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Legislative Document

No. 2104

H.P. 1419

House of Representatives, January 7, 2026

An Act to Clarify Contractual Rights of Personal Sports Mobile Dealers

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 203.

Reference to the Committee on Housing and Economic Development suggested and ordered printed.

A handwritten signature in cursive script, reading "R B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative JULIA of Waterville.

Cosponsored by Representatives: EDER of Waterboro, GERE of Kennebunkport, SMITH of Palermo, Senators: BRADSTREET of Kennebec, CURRY of Waldo.

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

2 **Sec. 1. 10 MRSA §1243, sub-§3, ¶A**, as enacted by PL 1997, c. 473, §3, is
3 amended to read:

4 A. To refuse to deliver in reasonable quantities and within a reasonable time after
5 receipt of a dealer's order to any personal sports mobile dealer having a franchise or
6 contractual arrangement for the retail sale of new personal sports mobiles sold or
7 distributed by a manufacturer any personal sports mobiles that are covered by that
8 franchise or contract and specifically publicly advertised by that manufacturer to be
9 available for immediate delivery; however, the failure to deliver any personal sports
10 mobile is not a violation of this chapter if that failure is due to an act of God, or work
11 stoppage or delay due to a strike or labor difficulty, shortage of materials, freight
12 embargo or other cause over which the manufacturer or any of its agents has no
13 control;

14 The allocation of new personal sports mobiles must be made on a fair and equitable
15 basis for each model of new personal sports mobiles and made in accordance with
16 section 1244. The manufacturer has the burden of establishing the fairness of its
17 allocation system. It is prima facie evidence that a determination to cancel, terminate,
18 fail to renew or refuse to continue a franchise relationship with a personal sports mobile
19 dealer based in whole or in part on poor sales performance or poor market penetration
20 is not made with good cause when prior to the determination the manufacturer failed
21 to provide the dealer a fair and adequate supply and mix of new personal sports
22 mobiles, which includes but is not limited to the allocation of new personal sports
23 mobiles under a separate dealer designation, including but not limited to designations
24 such as "premier," "business class or elite" or any other designation.

25 A separate dealer agreement is not required of a personal sports mobile dealer already
26 a party to a dealer agreement or franchise agreement for the retail sale of any particular
27 new personal sports mobile model made or distributed by a manufacturer, except that
28 a manufacturer may require a dealer to purchase special tools or equipment, stock
29 reasonable quantities of certain parts, purchase reasonable quantities of promotional
30 materials or participate in training programs that are reasonably necessary for the dealer
31 to sell or service any new personal sports mobile model. Training programs for
32 technicians must be available remotely. Any special tools, parts or signs not used within
33 2 years of receipt by the dealer may be returned by the dealer to the manufacturer for
34 a full refund of the cost of those special tools, parts or signs;

35 **Sec. 2. 10 MRSA §1243, sub-§3, ¶B**, as amended by PL 1997, c. 717, §1, is further
36 amended to read:

37 B. To coerce or attempt to coerce any personal sports mobile dealer to enter into any
38 agreement with a manufacturer or an officer, agent or other representative of a
39 manufacturer, or to do any other act prejudicial to that dealer by threatening to cancel
40 any franchise or any contractual agreement existing between the manufacturer and that
41 dealer; ~~however, notice in good faith to any personal sports mobile dealer of that~~
42 ~~dealer's violation of any terms or provisions of the franchise or contractual agreement,~~
43 ~~or any good faith attempt by the manufacturer to enforce the terms or provisions of the~~
44 ~~franchise or contractual agreement, does not constitute a violation of this chapter;~~
45 Conduct prohibited under this paragraph includes, but is not limited to, a manufacturer

1 or an officer, agent or other representative of a manufacturer threatening to or
2 attempting to modify a dealer's franchise or contractual agreement during the term of
3 the franchise or contractual agreement or upon its renewal, when: the modification
4 substantially and adversely affects the personal sports mobile dealer's rights,
5 obligations, investment or return on investment; the manufacturer has not provided 90
6 days' written notice by certified mail of the proposed modification to the personal
7 sports mobile dealer; and the modification is not required by law.

