



HOUSE BILL 619: Clarify Motor Vehicle Dealer Laws.

**This Bill Analysis
reflects the
contents of the bill
as it was presented
in committee.**

2017-2018 General Assembly

Committee:	House Transportation	Date:	April 19, 2017
Introduced by:	Reps. Brawley, Ross, Johnson, Clampitt	Prepared by:	Wendy Ray Staff Attorney
Analysis of:	PCS to First Edition H619-CSSU-13		

OVERVIEW: *The Proposed Committee Substitute for House Bill 619 makes changes to North Carolina's Motor Vehicle Dealers and Manufacturers Licensing Law.*

BILL ANALYSIS: The PCS for House Bill 619 makes the following changes to motor vehicle dealer and manufacturer licensing laws:

Section 1 amends an exemption from continuing education requirements applicable to used motor vehicle dealers for individuals also licensed as new motor vehicle dealers. They are currently exempt if they operate an established showroom within 20 miles of the showroom for which a used motor vehicle dealer license is sought. Section 1 extends the distance from 20 miles to 30 miles.

Section 2 adds a provision making it unlawful for a manufacturer to require a dealer to change locations or make substantial alterations to its dealership facilities if the dealer has changed locations or made substantial alterations to the dealership within the preceding ten years at a cost of more than \$100,000 at the request of, or with the knowledge or approval of, the manufacturer.

Section 3 clarifies that existing requirements regarding dealer warranty obligations and compensation apply to recall service and service performed under maintenance plans, extended warranties, certified pre-owned warranties, and service contracts issued by the manufacturer.

It also requires the dealer to be compensated on the basis of the dealer's average markup on the cost of parts for parts provided by the manufacturer at a reduced cost under a warranty or recall.

It also provides that warranty obligations and compensation requirements apply to repair of the living facilities of recreational vehicles.

Section 4 clarifies that the requirements of G.S. 20-305.1 regarding dealer warranty and recall obligations apply to manufacturers and dealers of non-motorized recreational trailers.

Section 5 makes it unlawful for a manufacturer to own or operate an entity in this State that leases or rents motor vehicles to the public in competition with any of its franchised dealers located in the State.

Section 6 strengthens existing provisions protecting dealership customer data by clarifying that manufacturers or dealer management computer system vendors must provide dealers with detailed lists of each and every third party to whom dealer data has been provided, along with the scope and specific fields of data provided to the third party.

Section 7 prohibits a dealer from charging shop fees and other service-related fees unless the dealer informs customers of the fees by posting a conspicuous notice of the fees in the service area of the dealership **and** disclosing the total amount of the fees on the customer's repair order or invoice.

Karen Cochrane-Brown
Director



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Section 8 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: Sections 1 through 6 of the act are effective when the act becomes law and apply to all current and future agreements between new motor vehicle dealers and manufacturers or distributors. Section 7, pertaining to shop fees and other service-related fees, becomes effective January 1, 2018, and applies to fees charged on or after that date. The remainder of the act is effective when it becomes law.