

HOUSE No. 4980

The Commonwealth of Massachusetts

HOUSE OF REPRESENTATIVES, January 28, 2026.

The committee on Consumer Protection and Professional Licensure, to whom were referred the petition (accompanied by bill, House, No. 342) of Tackey Chan relative to the issuance of class 1 dealers' licenses; the petition (accompanied by bill, House, No. 365) of Michael J. Finn relative to certain appeals of actions of licensing boards or officers of the approval and granting of class 1 motor vehicle dealer licenses; the petition (accompanied by bill, House, No. 406) of Daniel J. Hunt relative to further regulating business practices between motor vehicle dealers, manufacturers, and distributors; and the petition (accompanied by bill, House, No. 424) of Jack Patrick Lewis and Priscila S. Sousa relative to certain online automobile franchise transactions, reports recommending that the accompanying bill (House, No. 4980) ought to pass.

For the committee,

TACKY CHAN.

The Commonwealth of Massachusetts

**In the One Hundred and Ninety-Fourth General Court
(2025-2026)**

An Act modernizing the business practices between motor vehicle dealers, manufacturers, and distributors to increase consumer protections.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Section 48 of chapter 93 of the General Laws, as appearing in the 2024
2 Official Edition, is hereby amended by inserting at the end thereof the following new
3 subsection:-

4 L. This section shall not apply to a transaction for the sale of a new or used motor vehicle
5 by a seller holding a Class 1 license pursuant to section 59 of chapter 140 in which the buyer
6 signs by electronic means away from the seller's place of business a written contract regarding
7 the sale of a motor vehicle; provided, however, the seller shall give written notice at time of sale
8 to the buyer that this section does not apply

9 SECTION 2. Subsection (c) of section 4 of chapter 93B of the General Laws, as so
10 appearing, is hereby amended by inserting after paragraph (12) the following 6 paragraphs:-

11 (13) to require, coerce, or attempt to coerce any dealer by program, policy, standard, or
12 otherwise to: (a) change location of the dealership; (b) construct, renovate, or make any

13 substantial changes, alterations, or remodeling to a dealer's sales or services facilities; or (c) add
14 to or replace a dealer's sales or services facilities; provided, however, that nothing herein shall
15 prohibit a manufacturer or distributor from continuing a facility improvement program that is in
16 effect as of the effective date of this paragraph with more than one dealer in the commonwealth
17 or to renewing or modifying such program, or providing lump sum or regularly-scheduled
18 payments to assist a dealer in making a facility improvement, including construction, alteration
19 or remodeling, or installing signage or an image element of the manufacturer or distributor;
20 provided further, that the provisions of the facility improvement program in which such dealer
21 participates be contained in a written agreement voluntarily entered into by the dealer and must
22 be made available, on substantially similar terms, to any of the manufacturer's or distributor's
23 other same line-make dealers in the commonwealth with whom the manufacturer or distributor
24 offers to enter into such an agreement; provided further, that, except as necessary to comply with
25 a health or safety law or to comply with a technology requirement which is necessary to sell or
26 service a motor vehicle that the motor vehicle dealer is authorized or licensed by the
27 manufacturer or distributor to sell or service, a manufacturer, distributor, or franchisor
28 representative shall not require, coerce, or attempt to coerce a motor vehicle dealer, by program,
29 policy, facility guide, standard or otherwise, to change the location of the dealership, replace, or
30 construct a new dealer facility or substantially alter or remodel an existing dealer facility before
31 the date that is ten years after the date the construction of the new dealer facility or substantial
32 alteration or remodeling at that location was completed regardless of whether a successor dealer
33 has been appointed; provided further, that such construction, alteration or remodeling
34 substantially complied with the manufacturer's or distributor's brand image standards or plans

35 that the manufacturer or distributor provided at the time the construction, alteration, or
36 remodeling was completed.

