

**SENATE . . . . . No. 2998**

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**The Commonwealth of Massachusetts**

—  
**In the One Hundred and Ninety-Fourth General Court  
(2025-2026)**  
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SENATE, March 26, 2026.

The committee on Consumer Protection and Professional Licensure to whom was referred the petition (accompanied by bill, Senate, No. 201) of Brendan P. Crighton for legislation to further regulate business practices between motor vehicle dealers, manufacturers, and distributors, report the accompanying bill (Senate, No. 2998).

For the committee,  
Pavel M. Payano

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An Act further regulating business practices between motor vehicle dealers, manufacturers, and distributors.

*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. Subsection (c) of said section 4 of said chapter 93B, as appearing in the  
2   2022 Official Edition, is hereby amended by inserting after paragraph (12) the following six  
3   paragraphs:-

4           (13) to require, coerce, or attempt to coerce any dealer by program, policy, standard, or  
5   otherwise to: (a) change location of the dealership; (b) construct, renovate, or make any  
6   substantial changes, alterations, or remodeling to a dealer’s sales or services facilities; or (c) add  
7   to or replace a dealer’s sales or services facilities; provided, however, that nothing herein shall  
8   prohibit a manufacturer or distributor from continuing a facility improvement program that is in  
9   effect as of the effective date of this paragraph with more than one dealer in the commonwealth  
10   or to renewing or modifying such program, or providing lump sum or regularly-scheduled  
11   payments to assist a dealer in making a facility improvement, including construction, alteration  
12   or remodeling, or installing signage or an image element of the manufacturer or distributor;  
13   provided further, that the provisions of the facility improvement program in which such dealer

14 participates be contained in a written agreement voluntarily entered into by the dealer and must  
15 be made available, on substantially similar terms, to any of the manufacturer's or distributor's  
16 other same line-make dealers in the commonwealth with whom the manufacturer or distributor  
17 offers to enter into such an agreement; provided further, that, except as necessary to comply with  
18 a health or safety law or to comply with a technology requirement which is necessary to sell or  
19 service a motor vehicle that the motor vehicle dealer is authorized or licensed by the  
20 manufacturer or distributor to sell or service, a manufacturer, distributor, or franchisor  
21 representative shall not require, coerce, or attempt to coerce a motor vehicle dealer, by program,  
22 policy, facility guide, standard or otherwise, to change the location of the dealership, replace, or  
23 construct a new dealer facility or substantially alter or remodel an existing dealer facility before  
24 the date that is ten years after the date the construction of the new dealer facility or substantial  
25 alteration or remodeling at that location was completed regardless of whether a successor dealer  
26 has been appointed; provided further, that such construction, alteration or remodeling  
27 substantially complied with the manufacturer's or distributor's brand image standards or plans  
28 that the manufacturer or distributor provided at the time the construction, alteration, or  
29 remodeling was completed.

30 (14) to require a dealer to provide to the franchisor representative, manufacturer or  
31 distributor its customer lists, service files, or information about a retail customer unless  
32 necessary: (a) for the sale and delivery of a new motor vehicle to a retail buyer; (b) to validate  
33 and pay customer or dealer incentives; (c) for reasonable marketing purposes; (d) for warranty  
34 reimbursement substantiation under this chapter; or (e) to enable the manufacturer to fulfill  
35 safety, recall, or other legal obligations imposed by state or federal law. A manufacturer or  
36 distributor shall not share, sell, or transfer to other dealers or third parties customer information

37 obtained from a dealer and not otherwise publicly available unless otherwise agreed to by the  
38 originating dealer or unless the franchise has been terminated. Notwithstanding any consent,  
39 authorization, release, franchise agreement or other agreement or contract, a manufacturer or  
40 distributor, or any third party acting on behalf or through a manufacturer or distributor, having  
41 electronic access to consumer or customer data or other information in a computer system  
42 utilized by a dealer, or who has otherwise been provided consumer or customer data or  
43 information by the dealer, shall fully indemnify and hold harmless the dealer from whom it has  
44 acquired the consumer or customer data or other information from all claims, demands, damages,  
45 liabilities, costs, and expenses incurred by the dealer, arising out of any alleged or actual data  
46 security breaches or other unlawful use of said customer or consumer data or other information  
47 by said manufacturer, distributor or third party acting on behalf of same, including, but not  
48 limited to, judgments, settlements, fines, penalties, expenses related to the disclosure of security  
49 breaches to customers and consumers, and attorneys' fees and expenses arising out of  
50 complaints, claims, demands, security breaches, civil or administrative actions, and, to the fullest  
51 extent allowable under the law, attorneys' fees and expenses arising from governmental  
52 investigations and prosecutions relating to the access, storage, maintenance, use, sharing,  
53 disclosure, or retention of the dealer's consumer or customer data or other information, or  
54 maintenance or services provided to any computer system utilized by the dealer, by the  
55 manufacturer, distributor or third party acting on behalf of or through the manufacturer or  
56 distributor.