8 Within 90 days from the date the manufacturer provides the written notice of a
9 proposed modification or within 90 days from the date the manufacturer threatens or
10 attempts to impose a modification, the personal sports mobile dealer may serve notice
11 upon the manufacturer of a protest requesting a determination of whether there is good
12 cause for permitting a proposed modification. The manufacturer has the burden of
13 proving good cause. Multiple protests pertaining to the same proposed modification
14 must be consolidated. The proposed modification may not take effect while the
15 determination of the matter is pending. In determining whether there is good cause for
16 permitting a proposed modification, any relevant factors must be considered, including
17 but not limited to:

18 (1) The reasons for the proposed modification;

19 (2) Whether the proposed modification is applied to or affects all personal sports
20 mobile dealers in a nondiscriminatory manner;

21 (3) Whether the proposed modification will have a substantial and adverse effect
22 upon the dealer's investment or return on investment;

23 (4) Whether the proposed modification is in the public interest;

24 (5) Whether the proposed modification is necessary to the orderly and profitable
25 distribution of personal sports mobiles; and

26 (6) Whether the proposed modification is offset by other modifications beneficial
27 to the dealer.

28 Notice in good faith to any personal sports mobile dealer of that dealer's violation of
29 any terms or provisions of the franchise or contractual agreement, or any good faith
30 attempt by the manufacturer to enforce the terms or provisions of the franchise or
31 contractual agreement, does not constitute a violation of this chapter;

32 **Sec. 3. 10 MRSA §1243, sub-§3, ¶D**, as enacted by PL 1997, c. 473, §3, is
33 amended to read:

34 D. To offer to sell or to sell any new personal sports mobile at a lower price than the
35 price offered to any other personal sports mobile dealer for the same model vehicle
36 similarly equipped, or to utilize facilities renovation, market area penetration or any
37 device, including, but not limited to, sales promotion plans or programs, that ~~result~~
38 results in that lower price. This paragraph does not apply to the following:

39 (1) Sales to a personal sports mobile dealer for resale to any unit of the Federal
40 Government;

41 (2) Any manufacturer or any of its agents offering to sell or selling new personal
42 sports mobiles to all personal sports mobile dealers at an equal price; and

(3) Sales by a manufacturer or any of its agents to any unit of the Federal Government;

Sec. 4. 10 MRSA §1243, sub-§3, ¶J, as enacted by PL 1997, c. 473, §3, is amended to read:

J. To compete with a personal sports mobile dealer operating under an agreement or franchise from a manufacturer in a relevant market area that has been determined exclusively by equitable principles in this State. A manufacturer is not considered to be competing when operating a dealership either temporarily for a reasonable period not to exceed one year or in a bona fide relationship in which an independent person has made a significant investment subject to loss in the dealership and can reasonably expect to acquire full ownership of the dealership on reasonable terms and conditions;

Sec. 5. 10 MRSA §1243, sub-§3, ¶Q, as amended by PL 2019, c. 113, Pt. C, §5, is further amended to read:

Q. To cancel, terminate, fail to renew or refuse to continue any franchise relationship with a licensed new personal sports mobile dealer, notwithstanding the terms, provisions or conditions of any agreement or franchise or the terms or provisions of any waiver, without first providing notification of the termination, cancellation, nonrenewal or noncontinuance to the new personal sports mobile dealer ~~as follows:~~ in accordance with this paragraph.

(1) Notification under this paragraph must be in writing and must be delivered personally or by certified mail to the new personal sports mobile dealer and must contain:

(a) A statement of intention to terminate, cancel, not continue or not renew the franchise;

(b) A statement of the reasons for the termination, cancellation, noncontinuance or nonrenewal; and

(c) The date on which the termination, cancellation, noncontinuance or nonrenewal takes effect;

(2) The notice required in this paragraph may not be given less than ~~90~~ 180 days prior to the effective date of the termination, cancellation, noncontinuance or nonrenewal, except as provided in subparagraph (3); ~~or~~.