37 (14) to require a dealer to provide to the franchisor representative, manufacturer or
38 distributor its customer lists, service files, or information about a retail customer unless
39 necessary: (a) for the sale and delivery of a new motor vehicle to a retail buyer; (b) to validate
40 and pay customer or dealer incentives; (c) for reasonable marketing purposes; (d) for warranty
41 reimbursement substantiation under this chapter; or (e) to enable the manufacturer to fulfill
42 safety, recall, or other legal obligations imposed by state or federal law. A manufacturer or
43 distributor shall not share, sell, or transfer to other dealers or third parties customer information
44 obtained from a dealer and not otherwise publicly available unless otherwise agreed to by the
45 originating dealer or unless the franchise has been terminated. Notwithstanding any consent,
46 authorization, release, franchise agreement or other agreement or contract, a manufacturer or
47 distributor, or any third party acting on behalf or through a manufacturer or distributor, having
48 electronic access to consumer or customer data or other information in a computer system
49 utilized by a dealer, or who has otherwise been provided consumer or customer data or
50 information by the dealer, shall fully indemnify and hold harmless the dealer from whom it has
51 acquired the consumer or customer data or other information from all claims, demands, damages,
52 liabilities, costs, and expenses incurred by the dealer, arising out of any alleged or actual data
53 security breaches or other unlawful use of said customer or consumer data or other information
54 by said manufacturer, distributor or third party acting on behalf of same, including, but not
55 limited to, judgments, settlements, fines, penalties, expenses related to the disclosure of security
56 breaches to customers and consumers, and attorneys' fees and expenses arising out of
57 complaints, claims, demands, security breaches, civil or administrative actions, and, to the fullest

58 extent allowable under the law, attorneys' fees and expenses arising from governmental
59 investigations and prosecutions relating to the access, storage, maintenance, use, sharing,
60 disclosure, or retention of the dealer's consumer or customer data or other information, or
61 maintenance or services provided to any computer system utilized by the dealer, by the
62 manufacturer, distributor or third party acting on behalf of or through the manufacturer or
63 distributor.

64 (15) to arbitrarily or unreasonably alter the geographic area of responsibility within which
65 it measures the dealer's performance. A manufacturer or distributor shall give advance notice of
66 any proposed alteration of a dealer's so-called area of responsibility at least 60 days before the
67 effective date of a proposed alteration. Notice shall include an explanation of the basis for the
68 change, and, upon request by such motor vehicle dealer within 30 days of the manufacturer's or
69 distributor's notice, the manufacturer or distributor immediately shall provide sufficient
70 supporting documentation. At any time prior to the effective date of such alteration, and after
71 completion of any internal appeal process provided by a manufacturer or distributor, a dealer
72 may protest the proposed alteration pursuant to section 15. Filing of a protest shall mean no
73 alteration is effective until an agreement is reached by the parties or a court makes a final
74 determination. The court may affirm, deny, or modify the proposed alteration of the dealer's area
75 of responsibility, may enter any other orders necessary to ensure that an alteration of the dealer's
76 area of responsibility is reasonable in light of all the relevant circumstances, and may assess the
77 attorneys' fees and expenses among the parties to the protest as appropriate. A manufacturer or
78 distributor shall not take any adverse action against a dealer as a result of a change to the dealer's
79 area of responsibility for at least 18 months after the effective date of the change.

(16) to require a dealer to purchase goods or services from a vendor selected, identified, or designated by a manufacturer or distributor by agreement, program, incentive provision, or otherwise in connection with a dealer expanding, constructing, or significantly modifying its dealership facility without allowing the dealer the option to obtain a good or service of substantially similar quality from a vendor chosen by the dealer and approved by the manufacturer, which approval may not be unreasonably withheld. For purposes of this subdivision, the term "goods" does not include moveable displays, brochures, and promotional materials containing material subject to intellectual property rights of, or parts to be used in repairs under warranty obligations of, a manufacturer or a distributor, or special tools and training as required by the manufacturer or distributor. Nothing under this paragraph shall be construed to (i) allow a dealer or vendor to eliminate or impair a manufacturer's or distributor's intellectual property rights, including trademarks, or (ii) permit a dealer to erect or maintain signs that do not conform to the intellectual property usage guidelines of the manufacturer.

