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An Act Regarding the Law Governing Recreational Vehicle Manufacturers, Distributors and Dealers

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

Sec. 1. 10 MRSA §1171, sub-§11, as amended by PL 1997, c. 473, §1, is further amended to read:

11. Motor vehicle. "Motor vehicle" means any ~~motor-driven vehicle~~motor-driven vehicle, except motorcycles and recreational vehicles defined under section 1432, subsection 18-A, required to be registered under Title 29-A, chapter 5.

Sec. 2. 10 MRSA §1361, sub-§8, as amended by PL 1997, c. 427, §1, is further amended to read:

8. Goods. "Goods" means residential, recreational, agricultural, farm, commercial or business equipment, machinery or appliances that use electricity, gas, wood, a petroleum product or a derivative of a petroleum product for operation. "Goods" does not include motor vehicles as defined in section 1171, subsection 11 and recreational vehicles as defined in section 1432, subsection ~~18~~18-A.

Sec. 3. 10 MRSA §1432, sub-§1-A is enacted to read:

1-A. Area of sales responsibility. "Area of sales responsibility" means the geographical area agreed to by the dealer and the manufacturer in the dealer agreement within which the dealer has the exclusive right to display or sell the manufacturer's new recreational vehicles of a particular line make to the retail public.

Sec. 4. 10 MRSA §1432, sub-§2, as enacted by PL 1997, c. 427, §2, is amended to read:

2. Dealer. "Dealer" means a person, firm, corporation or business entity licensed or required to be licensed under Title 29-A, including a recreational vehicle dealer to whom a dealer agreement is offered or granted.

Sec. 5. 10 MRSA §1432, sub-§8-A is enacted to read:

8-A. Factory campaign. "Factory campaign" means an effort on the part of a warrantor to contact recreational vehicle dealers or owners in order to address a part or equipment issue.

Sec. 6. 10 MRSA §1432, sub-§10, as enacted by PL 1997, c. 427, §2, is amended to read:

10. Fifth-wheel trailer. "Fifth-wheel trailer" means a ~~trailer~~vehicle mounted on wheels designed to provide temporary living quarters for recreational, camping or travel use, of such size or weight as not to require special highway movement permits and designed to be towed by a motor vehicle that contains a towing mechanism mounted above or forward of the tow vehicle's rear axle.

Sec. 7. 10 MRSA §1432, sub-§10-A is enacted to read:

10-A. Folding camping trailer. "Folding camping trailer" means a vehicle mounted on wheels and constructed with collapsible partial side walls that fold for towing by another vehicle and unfold to provide temporary living quarters for recreational, camping or travel use.

Sec. 8. 10 MRSA §1432, sub-§12-A is enacted to read:

12-A. Line make. "Line make" means a specific series of recreational vehicles that:

A. Are identified by a common series trade name or trademark;

B. Are targeted to a particular market segment, as determined by their decor, features, equipment, size, weight and price range;

C. Have lengths and interior floor plans that distinguish the recreational vehicles from other recreational vehicles with substantially the same decor, equipment, features, equipment, size, weight and price range;

D. Belong to a single, distinct classification of recreational vehicle types having a substantial degree of commonality in the construction of the chassis, frame and body; and

E. A dealer agreement authorizes a dealer to sell.

Sec. 9. 10 MRSA §1432, sub-§13-A is enacted to read:

13-A. Motor home. "Motor home" means a motor vehicle designed to provide temporary living quarters for recreational, camping or travel use that contains at least 4 of the following as permanently installed independent systems that meet the National Fire Protection Association standard for recreational vehicles:

A. A cooking facility with an on-board fuel source;

B. A potable water supply system that includes at least a sink, a faucet and a water tank with an exterior service supply connection;

C. A toilet with exterior evacuation;

D. A gas or electric refrigerator;

E. A heating or air-conditioning system with an on-board power or fuel source separate from the vehicle engine; and

F. A 110-volt to 125-volt electric power supply.

Sec. 10. 10 MRSA §1432, sub-§16-A is enacted to read:

16-A. Proprietary part. "Proprietary part" means a part manufactured by or for the manufacturer and sold exclusively by the manufacturer.

