

**NORTH CAROLINA GENERAL ASSEMBLY**

**LEGISLATIVE FISCAL NOTE**

**BILL NUMBER:** SB 575

**SHORT TITLE:** MV Dealers/Manufacturers Lic. Law

**SPONSOR(S):** Senator Hoyle, et al

**FISCAL IMPACT**

Yes ( )      No (X)      No Estimate Available ( )

**PRINCIPAL DEPARTMENT(S) &  
PROGRAM(S) AFFECTED:** Division of Motor Vehicles

**EFFECTIVE DATE:** December 1, 1997

**BILL SUMMARY:** Makes several changes to Ch. 20, Art. 12 (motor vehicle dealers and manufacturers licensing law) to strengthen the position of motor vehicle dealers in relation to motor vehicle manufacturers and distributors. Adds new GS 20-297.1 to require that all franchises offered to motor vehicle dealers comply with GS Ch. 20, Art. 12, and other state laws and rules. Amends GS 20-301 to establish a procedure for franchised motor vehicle dealers to petition the Comm'r of Motor Vehicles concerning violations by manufacturers and distributors. Amends GS 20-305(5), which regulates placement of additional motor vehicle dealerships in areas already represented by a dealership, by (1) eliminating the mandatory 180-day time limit on hearings challenging additional dealerships; and (2) expanding the definition of additional dealership to include satellite or other facility performing warranty service work. Amends GS 20-305(6) to eliminate mandatory 180-day time limit on hearings challenging the termination, cancellation, or failure to renew a franchise. Amends GS 20-305(18) to prohibit manufacturer or distributor from preventing transfer of a franchise to a person or entity designated by the dealer. Also amends GS 20-305 to prohibit the following acts by manufacturers and distributors: (1) requiring dealer to issue stock or ownership interest in dealership to general manager or persons other than dealer principal or dealer operator; (2) varying price for new motor vehicles based on dealer's purchase of equipment or other merchandise, dealer's relocating, remodeling, or repair of existing dealership facilities, dealer's participation in training programs sponsored by manufacturer, or dealer's achievement of specified levels of customer satisfaction; (3) failing to offer entire line of new motor vehicles to all franchised dealers in NC at lowest prices offered to dealers in other states for similar vehicles; (4) requiring dealer to compensate manufacturer for attorneys fees and litigation expenses in legal proceedings in which dealer asserts rights under GS Ch. 20, Art. 12 or franchise; (5) requiring dealer to pay extra fee, purchase advertising displays, or remodel existing facilities to receive any model or series of vehicles. Amends GS

20-305.1 to provide for stay of certain payments or charges by dealer to manufacturer during pendency of administrative proceeding involving warranty obligations of manufacturers and distributors. <sup>1</sup>

**ASSUMPTIONS AND METHODOLOGY:** The proposed act places additional requirements on motor vehicle dealers and manufacturers, but loosens the requirement that DMV conduct hearings in response to violations. DMV indicates that it will not require additional personnel to implement the provisions of the proposed act.

**TECHNICAL CONSIDERATIONS:** None.

**FISCAL RESEARCH DIVISION**

**733-4910**

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**APPROVED BY:** Tom Covington **TomC**

**DATE:** April 18, 1997



**Signed Copy Located in the NCGA Principal Clerk's Offices**

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<sup>1</sup> Institute of Government Bill Summary