93 (17) to offer, directly or indirectly, vehicles for lease or subscription in the
94 commonwealth of the same line make as any of the vehicles manufactured, assembled or
95 distributed by the manufacturer, distributor or franchise representative in the commonwealth and
96 sold or leased in the commonwealth by a dealer affiliated with such manufacturer, distributor or
97 franchisor representative, unless such lease or subscription is offered through, or in partnership
98 with, a dealer of the same line make affiliated with said manufacturer, distributor or franchisor
99 representative. For purposes of this paragraph, "subscription" means a contract or arrangement
100 whereby a person, for a recurring fee, secures the exclusive use of a specific vehicle of the same
101 line make for a term exceeding thirty days. This paragraph shall not apply to a rental company or
102 rental agreement regulated pursuant to Section 32E ½ of chapter 90 of the General Laws.

103 (18) to require, attempt to require, coerce, or attempt to coerce a motor vehicle dealer to
104 sell exclusively an extended service contract, extended maintenance plan or similar products,
105 including, but not limited to, guaranteed automobile protection or guaranteed asset protection
106 products, offered, endorsed or sponsored by the motor vehicle manufacturer, distributor or
107 franchisor representative by any of the following means: (i) a statement made by the motor
108 vehicle manufacturer, distributor or franchisor representative that failure to sell exclusively an
109 extended service contract, extended maintenance plan or similar products will substantially and
110 adversely impact the dealer; (ii) a provision in a franchise agreement that the dealer sell
111 exclusively an extended service contract, extended maintenance plan or similar product offered,
112 endorsed or sponsored by the motor vehicle manufacturer, distributor or franchisor
113 representative; (iii) measuring the dealer's performance under the franchise based on the sale of
114 extended service contracts, extended maintenance plans or similar products offered, endorsed or
115 sponsored by the motor vehicle manufacturer, distributor or franchisor representative; or (iv)
116 requiring the dealer to exclusively promote the sale of extended service contracts, extended
117 maintenance plans or similar products offered, endorsed or sponsored by the motor vehicle
118 manufacturer, distributor or franchisor representative; provided, however, that nothing in this
119 paragraph shall prohibit a motor vehicle manufacturer, distributor or franchisor representative
120 from providing incentives to a dealer that encourages a voluntary decision to sell exclusively an
121 extended service contract, extended maintenance plan or similar product, including, but not
122 limited to, guaranteed automobile protection or guaranteed asset protection products offered,
123 endorsed or sponsored by the manufacturer, distributor or franchisor; provided, further, that
124 nothing in this paragraph shall require or prohibit a motor vehicle manufacturer, distributor, or
125 franchisor representative from enforcing a requirement that a dealer provide the following notice

126 prior to the sale of the service contract if the service contract is not provided or backed by the
127 motor vehicle manufacturer and the vehicle is of the franchised line-make: "The service contract
128 you are purchasing is not provided or backed by the manufacturer of the vehicle you are
129 purchasing. The manufacturer of this vehicle is not responsible for claims or repairs under this
130 service contract."

131 SECTION 3. Subsection (b) of section 9 of said chapter 93B, as so appearing, is hereby
132 amended by inserting after paragraph (4) the following paragraph:-

133 (5)(i) A manufacturer or distributor shall not require, influence, or attempt to influence a
134 motor vehicle dealer to implement or change the prices for which it sells parts or labor in retail
135 customer repairs. A manufacturer or distributor shall not implement or continue a policy,
136 procedure, or program with any of its dealers in this state for compensation under this section
137 which is inconsistent with this section.

138 (ii) A manufacturer or distributor shall not, pursuant to a surcharge or other assessment
139 stated on the vehicle invoice provided to the dealer or through such other charge or means,
140 otherwise recover its costs for reimbursing a dealer for parts and labor pursuant to this section;
141 provided, however, that a manufacturer or distributor shall not be prohibited from increasing
142 prices for vehicles or parts in the normal course of business.