Sec. 11. 10 MRSA §1432, sub-§18, as enacted by PL 1997, c. 427, §2, is repealed.

Sec. 12. 10 MRSA §1432, sub-§18-A is enacted to read:

18-A. Recreational vehicle. "Recreational vehicle" means a vehicle that is either self-propelled or towed by a consumer-owned tow vehicle, is primarily designed to provide temporary living quarters for recreational, camping or travel use, complies with all applicable federal vehicle regulations and does not require special highway movement permits to legally use the highways. "Recreational vehicle" includes motor homes, travel trailers, fifth-wheel trailers and folding camping trailers.

Sec. 13. 10 MRSA §1432, sub-§19-A is enacted to read:

19-A. Supplier. "Supplier" means a person, firm, corporation or business entity that engages in the manufacture of recreational vehicle parts, accessories or components.

Sec. 14. 10 MRSA §1432, sub-§20-A is enacted to read:

20-A. Transient customer. "Transient customer" means a customer who is temporarily traveling through an area of sales responsibility.

Sec. 15. 10 MRSA §1432, sub-§21, as enacted by PL 1997, c. 427, §2, is amended to read:

21. Travel trailer. "Travel trailer" means a trailer vehicle mounted on wheels designed to provide temporary living quarters for recreational, camping or travel use, of such size or weight as not to require special highway movement permits when towed by a motor vehicle.

Sec. 16. 10 MRSA §1432, sub-§23 is enacted to read:

23. Warrantor. "Warrantor" means a person, firm, corporation or business entity, including a manufacturer or supplier, that provides a written warranty to the customer in connection with a new recreational vehicle or parts, accessories or components of a new recreational vehicle. For purposes of this subsection, "written warranty" does not include service contracts, mechanical or other insurance or extended warranties sold for separate consideration by a dealer or other person not controlled by a manufacturer.

Sec. 17. 10 MRSA §1434, sub-§3, ¶J, as enacted by PL 1997, c. 427, §2, is amended to read:

J. To compete with a recreational vehicle dealer operating under an agreement or dealer agreement from the manufacturer in a relevant market area that has been determined exclusively by equitable principles. A manufacturer is not considered to be competing when operating a dealership either temporarily for a reasonable period not to exceed ~~one year~~ 3 years 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. 18. 10 MRSA §1434-A is enacted to read:

§ 1434-A. Termination, cancellation and nonrenewal of a dealer agreement

1. Termination; cancellation; nonrenewal. A manufacturer or distributor, directly or through an authorized officer, agent or employee, may terminate, cancel or fail to renew a dealer agreement with or without good cause. If the manufacturer or distributor terminates, cancels or fails to renew the dealer agreement without good cause, the manufacturer or distributor must comply with subsection 4. The manufacturer or distributor has the burden of showing good cause for terminating, canceling or failing to renew a dealer agreement. For purposes of determining whether there is good cause for the proposed action, any of the following factors may be considered in a proceeding:

- A. The extent of the affected dealer's penetration in the area of sales responsibility;
- B. The nature and extent of the dealer's investment in the dealer's business;
- C. The adequacy of the dealer's service facilities, equipment, parts, supplies and personnel;
- D. The effect of the proposed action on the community;
- E. The extent and quality of the dealer's service under recreational vehicle warranties;
- F. The failure to follow agreed-upon procedures or standards related to the overall operation of the dealership; and
- G. The dealer's performance under the terms of its dealer agreement.

2. Notice to dealer; requirements. Except as otherwise provided in this section, a manufacturer or distributor shall provide a dealer with at least 90 days' prior written notice of termination, cancellation or nonrenewal of a dealer agreement if the dealer agreement is being terminated for good cause.

