

Testimony in Support of LD 2104 – Manufacturer Holdbacks and Dealer Practices

Dear Esteemed Members of the Committee,

My name is Kurt Thomas, and I am the owner of BMS, a Maine-based powersports dealership that I founded in 1995. Today, BMS employs approximately 30 full-time employees, many of whom have been with us for 10 to 20 years. These are good, stable jobs with full benefits, and our business has long been an important part of the local economy.

I am writing to express my strong support for LD 2104 and to explain why this legislation is critically important to powersports dealers across the State of Maine.

Historically, a portion of a dealer's margin was structured as a "holdback" by manufacturers. This holdback was built directly into invoices and paid back to dealers either quarterly or annually, depending on the manufacturer. Dealers understood this money to be theirs — withheld temporarily by the manufacturer largely as a safeguard in the event of a dealer defaulting on obligations such as a parts bill.

For many years, this holdback was a predictable and essential component of our business model.

Beginning around 2020, manufacturers significantly changed how these holdbacks are administered. While the exact systems vary by manufacturer, most now tie holdback payouts to point-based or compliance-driven programs. If a dealer fails to meet every requirement, manufacturers can withhold some or all of the holdback money — funds that were historically paid as a matter of course and treated as earned dealer margin.

In prior years, holdback revenue was a stable and reliable part of our business. Today, it is increasingly being used as leverage.

These point systems are often tied to requirements that do not improve customer experience or dealer stability, but instead increase dealer costs and shift financial control further to manufacturers. Examples include mandated showroom layouts and signage requirements, unnecessary exterior sign upgrades, excessive inventory requirements that ignore seasonality, forced access to dealer computer systems and customer data, and parts purchasing restrictions that prevent dealers from sourcing more affordable aftermarket components for customers.

Additionally, holdback funds at dealership closure were historically understood to be dealership money. In recent years, manufacturers have increasingly retained these funds, effectively reducing dealer margins after the fact.

This is not about resisting modernization or accountability. Dealers are willing to meet reasonable standards and invest in their businesses. However, the current system allows manufacturers to unilaterally change the rules, withhold earned compensation, and impose costly requirements without meaningful recourse.

LD 2104 represents an important step toward restoring balance, fairness, and transparency in the relationship between manufacturers and Maine dealers. It protects locally owned businesses, preserves good-paying jobs, and ensures that manufacturers cannot retroactively or arbitrarily withhold compensation that dealers have already earned.

I respectfully urge the Committee to support LD 2104.

Sincerely,

Kurt Thomas

Owner, BMS