143 SECTION 4. Said section 9 of said chapter 93B, as so appearing, is hereby further
144 amended by inserting after subsection (j) the following 2 subsections:-

145 (k)(1) Notwithstanding any provision of a franchise agreement, it shall be a violation of
146 this chapter for a manufacturer, distributor, or franchisor representative, when providing a new
147 motor vehicle to a dealer for offer or sale to the public, to fail to provide to such dealer a written

148 disclosure that may be provided to a potential buyer of the new motor vehicle of each accessory
149 or function of the vehicle that may be initiated, updated, changed, or maintained by the
150 manufacturer, distributor, or franchisor representative through over the air or remote means, and
151 the charge to the customer at the time of sale for such initiation, update, change or maintenance;
152 provided, however, that the manufacturer, distributor, or franchisor representative may comply
153 with this subsection by notifying the dealer that any such information is available on a website or
154 by other digital means.

155 (2) Notwithstanding any provision of a franchise agreement, it shall be a violation of this
156 chapter for a manufacturer, distributor, or franchisor representative to fail to provide reasonable
157 compensation to a dealer for assistance requested by a customer whose vehicle was subjected to
158 an over the air or remote change, repair, or update to any part, system, accessory, or function by
159 the manufacturer, distributor, or franchisor representative and performed at the dealer's
160 dealership in order to satisfy the customer.

161 (l) Notwithstanding any provision of a franchise agreement, it shall be a violation of this
162 chapter for a manufacturer, distributor, or franchisor representative to charge back or otherwise
163 hold liable a franchised motor vehicle dealer for sales incentives or charges, deny vehicle
164 allocation, withhold payments or other things of value for which the dealer is eligible, or take or
165 threaten to take any other adverse action against the dealer, in connection with or as a result of
166 any new motor vehicle sold by the dealer and subsequently exported from the United States;
167 provided, however, that such dealer can demonstrate that after exercising due diligence and
168 acting in good faith such dealer did not know nor reasonably should have known of the
169 purchaser's intention to export the motor vehicle. A franchised motor vehicle dealer which
170 causes a new motor vehicle to be registered in the commonwealth or in a foreign state and causes

171 to be collected the appropriate sales and use tax, or that reasonably relied on a franchisor to
172 complete a sale shall be presumed to have exercised due diligence and acted in good faith. Prior
173 to taking an adverse action against a dealer, including, but not limited to, a chargeback, as a
174 result of an export, a manufacturer or distributor shall provide written notice to the franchised
175 motor vehicle dealer of the adverse action, and, if a chargeback, the specific amount of the
176 chargeback, and the vehicle or vehicles at issue. A dealer shall not be liable under this subsection
177 for the delivery of any vehicle sold through a franchisor's fleet program where the sale or lease
178 was not initiated or negotiated by the dealer and dealer's function was solely to provide delivery
179 on behalf of the manufacturer or distributor.

180 SECTION 5. Chapter 93B of the General Laws, as so appearing, is hereby amended by
181 inserting after section 9, the following new section:-

182 Section 9A. (a) As used in this section, the following words shall have the following
183 meanings unless the context clearly requires otherwise:

184 "Adverse determination", a determination by the manufacturer or distributor that the
185 amount to be paid to the dealer is less than what the dealer requested in its warranty or recall
186 claim for reimbursement to said manufacturer or distributor pursuant to section 9.

187 "Independent mediator", a person not a party to a dispute who enters into a written
188 agreement with the parties to assist them in resolving their disputes and has completed at least
189 thirty hours of training in mediation and who either has four years of professional experience as a
190 mediator or is accountable to a dispute resolution organization which has been in existence for at
191 least three years, and has some background and experience with motor vehicle warranty claims
192 submitted by dealers to a manufacturer or distributor.