- A. A notice under this subsection must state all reasons for the proposed termination, cancellation or nonrenewal and must further state that if, within 30 days following receipt of the notice, the dealer provides to the manufacturer or distributor a written notice of intent to cure all claimed deficiencies, the dealer will then have 90 days following the manufacturer's or distributor's receipt of the notice to cure the deficiencies. If the deficiencies are cured within 90 days, the manufacturer's or distributor's notice is voided. If the dealer fails to provide the notice of intent to cure the deficiencies in the prescribed time period, the termination, cancellation or nonrenewal takes effect 30 days after the dealer's receipt of the notice unless the dealer has new and untitled inventory on hand that may be disposed of pursuant to subsection 4.
- B. The notice period under this subsection may be reduced to not less than 30 days' prior written notice of termination, cancellation or nonrenewal if good cause exists. Good cause exists for purposes of this paragraph when:

(1) A dealer or one of its owners is convicted of or enters a plea of nolo contendere to murder or a Class A, Class B or Class C crime for which a sentence of imprisonment of one year or more is imposed under Title 17-A, section 1251 or 1252;

(2) A dealer abandons or closes the dealer's business operations for 10 consecutive business days unless the closing is due to an act of God, strike, labor difficulty or other cause over which the dealer has no control;

(3) There is a significant misrepresentation by the dealer materially affecting the business relationship between the dealer and the manufacturer or distributor;

(4) The dealer's license has been suspended or revoked or has not been renewed;

(5) The dealer commits a material violation of this chapter that is not cured within 30 days after receipt of a written notice by the manufacturer or distributor;

(6) There is a declaration by the dealer of bankruptcy or insolvency or the occurrence of an assignment for the benefit of creditors or bankruptcy; or

(7) A dealer fails to notify in writing the manufacturer or distributor at least 30 days prior to entering into a dealer agreement with a manufacturer or distributor of a competing, similar line make.

The notice requirements of this paragraph do not apply if the reason for termination, cancellation or nonrenewal is the dealer's insolvency, the occurrence of an assignment for the benefit of creditors or the dealer's bankruptcy.

3. Notice to manufacturer or distributor; requirement. A dealer may terminate, cancel or refuse to renew a dealer agreement with or without good cause by giving 30 days' written notice to the manufacturer or distributor.

A. If the termination, cancellation or refusal to renew is for good cause, the notice must state all reasons for the proposed termination, cancellation or nonrenewal and must further state that if, within 30 days following receipt of the notice, the manufacturer or distributor provides to the dealer a written notice of intent to cure all claimed deficiencies, the manufacturer or distributor will then have 90 days following receipt of the original notice to cure the deficiencies. If the deficiencies are cured within 90 days, the dealer's notice is voided. If the manufacturer or distributor fails to provide the notice of intent to cure the deficiencies in the time period prescribed in the original notice of termination, cancellation or nonrenewal, the pending termination, cancellation or nonrenewal takes effect 30 days after the manufacturer's or distributor's receipt of the original notice.

B. If the dealer terminates, cancels or fails to renew the dealer agreement without good cause, subsection 4 does not apply. If the dealer terminates, cancels or fails to renew the dealer agreement with good cause, subsection 4 applies. The dealer has the burden of showing good cause.

C. For purposes of this subsection, good cause for termination, cancellation or nonrenewal exists when:

(1) A manufacturer or distributor is convicted of, or enters a plea of nolo contendere to, murder or a Class A, Class B or Class C crime for which a sentence of imprisonment of one year or more is imposed under Title 17-A, section 1251 or 1252;

(2) The business operations of the manufacturer or distributor have been abandoned or closed for 10 consecutive business days, unless the closing is due to an act of God, strike, labor difficulty or other cause over which the manufacturer or distributor has no control;

(3) There is a significant misrepresentation by the manufacturer or distributor materially affecting the business relationship between the dealer and the manufacturer or distributor;

(4) The manufacturer or distributor commits a material violation of this chapter that is not cured within 30 days after receipt of a written notice by the dealer; or

(5) There is a declaration by the manufacturer or distributor of bankruptcy or insolvency or the occurrence of an assignment for the benefit of creditors or bankruptcy.

