APPROVED
MARCH 23, 2026
BY GOVERNOR

CHAPTER
592
PUBLIC LAW

STATE OF MAINE

IN THE YEAR OF OUR LORD

TWO THOUSAND TWENTY-SIX

H.P. 1419 - L.D. 2104

An Act to Clarify Contractual Rights of Personal Sports Mobile Dealers

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

Sec. 1. 10 MRSA §1243, sub-§3, ¶A, as enacted by PL 1997, c. 473, §3, is 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 personal sports mobile dealer having a franchise or contractual arrangement for the retail sale of new personal sports mobiles sold or distributed by a manufacturer any personal sports mobiles that are covered by that franchise or contract and specifically publicly advertised by that manufacturer to be available for immediate delivery; however, the failure to deliver any personal sports mobile is not a violation of this chapter if that failure is due to an act of God, or work stoppage or delay due to a strike or labor difficulty, shortage of materials, freight embargo or other cause over which the manufacturer or any of its agents has no control~~;~~.

The allocation of new personal sports mobiles to a new personal sports mobile dealer that is established in accordance with section 1244 must be made on a fair and equitable basis for each model of new personal sports mobiles. The manufacturer has the burden of establishing the fairness of its allocation system. It is prima facie evidence that a determination to cancel, terminate, fail to renew or refuse to continue a franchise relationship with a personal sports mobile dealer based in whole or in part 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, which includes but is not limited to the allocation of new personal sports mobiles under a separate dealer designation, including but not limited to designations such as "premier," "business class or elite" or any other designation.

A separate dealer agreement is not required of a personal sports mobile dealer already a party to a dealer agreement or franchise agreement for the retail sale of any particular new personal sports mobile model made or distributed by a manufacturer, except that a manufacturer 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 any new personal sports mobile model. Training programs for technicians must be available remotely. 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 for a full refund of the cost of those special tools, parts or signs;

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

B. To coerce or attempt to coerce any personal sports mobile dealer to enter into any agreement with a manufacturer or an officer, agent or other representative of a manufacturer, or to do any other act prejudicial to that dealer by threatening to cancel any franchise or any contractual agreement existing between the manufacturer and that dealer~~; however, notice in good faith to any personal sports mobile dealer of that dealer's violation of any terms or provisions of the franchise or contractual agreement, or any good faith attempt by the manufacturer to enforce the terms or provisions of the franchise or contractual agreement, does not constitute a violation of this chapter;~~. Conduct prohibited under this paragraph includes, but is not limited to, a manufacturer or an officer, agent or other representative of a manufacturer threatening to or attempting to modify a dealer's franchise or contractual agreement during the term of the franchise or contractual agreement or upon its renewal, when: the modification substantially and adversely affects the personal sports mobile dealer's rights, obligations, investment or return on investment; the manufacturer has not provided 90 days' written notice by certified mail of the proposed modification to the personal sports mobile dealer; and the modification is not required by law.

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

(1) The reasons for the proposed modification;

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

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

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

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

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

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

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

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

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

(2) Any manufacturer or any of its agents offering to sell or selling new personal 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, ¶M, as enacted by PL 1997, c. 473, §3, is amended to read:

M. To require any new personal sports mobile dealer to change the location of the new personal sports mobile dealership or during the course of the agreement or franchise to make any substantial alterations or renovations 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 personal sports mobiles so as to justify an expansion in light of the current market and economic conditions or require any new personal sports mobile 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 personal sports mobile 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 alteration or renovation 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 personal sports mobile dealer to make any substantial alterations or renovations more than once every 10 years. A dealer-specific detailed economic analysis provided by the manufacturer may not be interpreted as a guaranty of a return on investment by the dealer. This paragraph does not create an exemption from the requirements of state health and safety laws or local zoning laws or restrict the requirement to comply with alterations or renovations that are necessary to adequately sell or service a personal sports mobile due to the technology of the personal sports mobile. This paragraph does not allow 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. 6. 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. 7. 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. 8. 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. 9. 10 MRSA §1248, as amended by PL 1997, c. 717, §4, is repealed and the following enacted in its place:

§1248. Warranty

1. Parts or labor; satisfaction of warranty or recall. If a franchisor requires or permits a franchisee to perform labor or provide parts to satisfy a warranty created by the franchisor, the franchisor shall properly and promptly fulfill its warranty obligations and:

A. Reimburse the franchisee at the retail rate customarily charged for all parts used by the franchisee to satisfy the warranty or any recall. If the franchisor provides a part to the franchisee for a specific warranty repair, the franchisor shall compensate the franchisee for the difference between the cost of the part to the franchisee and the full retail price of the part, which may not be less than the cost of any such part already in the franchisee's parts inventory; and

B. Reimburse the franchisee for actual labor performed by the franchisee to satisfy the warranty, including time to diagnose the problems. The diagnostic time must be reasonable and supported by the franchisee's records. Reimbursement for labor must be in accordance with the time manual used by the franchisee and may not be less than the retail rate customarily charged by that franchisee for the same labor when not performed to satisfy a warranty. To be entitled to reimbursement under this section, a franchisee must post the rate for labor not performed to satisfy a warranty in a place conspicuous to service customers.

2. Claim. A claim by a franchisee for compensation for parts provided or for reimbursement for labor performed to satisfy a warranty must be approved or disapproved within 30 days of receipt by the franchisor. A claim that is approved must be paid within 30 days of its approval. If a franchisor disapproves a claim, the franchisor shall notify the franchisee that submitted the claim within 30 days of disapproval of the specific reasons for disapproval.

3. Restrictions prohibited. A franchisor may not, by agreement, by restriction upon reimbursement or otherwise, restrict the nature or extent of labor performed or parts provided if such a restriction impairs the franchisee's ability to satisfy a warranty created

by the franchisor or any recall by performing labor competently or by providing parts in accordance with generally accepted standards.

4. Costs; fees. If a franchisee brings a legal action to collect a disapproved claim and is successful in that action, the court shall award the franchisee the cost of the action and reasonable attorney's fees. Reasonable attorney's fees must be determined by the value of the time reasonably expended by the attorney and not by the amount of the recovery on behalf of the franchisee.

Sec. 10. 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. 11. 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.