

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2017

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SENATE BILL 413  
Commerce and Insurance Committee Substitute Adopted 4/20/17  
House Committee Substitute Favorable 6/20/17

Short Title: Clarify Motor Vehicle Dealer Laws.

(Public)

Sponsors:

Referred to:

March 29, 2017

1 A BILL TO BE ENTITLED  
2 AN ACT TO CLARIFY MOTOR VEHICLE DEALERS AND MANUFACTURERS  
3 LICENSING LAWS.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** G.S. 20-288(a1)(2) reads as rewritten:

6 "(2) Proof that the applicant, within the last 12 months, has completed a 12-hour  
7 licensing course approved by the Division if the applicant is seeking an  
8 initial license and a six-hour course approved by the Division if the applicant  
9 is seeking a renewal license. The requirements of this subdivision do not  
10 apply to a used motor vehicle dealer the primary business of which is the  
11 sale of salvage vehicles on behalf of insurers or to a manufactured home  
12 dealer licensed under G.S. 143-143.11 who complies with the continuing  
13 education requirements of G.S. 143-143.11B. The requirement of this  
14 subdivision does not apply to persons age 62 or older as of July 1, 2002, who  
15 are seeking a renewal license. This subdivision also does not apply to an  
16 applicant who holds a license as a new motor vehicle dealer as defined in  
17 G.S. 20-286(13) and operates from an established showroom ~~20 miles or less~~  
18 ~~from~~ located in an area within a radius of 30 miles around the location of the  
19 established showroom for which the applicant seeks a used motor vehicle  
20 dealer license. An applicant who also holds a license as a new motor vehicle  
21 dealer may designate a representative to complete the licensing course  
22 required by this subdivision."

23 **SECTION 2.** G.S. 20-305(30) reads as rewritten:

24 "(30) To vary the price charged to any of its franchised new motor vehicle dealers  
25 located in this State for new motor vehicles based on the dealer's purchase of  
26 new facilities, supplies, tools, equipment, or other merchandise from the  
27 manufacturer, the dealer's relocation, remodeling, repair, or renovation of  
28 existing dealerships or construction of a new facility, the dealer's  
29 participation in training programs sponsored, endorsed, or recommended by  
30 the manufacturer, whether or not the dealer is dualed with one or more other  
31 line makes of new motor vehicles, or the dealer's sales penetration. Except as  
32 provided in this subdivision, it shall be unlawful for any manufacturer,  
33 factory branch, distributor, or distributor branch, or any field representative,  
34 officer, agent, or any representative whatsoever of any of them to vary the  
35 price charged to any of its franchised new motor vehicle dealers located in



1 this State for new motor vehicles based on the dealer's sales volume, the  
2 dealer's level of sales or customer service satisfaction, the dealer's purchase  
3 of advertising materials, signage, nondiagnostic computer hardware or  
4 software, communications devices, or furnishings, or the dealer's  
5 participation in used motor vehicle inspection or certification programs  
6 sponsored or endorsed by the manufacturer.

7 The price of the vehicle, for purposes of this subdivision shall include  
8 the manufacturer's use of rebates, credits, or other consideration that has the  
9 effect of causing a variance in the price of new motor vehicles offered to its  
10 franchised dealers located in the State.

11 Notwithstanding the foregoing, nothing in this subdivision shall be  
12 deemed to preclude a manufacturer from establishing sales contests or  
13 promotions that provide or award dealers or consumers rebates or incentives;  
14 provided, however, that the manufacturer complies with all of the following  
15 conditions:

- 16 a. With respect to manufacturer to consumer rebates and incentives, the  
17 manufacturer's criteria for determining eligibility shall:
- 18 1. Permit all of the manufacturer's franchised new motor vehicle  
19 dealers in this State to offer the rebate or incentive; and
  - 20 2. Be uniformly applied and administered to all eligible  
21 consumers.
- 22 b. With respect to manufacturer to dealer rebates and incentives, the  
23 rebate or incentive program shall:
- 24 1. Be based solely on the dealer's actual or reasonably  
25 anticipated sales volume or on a uniform per vehicle sold or  
26 leased basis;
  - 27 2. Be uniformly available, applied, and administered to all of the  
28 manufacturer's franchised new motor vehicle dealers in this  
29 State; and
  - 30 3. Provide that any of the manufacturer's franchised new motor  
31 vehicle dealers in this State may, upon written request, obtain  
32 the method or formula used by the manufacturer in  
33 establishing the sales volumes for receiving the rebates or  
34 incentives and the specific calculations for determining the  
35 required sales volumes of the inquiring dealer and any of the  
36 manufacturer's other franchised new motor vehicle dealers  
37 located within 75 miles of the inquiring dealer.

38 Nothing contained in this subdivision shall prohibit a manufacturer from  
39 providing assistance or encouragement to a franchised dealer to remodel,  
40 renovate, recondition, or relocate the dealer's existing facilities, provided that  
41 this assistance, encouragement, or rewards are not determined on a per  
42 vehicle basis.

43 It is unlawful for any manufacturer to charge or include the cost of any  
44 program or policy prohibited under this subdivision in the price of new  
45 motor vehicles that the manufacturer sells to its franchised dealers or  
46 purchasers located in this State.

47 In the event that as of October 1, 1999, a manufacturer was operating a  
48 program that varied the price charged to its franchised dealers in this State in  
49 a manner that would violate this subdivision, or had in effect a documented  
50 policy that had been conveyed to its franchised dealers in this State and that  
51 varied the price charged to its franchised dealers in this State in a manner

1 that would violate this subdivision, it shall be lawful for that program or  
2 policy, including amendments to that program or policy that are consistent  
3 with the purpose and provisions of the existing program or policy, or a  
4 program or policy similar thereto implemented after October 1, 1999, to  
5 continue in effect as to the manufacturer's franchised dealers located in this  
6 State until June 30, ~~2018-2022.~~

7 In the event that as of June 30, 2001, a manufacturer was operating a  
8 program that varied the price charged to its franchised dealers in this State in  
9 a manner that would violate this subdivision, or had in effect a documented  
10 policy that had been conveyed to its franchised dealers in this State and that  
11 varied the price charged to its franchised dealers in this State in a manner  
12 that would violate this subdivision, and the program or policy was  
13 implemented in this State subsequent to October 1, 1999, and prior to June  
14 30, 2001, and provided that the program or policy is in compliance with this  
15 subdivision as it existed as of June 30, 2001, it shall be lawful for that  
16 program or policy, including amendments to that program or policy that  
17 comply with this subdivision as it existed as of June 30, 2001, to continue in  
18 effect as to the manufacturer's franchised dealers located in this State until  
19 June 30, ~~2018-2022.~~

20 Any manufacturer shall be required to pay or otherwise compensate any  
21 franchise dealer who has earned the right to receive payment or other  
22 compensation under a program in accordance with the manufacturer's  
23 program or policy.

24 The provisions of this subdivision shall not be applicable to multiple or  
25 repeated sales of new motor vehicles made by a new motor vehicle dealer to  
26 a single purchaser under a bona fide fleet sales policy of a manufacturer,  
27 factory branch, distributor, or distributor branch."

