a dealer's request pursuant to this paragraph must, at the option of the dealer, be excluded from, and are not admissible as evidence and may not be used in any manner at, any proceeding at the board or any other State agency or any court proceeding;

Sec. 7. 10 MRSA §1176, as amended by PL 2003, c. 356, §10, is further amended by adding at the end a new paragraph to read:

A franchisor may not deny those elements of a warranty claim that are based on a dealer's incidental failure to comply with a claim requirement or a clerical error or other technicality, regardless of whether the franchisor contests any other element of that warranty claim, as long as the dealer corrects any such clerical error or other technicality according to licensee guidelines.

Sec. 8. 10 MRSA §1176-A, as enacted by PL 1997, c. 521, §26, is amended to read:

§1176-A. Audits

A manufacturer may reasonably and periodically audit a new motor vehicle dealer to determine the validity of paid claims or any charge-backs for customer or dealer incentives. Audits of incentive payments may be only for the ~~18-month~~ 12-month period immediately preceding the date notifying the dealer that an audit is to be conducted.