4. Repurchase of inventory. If the dealer agreement is terminated, canceled or not renewed by the manufacturer or distributor without good cause, or if the dealer terminates or cancels the dealer agreement for good cause and the manufacturer or distributor fails to cure the claimed deficiencies, the manufacturer or distributor shall, at the election of the dealer and within 45 days after termination, cancellation or nonrenewal, repurchase:

A. All new, untitled recreational vehicles that were acquired from the manufacturer or distributor within 12 months before the effective date of the termination, cancellation or nonrenewal that have not been used, except for demonstration purposes, and that have not been altered or damaged, at 100% of the net invoice cost, including transportation, less applicable rebates and discounts to the dealer. If any of the vehicles repurchased pursuant to this subsection are damaged, but do not trigger a consumer disclosure requirement, the amount due the dealer is reduced by the cost to repair the vehicle. Damage prior to delivery to the dealer that is disclosed at the time of delivery does not disqualify repurchase under this paragraph;

B. All undamaged accessories and proprietary parts sold to the dealer for resale within the 12 months prior to termination, cancellation or nonrenewal, if accompanied by the original invoice, at 105% of the original net price paid to the manufacturer or distributor to compensate the dealer for handling, packing and shipping the accessories or parts; and

C. All properly functioning diagnostic equipment, special tools, current signs and other equipment and machinery at 100% of the dealer's net cost plus freight, destination, delivery and distribution charges and sales taxes, if any, if purchased by the dealer within 5 years before termination, cancellation or nonrenewal upon the manufacturer's or distributor's request and the dealer establishes that the items can no longer be used in the normal course of the dealer's ongoing business. The manufacturer or distributor shall pay the dealer within 30 days after receipt of the returned items.

Sec. 19. 10 MRSA §1437, sub-§1, ¶A, as enacted by PL 1997, c. 427, §2, is amended to read:

A. Any designated family member of a deceased or incapacitated new recreational vehicle dealer who has been designated as successor to that dealer in writing to the manufacturer may succeed the dealer in the ownership or operation of the dealership under the existing dealer agreement or distribution agreement if the designated family member gives the manufacturer of new recreational vehicles a written notice of the intention to succeed to the dealership within ~~120~~30 days of the dealer's death or incapacity. The designated family member may not succeed the dealer if there exists good cause for refusal to honor the succession on the part of the manufacturer.

Sec. 20. 10 MRSA §1437, sub-§2, ¶A, as enacted by PL 1997, c. 427, §2, is amended to read:

A. If a manufacturer, distributor, factory branch, factory representative or importer believes that good cause exists for refusing to honor the succession to the ownership and operation of a dealership by a designated family member of a deceased or incapacitated new recreational vehicle dealer under the existing dealer agreement, the manufacturer, within ~~60~~30 days of receipt of the information requested in subsection 1, paragraph B, may serve upon the designated family member notice of its refusal to honor the succession or its intent to discontinue the existing dealer agreement with the dealership. A discontinuance may not take place sooner than 90 days from the date the notice is served.

Sec. 21. 10 MRSA §1439, as enacted by PL 1997, c. 427, §2, is repealed.

Sec. 22. 10 MRSA §1439-A is enacted to read:

§ 1439-A. Warranty

1. Warranty obligations. A warrantor shall:

A. Specify in writing to a dealer the dealer's obligations, if any, for preparation, delivery and warranty service on products covered by the warrantor;

B. Compensate the dealer for warranty service required of a dealer by the warrantor; and

C. Provide a dealer the schedule of compensation to be paid and the time allowances for the performance of any work and service. The schedule of compensation must include reasonable compensation for diagnostic work as well as warranty labor.

2. Time allowances; reasonable compensation. Time allowances set by the manufacturer for the diagnosis and performance of warranty labor must be reasonable for the work to be performed. In the determination of what constitutes reasonable compensation under this section, the principal factors to be given consideration are the actual wage rates being paid by the dealer and the actual retail labor rate being charged by the dealers in the community in which the dealer is doing business. The compensation of a dealer for warranty labor may not be less than the average retail labor rates actually charged by the dealer for like nonwarranty labor as long as those rates are reasonable.

3. Reimbursement for warranty parts. A warrantor shall reimburse a dealer for warranty parts at actual wholesale cost plus a minimum 30% handling charge and the cost, if any, of freight to return warranty parts to the warrantor.