28 **SECTION 3.** G.S. 20-305.1(b) reads as rewritten:

29 "(b) Notwithstanding the terms of any franchise agreement, it is unlawful for any motor  
30 vehicle manufacturer, factory branch, distributor, or distributor branch to fail to perform any of  
31 its warranty obligations with respect to a motor vehicle, to fail to fully compensate its motor  
32 vehicle dealers licensed in this State for warranty parts ~~other than parts used to repair the living~~  
33 facilities of recreational vehicles, other than parts used to repair the living facilities of  
34 recreational vehicles, including motor homes, travel trailers, fifth-wheel trailers, camping  
35 trailers, and truck campers as defined in G.S. 20-4.01(32b), at the prevailing retail rate  
36 according to the factors in subsection (a) of this section, or, in service in accordance with the  
37 schedule of compensation provided the dealer pursuant to subsection (a) above, or to otherwise  
38 recover all or any portion of its costs for compensating its motor vehicle dealers licensed in this  
39 State for warranty parts and service either by reduction in the amount due to the dealer, or by  
40 separate charge, surcharge, or other imposition, and to fail to indemnify and hold harmless its  
41 franchised dealers licensed in this State against any judgment for damages or settlements  
42 agreed to by the manufacturer, including, but not limited to, court costs and reasonable  
43 attorneys' fees of the motor vehicle dealer, arising out of complaints, claims or lawsuits  
44 including, but not limited to, strict liability, negligence, misrepresentation, express or implied  
45 warranty, or rescission or revocation of acceptance of the sale of a motor vehicle as defined in  
46 G.S. 25-2-608, to the extent that the judgment or settlement relates to the alleged defective  
47 negligent manufacture, assembly or design of new motor vehicles, parts or accessories or other  
48 functions by the manufacturer, factory branch, distributor or distributor branch, beyond the  
49 control of the dealer. Any audit for warranty parts or service compensation shall only be for the  
50 12-month period immediately following the date of the payment of the claim by the  
51 manufacturer, factory branch, distributor, or distributor branch. Any audit for sales incentives,

1 service incentives, rebates, or other forms of incentive compensation shall only be for the  
2 12-month period immediately following the date of the payment of the claim by the  
3 manufacturer, factory branch, distributor, or distributor branch pursuant to a sales incentives  
4 program, service incentives program, rebate program, or other form of incentive compensation  
5 program. Provided, however, these limitations shall not be effective in the case of fraudulent  
6 claims."

7 **SECTION 4.** G.S. 20-305.5 reads as rewritten:

8 "**§ 20-305.5. Sections 20-305, subdivisions (4) through (28), and 20-305.1 to 20-305.4 not**  
9 **applicable to certain manufacturers and dealers. Recreational vehicle**  
10 **manufacturer warranty recall obligations.**

11 (a) The provisions of G.S. 20-305(4) through G.S. 20-305(28) and 20-305.1 to 20-305.4  
12 shall not apply to manufacturers of, or dealers in, mobile or manufactured type housing or  
13 recreational trailers. It is unlawful for any manufacturer, factory branch, distributor, or  
14 distributor branch that manufactures or distributes recreational vehicles to fail to fully  
15 compensate its dealers located in this State in accordance with this section for warranty or  
16 recall work performed by the dealers related to the living facilities of the vehicle, including all  
17 labor and parts used to repair such living facilities and any equipment, plumbing, appliances,  
18 and other options included by the manufacturer, factory branch, distributor, or distributor  
19 branch in the purchase price paid by the dealer for the vehicle. For purposes of this section, the  
20 term "recreational vehicle" includes motor homes, travel trailers, fifth-wheel trailers, camping  
21 trailers, and truck campers as defined by G.S. 20-4.01(32b). With respect to those portions of  
22 the living facilities of recreational vehicles and any equipment, plumbing, appliances, and other  
23 options that are part of such living facilities and that are included by the recreational vehicle  
24 manufacturer, factory branch, distributor, or distributor branch in the purchase price paid by the  
25 dealer for the vehicle, the term "warrantor" shall mean any manufacturer or distributor of such  
26 living facilities or any equipment, plumbing, appliances, and other options that are part of such  
27 living facilities that offers a warranty in writing to either the recreational vehicle dealer or to  
28 the ultimate purchaser of the recreational vehicle. The term "warrantor" does not include a  
29 person that provides a service contract, mechanical or other insurance, or an extended warranty  
30 sold for separate consideration by a dealer or other person not controlled by a warrantor.  
31 Notwithstanding the terms or conditions of any contract or agreement, it is unlawful for any  
32 recreational vehicle manufacturer, factory branch, distributor, or distributor branch to fail to  
33 fully and timely compensate any of its franchised recreational vehicle dealers located in this  
34 State in accordance with this section for all parts and labor used by such franchised dealers in  
35 making warranty or recall repairs to such living facilities of recreational vehicles, including any  
36 equipment, plumbing, appliances, and other options included by the recreational vehicle  
37 manufacturer, factory branch, distributor, or distributor branch in the purchase price paid by the  
38 dealer for the vehicle, to the extent that the individual components of such living facilities are  
39 not separately warranted by the manufacturers or distributors of such components.  
40 Notwithstanding the terms or conditions of any warranty, contract, or agreement, it is unlawful  
41 for any warrantor, as defined in this subdivision, to fail to fully and timely compensate any  
42 franchised recreational vehicle dealer located in this State in accordance with this section for all  
43 parts and labor used by such franchised recreational vehicle dealer in making warranty or recall  
44 repairs to any component parts of the living facilities of recreational vehicles manufactured or  
45 distributed by such warrantor, including any equipment, plumbing, appliances, and other  
46 options included by a recreational vehicle manufacturer, factory branch, distributor, or  
47 distributor branch in the purchase price paid by the dealer for the vehicle.