57 (15) to arbitrarily or unreasonably alter the geographic area of responsibility within  
58 which it measures the dealer's performance. A manufacturer or distributor shall give advance  
59 notice of any proposed alteration of a dealer's so-called area of responsibility at least 60 days

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

73 (16) to require a dealer to purchase goods or services from a vendor selected, identified,  
74 or designated by a manufacturer or distributor by agreement, program, incentive provision, or  
75 otherwise in connection with a dealer expanding, constructing, or significantly modifying its  
76 dealership facility without allowing the dealer the option to obtain a good or service of  
77 substantially similar quality from a vendor chosen by the dealer and approved by the  
78 manufacturer, which approval may not be unreasonably withheld. For purposes of this  
79 subdivision, the term "goods" does not include moveable displays, brochures, and promotional  
80 materials containing material subject to intellectual property rights of, or parts to be used in  
81 repairs under warranty obligations of, a manufacturer or a distributor, or special tools and  
82 training as required by the manufacturer or distributor. Nothing under this paragraph shall be

83 construed to (i) allow a dealer or vendor to eliminate or impair a manufacturer's or distributor's  
84 intellectual property rights, including trademarks, or (ii) permit a dealer to erect or maintain signs  
85 that do not conform to the intellectual property usage guidelines of the manufacturer.

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

96 (18) to require, attempt to require, coerce, or attempt to coerce a motor vehicle dealer to  
97 sell exclusively an extended service contract, extended maintenance plan or similar products,  
98 including, but not limited to, guaranteed automobile protection or guaranteed asset protection  
99 products, offered, endorsed or sponsored by the motor vehicle manufacturer, distributor or  
100 franchisor representative by any of the following means: (i) a statement made by the motor  
101 vehicle manufacturer, distributor or franchisor representative that failure to sell exclusively an  
102 extended service contract, extended maintenance plan or similar products will substantially and  
103 adversely impact the dealer; (ii) a provision in a franchise agreement that the dealer sell  
104 exclusively an extended service contract, extended maintenance plan or similar product offered,  
105 endorsed or sponsored by the motor vehicle manufacturer, distributor or franchisor

106 representative; (iii) measuring the dealer's performance under the franchise based on the sale of  
107 extended service contracts, extended maintenance plans or similar products offered, endorsed or  
108 sponsored by the motor vehicle manufacturer, distributor or franchisor representative; or (iv)  
109 requiring the dealer to exclusively promote the sale of extended service contracts, extended  
110 maintenance plans or similar products offered, endorsed or sponsored by the motor vehicle  
111 manufacturer, distributor or franchisor representative; provided, however, that nothing in this  
112 paragraph shall prohibit a motor vehicle manufacturer, distributor or franchisor representative  
113 from providing incentives to a dealer that encourages a voluntary decision to sell exclusively an  
114 extended service contract, extended maintenance plan or similar product, including, but not  
115 limited to, guaranteed automobile protection or guaranteed asset protection products offered,  
116 endorsed or sponsored by the manufacturer, distributor or franchisor; provided, further, that  
117 nothing in this paragraph shall require or prohibit a motor vehicle manufacturer, distributor, or  
118 franchisor representative from enforcing a requirement that a dealer provide the following notice  
119 prior to the sale of the service contract if the service contract is not provided or backed by the  
120 motor vehicle manufacturer and the vehicle is of the franchised line-make: "The service contract  
121 you are purchasing is not provided or backed by the manufacturer of the vehicle you are  
122 purchasing. The manufacturer of this vehicle is not responsible for claims or repairs under this  
123 service contract."

124 SECTION 2. Said subsection (b) of said section 9 of said chapter 93B, as so appearing, is  
125 hereby amended by inserting after paragraph (4) the following paragraph:-

126 (5)(i) A manufacturer or distributor shall not require, influence, or attempt to influence a  
127 motor vehicle dealer to implement or change the prices for which it sells parts or labor in retail  
128 customer repairs. A manufacturer or distributor shall not implement or continue a policy,

129 procedure, or program with any of its dealers in this state for compensation under this section  
130 which is inconsistent with this section.