(3) The notice required in this paragraph may not be given less than 15 days prior to the effective date of the termination, cancellation, noncontinuance or nonrenewal with respect to any of the following:

(a) Insolvency of the new personal sports mobile dealer or filing of any petition by or against the new personal sports mobile dealer under any bankruptcy or receivership law;

(b) The business operations of the personal sports mobile dealer have been abandoned or closed for 14 consecutive business days unless the closing is due to an act of God, strike or labor difficulty; or

(c) Conviction of or plea of nolo contendere of a personal sports mobile dealer or one of its principal owners of any Class A, Class B or Class C crime, as

defined in Title 17-A, in which a sentence of imprisonment of one year or more is imposed under Title 17-A, sections 1603 and 1604; or

Sec. 6. 10 MRSA §1243, sub-§3, ¶R, as amended by PL 1997, c. 717, §3, is further amended by amending the 2nd blocked paragraph to read:

In lieu of any injunctive relief or any other damages, if the manufacturer fails to prove there was good cause for the termination, cancellation, noncontinuance or nonrenewal, or if the manufacturer fails to prove that it acted in good faith, then the manufacturer may pay the new personal sports mobile dealer fair and reasonable compensation for the value of the dealership as an ongoing business; ~~and~~.

Sec. 7. 10 MRSA §1243, sub-§3, ¶R, as amended by PL 1997, c. 717, §3, is further amended by enacting a new 3rd blocked paragraph to read:

In any cancellation, termination, nonrenewal or noncontinuance of any franchise relationship by a dealer, the dealer has the same rights as when a manufacturer cancels, terminates, fails to renew or refuses to continue a franchise relationship; and

Sec. 8. 10 MRSA §1250-F, as amended by PL 2001, c. 246, §2, is further amended by amending the section headnote to read:

§1250-F. Civil remedies; attorney's fees

Sec. 9. 10 MRSA §1250-F, sub-§2 is enacted to read:

2. Attorney's fees. When a franchisee or personal sports mobile dealer is seeking injunctive or other relief pursuant to subsection 1, the franchisee or dealer is deemed to have prevailed for the purposes of the franchisee's or dealer's entitlement to payment of attorney's fees pursuant to subsection 1, if, in the same action, a judgment or other final order providing equitable relief is entered in the franchisee's or dealer's favor.

SUMMARY

This bill modifies provisions of law governing contractual relationships between manufacturers of personal sports mobiles and personal sports mobile dealers as follows.

1. It requires that manufacturers allocate new personal sports mobiles to dealers in a manner that is fair and equitable for each model of new personal sports mobile.

2. It provides that it is prima facie evidence that a determination to terminate a contractual relationship with a dealer based on poor sales performance or poor market penetration is not made with good cause when prior to the determination the manufacturer failed to provide the dealer a fair and adequate supply and mix of new personal sports mobiles.

3. It clarifies that the sale of new personal sports mobiles does not require an existing dealer to enter into a separate agreement with the manufacturer but the manufacturer may require the dealer to purchase necessary parts, tools, equipment and promotional materials and participate in necessary trainings.

4. It clarifies what behavior on the part of a manufacturer is considered coercion with respect to a dealer and provides a process by which a dealer may protest against any modifications to the dealer's franchise or contractual agreement made or proposed by the manufacturer through coercion.

1 5. It adds facilities renovation and market area penetration to the devices that a
2 manufacturer may not use to lower the price of a personal sports mobile sold to a dealer
3 causing the price to be lower than the price offered to any other dealer.

4 6. It requires that a manufacturer must provide written notice to a dealer no less than
5 180 days prior to the effective date of a termination, cancellation, nonrenewal or
6 noncontinuance of a franchise agreement instead of only 90 days as required under current
7 law.

8 7. It clarifies a dealer's rights when choosing to cancel, terminate, decline to renew or
9 refuse to continue a franchise relationship.

10 8. It adds a provision regarding when attorney's fees may be awarded to a dealer in an
11 action for civil remedies against a manufacturer for unfair or deceptive acts.