48 (b) Each warrantor as defined in this subdivision and each recreational vehicle  
49 manufacturer, factory branch, distributor, and distributor branch that sells or distributes  
50 recreational vehicles in this State shall specify in writing to each recreational vehicle dealer  
51 licensed in this State who sells products manufactured or distributed by such warrantor or such

1 recreational vehicle manufacturer, factory branch, distributor, or distributor branch, the  
2 recreational vehicle dealer's obligations for preparation, delivery, and warranty and recall  
3 service on its products, the schedule of compensation to be paid such dealers for parts, work,  
4 and service in connection with warranty or recall service, and the time allowances for the  
5 performance of such work and service. In no event shall such schedule of compensation fail to  
6 include reasonable compensation for diagnostic work and associated administrative  
7 requirements as well as repair service, labor, and transportation provided by the dealer to  
8 transport a recreational vehicle to and from a location at which the repairs can be made.  
9 Provided, however, that with respect to reimbursement for a recreational vehicle dealer's  
10 transportation expenses, the dealer is required to obtain the prior written authorization of the  
11 affected warrantor before incurring any transportation expenses, which authorization shall not  
12 be unreasonably denied by the warrantor, and provided further that any such request for  
13 transportation reimbursement must be denied by the warrantor within 5 business days of the  
14 warrantor's receipt of the dealer's request for reimbursement or the request shall be deemed  
15 authorized and allowed. Time allowances for the performance of warranty work and service  
16 shall be reasonable and adequate for the work to be performed. The compensation which must  
17 be paid under this section must be reasonable; provided, however, that under no circumstances  
18 may the reasonable compensation under this section be in an amount less than the recreational  
19 vehicle dealer's current retail labor rate for nonwarranty work of like kind, provided such  
20 amount is competitive with the retail rates charged for parts and labor by other franchised  
21 recreational dealers within the dealer's market.

22 (c) A warrantor may not require a dealer to establish the rate customarily charged by  
23 the recreational vehicle dealer for labor by an unduly burdensome or time-consuming method  
24 or by requiring information that is unduly burdensome or time-consuming to provide,  
25 including, but not limited to, part-by-part or transaction-by-transaction calculations.

26 (d) For any part, equipment, plumbing system or device, or appliance or option, a  
27 warrantor shall reimburse the dealer the cost of the part, equipment, plumbing system or  
28 device, appliance or option, plus a minimum of a thirty percent (30%) handling charge and pay  
29 the cost, if any, of freight to return the part, equipment, appliance, or option to the warrantor.

