



SENATE BILL 357: Various Motor Vehicle Law Revisions.

2023-2024 General Assembly

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| Committee: | Senate Transportation. If favorable, re-refer to Rules and Operations of the Senate | Date: | April 26, 2023 |
| Introduced by: | Sens. Jackson, Perry, Lazzara | Prepared by: | Wendy Ray |
| Analysis of: | First Edition | | Staff Attorney |

OVERVIEW: *Senate Bill 357 would amend laws related to motor vehicle dealers as follows:*

- *Require notice to manufacturers and dealers of potential violations of licensing laws and require notice and hearing before issuing a written warning.*
- *For conditionally delivered vehicles, require the purchaser to notify the insurer that financing has been approved and clarify that the purchaser is solely responsible for obtaining insurance on the vehicle.*
- *Require publication of notice of a manufacturer's application for a dealer license in the North Carolina Register and that the hearing determining whether the manufacturer qualifies for a license be held no earlier than 30 days from the date of publication.*

[As introduced, this bill was identical to H448, as introduced by Reps. B. Jones, Ross, Wray, which is currently in House Transportation.]

CURRENT LAW AND BILL ANALYSIS: Senate Bill 357 would amend laws affecting motor vehicle dealers in the following ways:

Notice of potential license violations. G.S. 20-296 sets out requirements for notice of complaints against dealers and other licensees under the manufacturer and dealer licensing law and hearing prior to the Division taking action to suspend, revoke, place on probation, or refuse to renew a license. The Division is required to give a licensee at least 10 days' written notice of the time and place of a hearing. **Section 1** would require the Division to additionally notify the licensee in writing within 10 business days after obtaining knowledge of a potential violation. This section would also add issuing a written warning to the actions the Division may take that require notice and a hearing under G.S. 20-296 and require the Division to determine for each violation alleged whether entering into a settlement agreement or consent order would promote the interests of justice and administrative efficiency.

Clarify insurance requirements for conditionally delivered vehicles. G.S. 20-75.1 allows a dealer to deliver a vehicle to a purchaser on the condition that the purchaser will obtain financing for the vehicle, at which time the certificate of origin or title is executed. The law provides that the dealer's insurance policy covers a conditionally delivered vehicle until financing is approved and the certificate of origin or title is executed, and the dealer is required to notify the purchaser's insurer of the purchase after approval of the purchaser's financing and execution of the certificate of origin or title. **Section 2** would amend G.S. 20-75.1 to require the purchaser to notify the insurer when the financing is approved. This section would further clarify that it is the purchaser's sole responsibility to obtain and pay for insurance on the vehicle, and the dealer is not liable if the purchaser fails to do so.

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Senate Bill 357

Page 2

Manufacturer applications for dealer license. G.S. 20-288 sets out application requirements for motor vehicle dealer licenses. G.S. 20-305.2 makes it unlawful for a manufacturer to be licensed and operate as a motor vehicle dealer in North Carolina except under circumstances specified in statute. When a manufacturer applies for a dealer license, the Division may not issue a license unless the applicant states on the application the specific exception under G.S. 20-305.2 that would qualify the manufacturer to be licensed and the Commissioner determines after a hearing that the applicant qualifies. **Section 3** would add additional requirements that the Division publish notice of the manufacturer's application for a dealer license in the North Carolina Register, including notice of the specific exceptions under which the applicant claims to qualify, and that the hearing to determine whether the applicant qualifies be held no earlier than 30 days from the date of publication of the notice.

EFFECTIVE DATE: Section 1 would become effective October 1, 2023, and apply to actual or potential violations occurring on or after that date. Section 3 would become effective July 1, 2023, and apply to applications on or after that date. The remainder of the act would be effective when it becomes law.