

# HOUSE . . . . . No. 4980

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## The Commonwealth of Massachusetts

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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,

TACKEY CHAN.

# HOUSE . . . . . No. 4980

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## The Commonwealth of Massachusetts

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

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

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

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

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

(18) to require, attempt to require, coerce, or attempt to coerce a motor vehicle dealer to sell exclusively an extended service contract, extended maintenance plan or similar products, including, but not limited to, guaranteed automobile protection or guaranteed asset protection products, offered, endorsed or sponsored by the motor vehicle manufacturer, distributor or franchisor representative by any of the following means: (i) a statement made by the motor vehicle manufacturer, distributor or franchisor representative that failure to sell exclusively an extended service contract, extended maintenance plan or similar products will substantially and adversely impact the dealer; (ii) a provision in a franchise agreement that the dealer sell exclusively an extended service contract, extended maintenance plan or similar product offered, endorsed or sponsored by the motor vehicle manufacturer, distributor or franchisor representative; (iii) measuring the dealer's performance under the franchise based on the sale of extended service contracts, extended maintenance plans or similar products offered, endorsed or sponsored by the motor vehicle manufacturer, distributor or franchisor representative; or (iv) requiring the dealer to exclusively promote the sale of extended service contracts, extended maintenance plans or similar products offered, endorsed or sponsored by the motor vehicle manufacturer, distributor or franchisor representative; provided, however, that nothing in this paragraph shall prohibit a motor vehicle manufacturer, distributor or franchisor representative from providing incentives to a dealer that encourages a voluntary decision to sell exclusively an extended service contract, extended maintenance plan or similar product, including, but not limited to, guaranteed automobile protection or guaranteed asset protection products offered, endorsed or sponsored by the manufacturer, distributor or franchisor; provided, further, that nothing in this paragraph shall require or prohibit a motor vehicle manufacturer, distributor, or 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



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

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

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

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

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

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

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

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

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

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

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

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

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

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