30 (e) If a warrantor furnishes a part or component to a dealer, at reduced or no cost, to use  
31 in performing repairs under a warranty or recall repair, the warrantor shall compensate the  
32 dealer for the part or component in the same manner as warranty parts compensation under this  
33 section, by compensating the dealer on the basis of a thirty percent (30%) handling charge for  
34 the part or component as listed in the warrantor's price schedule less the cost for the part or  
35 component.

36 (f) Notwithstanding the terms of any warranty, contract, or agreement, all claims made  
37 by recreational dealers pursuant to this section for compensation for delivery, preparation,  
38 warranty and recall work, and transportation costs, including labor, parts, and other expenses,  
39 shall be paid by the affected warrantor within 30 days after receipt of claim from the dealer.  
40 When any claim is disapproved, the dealer shall be notified in writing of the grounds for  
41 disapproval. Any claim not specifically disapproved in writing within 30 days after receipt shall  
42 be considered approved and payment is due immediately. No claim which has been approved  
43 and paid may be charged back to the dealer unless it can be shown that the claim was false or  
44 fraudulent, that the repairs were not properly made or were unnecessary to correct the defective  
45 condition, or the dealer failed to reasonably substantiate the claim either in accordance with the  
46 manufacturer's reasonable written procedures or by other reasonable means. A warrantor shall  
47 not deny a claim or reduce the amount to be reimbursed to the dealer as long as the dealer has  
48 provided reasonably sufficient documentation that the dealer (i) made a good-faith attempt to  
49 perform the work in compliance with the written policies and procedures of the warrantor and  
50 (ii) actually performed the work.

1 Notwithstanding the foregoing, a warrantor shall not fail to fully compensate a dealer for  
2 warranty or recall work or make any chargeback to the dealer's account based on the dealer's  
3 failure to comply with the warrantor's claim documentation procedure or procedures unless  
4 both of the following requirements have been met:

5 (1) The dealer has, within the previous 12 months, failed to comply with the  
6 same specific claim documentation procedure or procedures.

7 (2) The warrantor has, within the previous 12 months, provided a written  
8 warning to the dealer by certified United States mail, return receipt  
9 requested, identifying the specific claim documentation procedure or  
10 procedures violated by the dealer.

11 (g) Every recreational vehicle manufacturer, factory branch, distributor, or distributor  
12 branch that manufactures or distributes recreational vehicles for sale in this State shall  
13 designate at least one of its employees knowledgeable in warranty administration who shall be  
14 the designated warranty contact person with whom its franchised dealers licensed in this State  
15 can communicate to assist them in filing and getting paid on warranty claims related to all  
16 component parts of all recreational vehicles such recreational vehicle manufacturer, factory  
17 branch, distributor, or distributor branch sells or distributes in this State. Each recreational  
18 vehicle manufacturer, factory branch, distributor, or distributor branch shall promptly notify, in  
19 writing, all of its franchised recreational vehicle dealers licensed in this State, the  
20 Commissioner, and the North Carolina Automobile Dealers Association, Incorporated, of the  
21 identity and contact information of the designated warranty contact person and any changes in  
22 this information. A recreational vehicle manufacturer or distributor that represents multiple  
23 suppliers or multiple line-makes of vehicles shall be permitted to designate a single individual  
24 as the designated warranty contact person for all such suppliers and line-makes of vehicles  
25 represented by such recreational vehicle manufacturer or distributor.

26 (h) It shall be unlawful for any warrantor or for any recreational vehicle manufacturer,  
27 factory branch, distributor, or distributor branch to recover or attempt to recover all or any  
28 portion of its costs for compensating recreational vehicle dealers licensed in this State for  
29 warranty or recall parts and service either by reduction in the amount due to the dealer or by  
30 separate charge, surcharge, or other imposition.