193 (b) Neither a dealer nor a manufacturer or distributor may bring an action in a court of
194 competent jurisdiction based on an alleged violation of the following sections unless the dispute
195 is submitted to mediation pursuant to this section prior to filing an action in court: (i) disputes
196 concerning the proposed average percentage markups on parts under clause (i) of paragraph (2)
197 of subsection (b) of section 9; (ii) disputes concerning the proposed average labor rates under
198 clause (ii) of said paragraph (2) of said subsection (b) of said section 9; (iii) disputes concerning
199 time allowances for the diagnosis or performance of warranty work under paragraph (3) of said
200 subsection (b) of said section 9; and (iv) disputes concerning warranty service or part recall
201 service claims charged back to the dealer under subsection (d) of said section 9.

Prior to filing an action in a court of competent jurisdiction, the dealer, manufacturer or distributor shall serve a demand for mediation not later than sixty days after the dealer's receipt of the manufacturer's or distributor's adverse determination on the matter being submitted to mediation. A demand for mediation must be in writing and served on the dealer, manufacturer or distributor by certified mail, through a nationally recognized overnight delivery service, or through any method permitted under the parties' franchise agreement at an address designated within the franchise agreement. The demand for mediation must contain a brief statement of the dispute and the relief sought. The recipient of such demand shall be obligated to diligently participate in good faith in such mediation process. Within twenty-one days after the date a demand for mediation is served, the parties shall cooperate in good faith to select an independent mediator for the purpose of attempting to resolve the dispute. In the absence of an agreement within said twenty-one days, the attorney general shall appoint an appropriate independent mediator within ten days of the request by either party. Mediation shall be conducted and completed within sixty days of service of the demand for mediation, unless otherwise extended.

216 by agreement of the parties, and the costs will be shared equally between the dealer, on one hand,
217 and the manufacturer or distributor on the other hand.

218 Notwithstanding any provision in this section to the contrary, the service of a demand for
219 mediation shall stay the time period for filing any action under section 9, until thirty days after
220 the mediation has been completed. Mediation shall be deemed completed when the mediator has
221 so indicated in writing, which may include a writing sent via electronic mail.

222 To the extent this section conflicts with any dispute resolution process set forth in a
223 franchise agreement or other agreement between dealer and manufacturer or distributor, this
224 section shall control.

225 SECTION 6. Section 59 of chapter 140 of the General Laws, as so appearing, is hereby
226 amended, at the end thereof, by inserting the following new paragraph:-

227 A person, within ten days of such action, may appeal to the registrar the action of a
228 licensing board or officer to approve and grant a Class 1 license to a party pursuant to section 58
229 and this section. For the purposes of this section, a Class 1 licensee, licensed under subsection
230 (b) of said section 58, shall be deemed to have standing to challenge, administratively and
231 judicially, the issuance of a Class 1 license to another person by a licensing board or officer
232 under this chapter if said Class 1 licensee, asserting a challenge, alleges that said licensing board
233 or officer has approved a Class 1 license to a party that has not satisfied the requirements of said
234 subsection (b) of said section 58. The registrar shall adopt rules and regulations providing for a
235 process in which a person, including, but not limited to, a Class 1 licensee, licensed under
236 subsection (b) of said section 58, may challenge the decision of a licensing board or officer
237 pursuant to this section. The registrar shall render a decision either to affirm or revoke the license

238 in dispute within thirty days of receipt of the challenge. A person who is aggrieved by the
239 decision of the registrar to re-affirm or revoke the approval of the Class 1 license so challenged
240 pursuant to the process herein may, within ten days after such action by the registrar, appeal
241 therefrom to any justice of the superior court in the county in which the premises sought to be
242 occupied under the license or permit applied for are located. The justice shall, after such notice to
243 the parties as he deems reasonable, give a summary hearing on such appeal, and shall have
244 jurisdiction in equity to review all questions of fact or law and may affirm or reverse the decision
245 of the board or officer and may make any appropriate decree.