4. Audits. A warrantor may conduct warranty audits of dealer records on a reasonable basis, and dealer claims for warranty compensation may not be denied except for cause, such as performance of nonwarranty repairs, material noncompliance with the warrantor's published policies and procedures, lack of material documentation, fraud or misrepresentation.

5. Claims. A dealer shall submit warranty claims within 45 days after completing warranty service and repairs.

6. Notice for inability to perform warranty repairs. A dealer shall immediately notify the warrantor orally or in writing if the dealer is unable to perform any warranty repairs within 10 days of receipt of an oral or written complaint from a customer.

7. Claims not approved. A warrantor shall approve or disapprove a warranty claim in writing within 45 days after the date of submission by a dealer in the manner and form prescribed by the warrantor. Claims not specifically disapproved in writing within 45 days are deemed to be approved and must be paid within 60 days of submission.

8. Duties of warrantor. A warrantor:

A. Shall perform its warranty obligations under this subsection with respect to its warranted products;

B. Shall include in written notices of factory campaigns to recreational vehicle owners and dealers the expected date by which necessary parts and equipment, including tires and chassis or chassis parts, will be available to dealers to perform the campaign work. The warrantor may ship parts to the dealer to effect the campaign work, and, if such parts are in excess of the dealer's requirements, the dealer may return unused parts to the warrantor for credit after completion of the campaign;

C. Shall compensate dealers for authorized repairs performed by the dealer on merchandise damaged in manufacture or transit to the dealer, if the carrier is designated by the warrantor, factory branch, distributor or distributor branch;

D. Shall compensate dealers in accordance with the schedule of compensation provided to the dealer pursuant to subsection 1, paragraph C if the work or service is performed in a timely and competent manner;

E. May not intentionally misrepresent in any way to a purchaser of a recreational vehicle that warranties with respect to the manufacture, performance or design of the vehicle are made by the dealer as warrantor or cowarrantor; and

F. May not require a dealer to make warranties to customers in any manner related to the manufacture of the recreational vehicle.

9. Duties of dealer. A dealer:

A. Shall perform predelivery inspection functions, as specified by the warrantor, in a competent and timely manner;

B. Shall perform warranty service or work authorized by the warrantor in a competent and timely manner on any transient customer's vehicle of the same line make;

C. Shall accurately document the time spent completing each repair, the total number of repair attempts conducted on a single vehicle and the number of repair attempts for the same repair conducted on a single vehicle;

D. Shall notify the warrantor within 10 days of a 2nd repair attempt that impairs the use, value or safety of a vehicle;

E. Shall maintain written records, including a customer's signature, regarding the amount of time a vehicle is stored for the customer's convenience during a repair; and

F. May not make fraudulent warranty claims or misrepresent the terms of a warranty.

10. Manufacturer audit of claims. A manufacturer is permitted to audit claims within an 18-month period from the date the claim was paid or credit issued by the manufacturer and to charge back any false or unsubstantiated claims. If there is evidence of fraud, this subsection does not limit the right of the manufacturer to audit for longer periods and charge back for any fraudulent claim.

Sec. 23. 10 MRSA §1440, as enacted by PL 1997, c. 427, §2, is repealed.

Sec. 24. 10 MRSA §1440-A is enacted to read:

§ 1440-A. Mediation

1. Mediation. A dealer, manufacturer, distributor or warrantor injured by another party's violation of this chapter may bring an action pursuant to section 1447. Prior to bringing an action under section 1447, the party bringing the action for an alleged violation must serve a written demand for mediation upon the offending party.

A. The demand for mediation under this section must be served upon the other party via certified mail at the address stated within the agreement among the parties.

B. The demand for mediation under this section must contain a brief statement of the dispute and the relief sought by the party filing the demand.

C. Within 20 days after the date a demand for mediation under this section is served, the parties shall mutually select an independent certified mediator and meet with that mediator for the purpose of attempting to resolve the dispute. The meeting place must be in this State in a location selected by the mediator. The mediator may extend the date of the meeting for good cause shown by either party or upon stipulation of both parties.