31 (i) It shall be unlawful for any recreational vehicle manufacturer, factory branch,  
32 distributor, or distributor branch to fail to indemnify and hold harmless its franchised dealers  
33 licensed in this State against any judgment for damages or settlements agreed to by the  
34 manufacturer, including, but not limited to, court costs and reasonable attorneys' fees of the  
35 recreational vehicle dealer, arising out of complaints, claims, or lawsuits, including, but not  
36 limited to, strict liability, negligence, misrepresentation, express or implied warranty, or  
37 rescission or revocation of acceptance of the sale of a vehicle as defined in G.S. 25-2-608, to  
38 the extent that the judgment or settlement relates to the alleged defective or negligent  
39 manufacture, assembly, or design of new recreational vehicles, parts, or accessories or other  
40 functions by the manufacturer, factory branch, distributor, or distributor branch beyond the  
41 control of the dealer. It shall be unlawful for any warrantor to fail to indemnify and hold  
42 harmless any recreational vehicle dealer located in this State who sold one or more products  
43 warranted by such warrantor against any judgment for damages or settlements agreed to by the  
44 warrantor, including, but not limited to, court costs and reasonable attorneys' fees of the  
45 recreational vehicle dealer, arising out of complaints, claims, or lawsuits, including, but not  
46 limited to, strict liability, negligence, misrepresentation, express or implied warranty, or  
47 rescission or revocation of acceptance of the sale of a vehicle or vehicle part, component, or  
48 accessory, as defined in G.S. 25-2-608, to the extent that the judgment or settlement relates to  
49 the alleged defective or negligent manufacture, assembly, or design of a product warranted by  
50 the warrantor or other functions of the warrantor beyond the control of the dealer. Any audit for  
51 warranty or recall parts or service compensation shall only be for the 12-month period

1 immediately following the date of the payment of the claim by the manufacturer, factory  
2 branch, distributor, distributor branch, or warrantor. Any audit for sales incentives, service  
3 incentives, rebates, or other forms of incentive compensation shall only be for the 12-month  
4 period immediately following the date of the payment of the claim by the manufacturer, factory  
5 branch, distributor, distributor branch, or warrantor. Provided, however, these limitations shall  
6 not be effective in the case of fraudulent claims.

7 (j) It shall be unlawful for any warrantor or for any recreational vehicle manufacturer,  
8 factory branch, distributor, or distributor branch to direct or encourage any owner or purchaser  
9 of a recreational vehicle to have warranty or recall service work or other repairs on a  
10 recreational vehicle made by a repair facility other than either the franchised dealer that sold the  
11 vehicle owner the recreational vehicle or the franchised dealer closest in proximity to such  
12 recreational vehicle owner or purchaser, provided that the recreational vehicle dealer who sold  
13 the vehicle to the owner or purchaser or who is located in closest proximity to such recreational  
14 vehicle owner or purchaser has sufficiently trained personnel and the necessary tools and  
15 equipment to make the required repairs to the vehicle, has not expressly stated in writing its  
16 desire to have the repairs made elsewhere, and is willing to make the repairs within a  
17 reasonable period of time after the necessary parts have been supplied to the dealer.

18 (k) In the event there is a dispute between a recreational vehicle dealer and a warrantor  
19 or a recreational vehicle manufacturer, factory branch, distributor, or distributor branch, with  
20 relating to any matter referred to in this section, either party may petition the Commissioner in  
21 writing, within 30 days after either party has given written notice of the dispute to the other, for  
22 a hearing on the subject and the decision of the Commissioner shall be binding on the parties,  
23 subject to rights of judicial review and appeal as provided in Chapter 150B of the General  
24 Statutes; provided, however, that nothing contained herein shall give the Commissioner any  
25 authority as to the content of any warrantor's warranty. Upon the filing of a petition before the  
26 Commissioner under this subsection, any chargeback to or any payment required of a  
27 recreational vehicle dealer by a warrantor or by a recreational vehicle manufacturer, factory  
28 branch, distributor, or distributor branch relating to warranty or recall parts or service  
29 compensation, or to sales incentives, service incentives, rebates, other forms of incentive  
30 compensation, or the withholding or chargeback of other compensation or support that a dealer  
31 would otherwise be eligible to receive, shall be stayed during the pendency of the  
32 determination by the Commissioner.

