January 22, 2026

Joint Housing and Economic Development Committee
3 State House Station
Augusta, ME 04333

Re: MIC, SVIA, and ROHVA Oppose LD 2104

Dear Chairs Curry and Gere and Members of the Committee:

The Motorcycle Industry Council (MIC)[1], the Specialty Vehicle Institute of America (SVIA)[2], and the Recreational Off-Highway Vehicle Association (ROHVA)[3] represent several hundred companies in the powersports industry. MIC, SVIA, and ROHVA oppose LD 2104.

LD 2104 makes several amendments that could exacerbate economic stresses on the powersports industry in Maine, which is already under the weight of harmful tariffs. Erecting more barriers through legislation only serves to create an environment for manufacturers and distributors (OEMs) and dealers where options become more limited to respond to economic challenges. Ultimately, when the cost of doing business increases, it hurts everyone – consumers, OEMs, and dealers. This result is especially harmful for powersports vehicles, which are used more often for recreation than as a main mode of transportation. In addition, powersports vehicles have far different levels of technologies than complex automobile systems have.

Fair and Equitable Vehicle Allocation and Performance-Based Termination (Sec. 1)

Section 1 requires that vehicle allocation be made on a "fair and equitable" basis, while placing the burden of proof on the OEM. However, the legislation does not define what constitutes "fair and equitable," creating significant uncertainty and the potential for inconsistent application across the State.

Allocation fairness cannot reasonably be evaluated based solely on the volume or mix of vehicles made available by an OEM. Dealers play a material role in inventory outcomes through their own business decisions, including whether they place orders, request additional allocation, monitor order banks, accept available inventory, or participate in optional OEM programs designed to support inventory availability. A framework that does not consider these factors risks misattributing responsibility and discourages effective inventory management.

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[1] The Motorcycle Industry Council (MIC) is a not-for-profit, national trade association representing several hundred manufacturers, distributors, dealers and retailers of motorcycles, scooters, motorcycle parts, accessories and related goods, and allied trades.

[2] The Specialty Vehicle Institute of America (SVIA) is the national not-for-profit trade association representing manufacturers and distributors of all-terrain vehicles (ATVs) in the United States. SVIA's primary goal is to promote safe and responsible use of ATVs.

[3] The Recreational Off-Highway Vehicle Association (ROHVA) is a national, not-for-profit trade association formed to promote the safe and responsible use of recreational off-highway vehicles (ROVs – sometimes referred to as side-by-sides or UTVs) manufactured or distributed in North America. ROHVA is also accredited by the American National Standards Institute (ANSI) to serve as the Standards Developing Organization for ROVs. More information on the standard can be found at https://rohva.org/ansi-standard/.

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Similarly, the bill provides that it is prima facie evidence of a lack of good cause for termination based on poor sales performance or market penetration when an OEM has allegedly failed to provide a fair and adequate supply of vehicles. This presumption suffers from the same deficiency, as it does not account for the dealer's own conduct or decisions that may have contributed to performance outcomes.

Section 1 also provides that the sale of new vehicles does not require a dealer to enter into a separate agreement with the OEM. It is unclear what the intended purpose of this provision is. Our concern is that this may indicate that dealers cannot be expected to renew agreements to order and sell products. This would therefore undermine the contractual framework governing ordering obligations, performance standards, and brand stewardship that is essential to a functional relationship between an OEM and a dealer.

Dealer Training, Tools, and Return Provisions (Sec. 1)
The requirement that technician training programs be made available remotely is highly problematic. OEMs are best positioned to determine the appropriate format, scope, and frequency of training necessary to ensure technicians can safely and effectively service the vehicles that the OEM designs. Mandating remote availability may compromise training quality, particularly where hands-on instruction is necessary.

Additionally, the provision permitting the return of special tools, parts, or signage for a full refund if unused within two years may incentivize inefficient or opportunistic behavior. At a minimum, any dealer returning such items should be required to forfeit any incentives or other consideration received in connection with the original purchase, to prevent misuse of OEM support programs.