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

136 SECTION 3. Said section 9 of said chapter 93B, as so appearing, is hereby further  
137 amended by inserting after subsection (j) the following subsections (k) and (l):-

138 (k) (1) Notwithstanding any provision of a franchise agreement, it shall be a violation of  
139 this chapter for a manufacturer, distributor, or franchisor representative, when providing a new  
140 motor vehicle to a dealer for offer or sale to the public, to fail to provide to such dealer a written  
141 disclosure that may be provided to a potential buyer of the new motor vehicle of each accessory  
142 or function of the vehicle that may be initiated, updated, changed, or maintained by the  
143 manufacturer, distributor, or franchisor representative through over the air or remote means, and  
144 the charge to the customer at the time of sale for such initiation, update, change or maintenance;  
145 provided, however, that the manufacturer, distributor, or franchisor representative may comply  
146 with this subsection by notifying the dealer that any such information is available on a website or  
147 by other digital means.

148 (2) Notwithstanding any provision of a franchise agreement, it shall be a violation of this  
149 chapter for a manufacturer, distributor, or franchisor representative to fail to provide reasonable  
150 compensation to a dealer for assistance requested by a customer whose vehicle was subjected to

151 an over the air or remote change, repair, or update to any part, system, accessory, or function by  
152 the manufacturer, distributor, or franchisor representative and performed at the dealer's  
153 dealership in order to satisfy the customer.

154 (l) Notwithstanding any provision of a franchise agreement, it shall be a violation of this  
155 chapter for a manufacturer, distributor, or franchisor representative to charge back or otherwise  
156 hold liable a franchised motor vehicle dealer for sales incentives or charges, deny vehicle  
157 allocation, withhold payments or other things of value for which the dealer is eligible, or take or  
158 threaten to take any other adverse action against the dealer, in connection with or as a result of  
159 any new motor vehicle sold by the dealer and subsequently exported from the United States;  
160 provided, however, that such dealer can demonstrate that after exercising due diligence and  
161 acting in good faith such dealer did not know nor reasonably should have known of the  
162 purchaser's intention to export the motor vehicle. A franchised motor vehicle dealer which  
163 causes a new motor vehicle to be registered in the commonwealth or in a foreign state and causes  
164 to be collected the appropriate sales and use tax, or that reasonably relied on a franchisor to  
165 complete a sale shall be presumed to have exercised due diligence and acted in good faith. Prior  
166 to taking an adverse action against a dealer, including, but not limited to, a chargeback, as a  
167 result of an export, a manufacturer or distributor shall provide written notice to the franchised  
168 motor vehicle dealer of the adverse action, and, if a chargeback, the specific amount of the  
169 chargeback, and the vehicle or vehicles at issue. A dealer shall not be liable under this subsection  
170 for the delivery of any vehicle sold through a franchisor's fleet program where the sale or lease  
171 was not initiated or negotiated by the dealer and dealer's function was solely to provide delivery  
172 on behalf of the manufacturer or distributor.

173 SECTION 4. Chapter 93B of the General Laws, as so appearing, is hereby amended by  
174 inserting after section 9, the following new section:-

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

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

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

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

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

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

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

218 SECTION 5. a) Section 9 of Chapter 93B of the General Laws, as so appearing in the  
219 2024 official edition, is hereby amended by striking out the word “reasonable” in line 4 and  
220 inserting in place thereof the following words:- “”fair and adequate”.

221 b) Said section, as so appearing in the 2024 official edition, is hereby amended by  
222 striking out the word “reasonable” in line 60 and inserting in place thereof the following word:-  
223 “adequate”.

224 c) Said section, as so appearing in the 2024 official edition, is hereby amended by  
225 striking out the words “or unreasonable” in line 71.

226 d) Said section, as so appearing in the 2024 official edition, is hereby amended by  
227 striking out the word “reasonable” in line 80 and inserting in place thereof the following word:-  
228 “adequate”.

229 e) Said section, as so appearing in the 2024 official edition, is hereby amended by  
230 striking out the words “or unreasonable” in line 91.

231 f) Said section, as so appearing in the 2024 official edition, is hereby amended by striking  
232 out the word “reasonable” in line 128 and inserting in place thereof the following word:- “fair”.