



SENATE BILL 673: Clarify Motor Vehicle Dealer Laws

2015-2016 General Assembly

Committee: Senate Commerce
Introduced by: Sen. Apodaca
Analysis of: PCS to First Edition
S673-CSSU-18

Date: April 23, 2015
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Committee Counsel

SUMMARY: *The Proposed Committee Substitute for Senate Bill 673 makes changes to North Carolina's Motor Vehicle Dealers and Manufacturers Licensing Law.*

[As introduced, this bill was identical to H800, as introduced by Reps. Brawley, Tine, which is currently in House Finance.]

BILL ANALYSIS:

Sections 1 and 2 are technical changes.

Section 3 provides that when a manufacturer or distributor requires a dealer to purchase special tools, the manufacturer or distributor may only recover from the dealer the actual cost of the tool. The manufacturer would not be able to prohibit the dealer from getting the tool from another source if it would cost less and perform substantially the same functions.

Section 4 amends G.S. 20-305.1 to specify what the term "warranty service" includes. Manufacturers and distributors are required under the provision to specify in writing to its dealers what the dealer's obligations are for warranty service on its products.

Section 5 makes changes to the list of items not included in calculating the retail rate customarily charged by the dealer for parts and labor for purposes of determining compensation for warranty work.

Section 6 provides that a manufacturer or distributor will reasonably compensate a dealer for storage costs if it requires the dealer to store or otherwise not dispose of any part or component removed in the performance of repairs under a recall, campaign service action, or warranty repair.

Section 7 is a severability clause that provides that if any part of the act is found to be invalid, the remaining provisions are still in effect.

EFFECTIVE DATE: The bill is effective when it becomes law and would apply to all current and future agreements between new motor vehicle dealers and manufacturers or distributors.

O. Walker Reagan
Director



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