D. The service of a demand for mediation under this section tolls the time for the filing of any complaint, petition, protest or other action under this chapter until representatives of both parties have met with a mutually selected mediator for the purpose of attempting to resolve the dispute. If a complaint, petition, protest or other action is filed before that meeting, the court shall enter an order suspending the proceeding or action until the mediation meeting has occurred and may, upon written stipulation of all parties to the proceeding or action that they wish to continue to mediate under this section, enter an order suspending the proceeding or action for as long a period as the court considers appropriate.

E. The parties to the mediation under this section must bear their own costs for attorney's fees and divide equally the cost of the mediator.

Sec. 25. 10 MRSA §1440-B is enacted to read:

§ 1440-B. Indemnification

1. Warrantor. A warrantor shall indemnify and hold harmless its dealer against any losses or damages to the extent such losses or damages are caused by the negligence or willful misconduct of the warrantor. The dealer shall provide to the warrantor notice of a pending lawsuit or similar proceeding in which such allegations are made within 10 days after receiving the notice.

2. Dealer. A dealer shall indemnify and hold harmless its warrantor against any losses or damages to the extent such losses or damages are caused by the negligence or willful misconduct of the dealer. The warrantor shall provide to the dealer notice of a pending lawsuit or similar proceeding in which such allegations are made within 10 days after receiving the notice.

Sec. 26. 10 MRSA §1441, as enacted by PL 1997, c. 427, §2, is repealed.

Sec. 27. 10 MRSA §1442, as enacted by PL 1997, c. 427, §2, is repealed.

Sec. 28. 10 MRSA §1442-A is enacted to read:

§ 1442-A. Written agreements; designated territories

1. Prohibition. A manufacturer or distributor may not sell a recreational vehicle in this State to or through a dealer without having first entered into a dealer agreement with the dealer that has been signed by both parties.

2. Designation of area of sales responsibility. A manufacturer shall designate the area of sales responsibility assigned to a dealer in the dealer agreement and may not change the area or contract with another dealer for sale of the same line make in the area during the duration of the agreement. If, subsequent to entering into a dealer agreement, a dealer enters into an agreement to sell any competing recreational vehicles, or enters into an agreement to increase a preexisting commitment to sell any competing recreational vehicles, a manufacturer may revise the area of sales responsibility designated in the dealer agreement if the market penetration of the manufacturer's products is jeopardized by the dealer's subsequent agreements.

3. Change of area of sales responsibility. The area of sales responsibility may not be changed until one year after the execution of the dealer agreement. The consent of both parties is required to change the dealer agreement.

4. Sale of new recreational vehicles. A dealer may not sell a new recreational vehicle in this State without having first entered into a dealer agreement with a manufacturer or distributor that has been signed by both parties.

Sec. 29. 10 MRSA §1443, as enacted by PL 1997, c. 427, §2, is repealed.

Sec. 30. 10 MRSA §1447, as enacted by PL 1997, c. 427, §2, is amended to read:

§ 1447.Civil remedies

Any manufacturer, warrantor, dealer or recreational vehicle dealer who has been damaged by reason of a violation of a provision of this chapter may bring an action to enjoin that violation, a person from acting as a dealer without being properly licensed, from violating or continuing to violate any of the provisions of this chapter, or from failing or refusing to comply with the requirements of this chapter, and to recover any damages arising from that violation of any part of this chapter. The injunction must be issued without bond. A single act in violation of the provisions of this chapter is sufficient to authorize the issuance of an injunction. A final judgment, order or decree rendered against a person in any civil, criminal or administrative proceeding under the federal antitrust laws, the Federal Trade Commission Act or under the Maine Revised Statutes is prima facie evidence against that person subject to the conditions set forth in the federal antitrust laws, 15 United States Code, Section 16. The court shall award attorney's fees and costs to the prevailing party in such an action.

Sec. 31. 10 MRSA §1447-A is enacted to read:

§ 1447-A. Venue

Venue for a civil action authorized by this chapter is exclusively in the county in which the dealer's business is located. In an action involving more than one dealer, venue may be in any county in which any dealer that is party to the action is located.

SUMMARY

This bill removes motorized recreational vehicles from the laws governing motor vehicle manufacturers, distributors and dealers and adds them to the laws governing nonmotorized recreational vehicles.