Restrictions on Agreement Modifications and Dealer Protest Rights (Sec. 2)
Section 2 restricts OEMs from modifying dealer agreements under certain conditions and provides dealers with protest rights, placing the burden on OEMs to demonstrate good cause. As drafted, these provisions raise concerns regarding contractual impairment and may present constitutional issues.

In addition, while the legislation specifies factors to be considered in determining whether good cause exists, those factors are themselves unduly burdensome. Collectively, they impose a highly prescriptive and resource-intensive standard that would significantly constrain an OEM's ability to implement reasonable, good-faith contractual updates. These requirements risk converting routine business judgments into protracted disputes and may effectively prevent timely, market-responsive modifications necessary to maintain competitiveness, adapt to evolving consumer expectations, and ensure brand integrity.

Restrictions on Incentive-Based Pricing Programs (Sec. 3)
Section 3 adds "facilities renovation" and "market area penetration" to the list of factors that may not be used to adjust vehicle pricing. This change is directed at performance-based incentive programs that reward dealers for investments in facilities, marketing, and customer outreach.

Such incentive programs are voluntary and serve as important tools to promote competition, dealer investment, and consumer access. Prohibiting the use of these incentives risks eliminating them altogether within Maine.

The Federal Trade Commission has previously opposed similar restrictions, noting that prohibitions on differential pricing can limit competition and ultimately harm consumers. Removing these mechanisms penalizes high-performing dealers and reduces market efficiency.

Extended Termination Notice Period (Sec. 5)
Section 5 increases the termination notice period from 90 to 180 days. This extension lacks clear justification and may produce unintended consequences. Lengthy notice periods can delay necessary market corrections, prevent the appointment of effective replacement dealers, and prolong consumer harm in cases involving poor performance or misconduct.

Extended delays may also allow disengaged dealers to continue operations without adequate standards, resulting in lost sales, brand damage, and diminished customer confidence. If longer notice periods are to be considered, they should be paired with a clear statutory buy-out mechanism to allow for orderly transitions without prolonged market disruption.

Application of Termination Protections to Voluntary Dealer Terminations (Sec. 7)

Requiring an OEM to repurchase inventory following a voluntary dealer termination is particularly problematic in the powersports industry. Unlike automobile dealers, most powersports dealers are multi-line dealers who don't rely on only one OEM. They carry multiple competing brands and independently determine how much inventory to order and how it is priced. Dealers exercise significant discretion over inventory decisions as part of their broader business strategy.

Providing a guaranteed inventory repurchase right in the event of a voluntary termination would materially distort a dealer's incentives. Multi-line dealers could freely shift inventory among OEM brands, over-order product, or disengage from a particular brand without bearing the financial consequences of those decisions. A dealer could also elect to exit the powersports business altogether after accumulating excess inventory and unilaterally terminate the agreement, thereby compelling the OEM to repurchase inventory that the dealer independently chose to acquire.

At a minimum, any voluntary termination repurchase obligation should exclude inventory purchased within a defined period, such as 90 days prior to termination, in order to deter opportunistic behavior and preserve appropriate risk allocation.

Expansion of Attorney's Fee Awards (Sec. 9)

Section 9 expands circumstances under which dealers are deemed to have prevailed for purposes of attorney's fees recovery. This provision further departs from the "American Rule," under which each party bears its own legal costs absent contractual agreement.

Any fee-shifting provisions should be applied on a reciprocal basis. Limiting recovery to one party creates an inequitable litigation environment and raises concerns regarding fairness and legal balance. If such provisions are adopted, they should apply equally to whichever party is determined to have prevailed.

For these reasons, we oppose LD 2104. Thank you for your consideration of these comments.

Sincerely,

Scott P. Schloegel

Scott P. Schloegel
Senior Vice President, Government Relations

Scott Schloegel
MIC/SVIA/ROHVA
LD 2104

Please see the attached written testimony in opposition to LD 2104.