33 (l) The provisions of G.S. 20-305(4) through G.S. 20-305(28) and G.S. 20-305.2 to  
34 G.S. 20-305.4 shall not apply to manufacturers of or dealers in mobile or manufactured type  
35 housing or who sell or distribute only nonmotorized recreational trailers; provided, however,  
36 that unless specifically exempted, each of these provisions shall be applicable to all recreational  
37 vehicle manufacturers, factory branches, distributors, and distributor branches who sell or  
38 distribute any motorized recreational vehicles in this State. The provisions of G.S. 20-305.1  
39 shall not apply to manufacturers of or dealers in mobile or manufactured type housing.

40 (m) To the extent not expressly inconsistent with the provisions of this section, all of the  
41 terms and provisions of G.S. 20-305.1 shall be applicable to recreational vehicle dealers and to  
42 recreational vehicle manufacturers, factory branches, distributors, and distributor branches  
43 under this section. For purposes of this section and Article 12 of Chapter 20 of the General  
44 Statutes of North Carolina, the relationship between a recreational vehicle manufacturer or  
45 recreational vehicle distributor, on the one part, and a recreational vehicle dealer that is located  
46 within this State, on the other part, pursuant to which the recreational vehicle dealer purchases  
47 and resells new recreational vehicles from the recreational vehicle manufacturer or recreational  
48 vehicle distributor, shall be considered a "franchise", as this term is defined in G.S. 20-286(8a),  
49 whether or not the rights and responsibilities of the parties have been delineated in a written  
50 agreement or contract."

1           **SECTION 5.** Article 3 of Chapter 20 of the General Statutes is amended by adding  
2 a new section to read:

3 **"§ 20-101.3. Conspicuous disclosure of dealer shop and other service-related fees.**

4       (a) Requirement. – A motor vehicle dealer shall not charge shop fees in conjunction  
5 with service work performed by the dealer, or other discretionary fees relating to environmental  
6 or regulatory compliance, record retention, or other costs incurred by the dealer in conjunction  
7 with service work performed by the dealer, whether or not the fees are attributable to or include  
8 the dealer's internal overhead or profit, unless the dealer complies with both of the following  
9 requirements:

10           (1) The dealer shall post a conspicuous notice in the service area of the  
11 dealership measuring at least 24 inches on each side informing customers  
12 that fees regulated by this section may or will be charged and that customers  
13 should inquire of dealership personnel if they would like to know the type  
14 and amount or basis of the fees charged by the dealer.

15           (2) The total amount of all fees regulated by this section shall be disclosed on  
16 the customer's repair order or repair invoice. Nothing in this subdivision  
17 shall be construed as requiring a dealer to list separately each fee charged by  
18 the dealer.

19       (b) Discretion. – Notwithstanding any provision of law to the contrary, a dealer is not  
20 required to charge a shop or other service-related fee regulated under this section and may  
21 reduce the amount of any or all fees charged.

22       (c) Notwithstanding any other section of this Chapter, the fees covered by this section  
23 shall not be considered a warranty expense and are not subject to the compensation  
24 requirements of G.S. 20-305.1."

25       **SECTION 6.** If any provision of this act or its application is held invalid, the  
26 invalidity does not affect other provisions or applications of this act that can be given effect  
27 without the invalid provisions or application, and to this end, the provisions of this act are  
28 severable.

29       **SECTION 7.** Section 5 of this act becomes effective January 1, 2018, and applies  
30 to fees charged on or after that date. The remainder of this act is effective when it becomes law.