~~Indicates Matter Stricken~~

Indicates New Matter

COMMITTEE REPORT

May 3, 2018

**H. 4795**

Introduced by Reps. Herbkersman, Simrill, W. Newton and Bradley

S. Printed 5/3/18--S. [SEC 5/4/18 1:05 PM]

Read the first time March 28, 2018.

**THE COMMITTEE ON TRANSPORTATION**

To whom was referred a Bill (H. 4795) to amend Section 56‑15‑10, as amended, Code of Laws of South Carolina, 1976, relating to terms and their definitions regarding the regulation of manufacturers, etc., respectfully

**REPORT:**

That they have duly and carefully considered the same and recommend that the same do pass with amendment:

Amend the bill, as and if amended, by striking all after the enacting words and inserting:

/SECTION 1. Section 56-15-10(h) of the 1976 Code is amended to read:

“(h) ‘Dealer’ or ‘motor vehicle dealer’, any person who sells or attempts to effect the sale of any motor vehicle. These terms do not include:

(1) distributors or wholesalers~~.~~;

(2) receivers, trustees, administrators, executors, guardians, or other persons appointed by or acting under the judgment or order of any court~~.~~;

(3) public officers while performing their official duties~~.~~;

(4) persons disposing of motor vehicles acquired for their own use and so used in good faith and not for the purpose of avoiding the provisions of law. Any person who effects or attempts to effect the sale of more than five motor vehicles in any one calendar year is considered a dealer or wholesaler, as appropriate, for purposes of this chapter~~.~~;

(5) finance companies or other financial institutions who sell repossessed motor vehicles and insurance companies who sell motor vehicles they own as an incident to payments made under policies of insurance; or

(6) a South Carolina dealer that conducts the auction of investment grade or collector motor vehicles not more than three days per year and that:

(a) has obtained a surety bond in the amount of one million dollars;

(b) provides this service for an entity organized under Section 501(c)(3) of the Internal Revenue Code;

(c) possesses during the event all vehicle titles unencumbered by liens; and

(d) is responsible for ensuring all taxes are paid and all vehicles have been registered and titled property.

This subitem shall not permit any other temporary retail auctions or any other retail auctions of consignment vehicles.”

SECTION 2. Section 56-15-10 of the 1976 Code is amended by adding appropriately lettered subitems at the end to read:

“( ) ‘Investment grade vehicle’, a motor vehicle not currently sold by a franchised motor vehicle dealer and not in current production with a value that exceeds two hundred fifty thousand dollars.

( ) ‘Collector motor vehicle’, a motor vehicle that is at least twenty years old.

( ) ‘Charity vehicle’, a donated vehicle for which the net proceeds go to charity.

( ) ‘Special interest vehicle’, a unique vehicle of rarity, originality, unique or special coachwork, or previous ownership of significance that is not or has not been mass produced.”

SECTION 3. This act takes effect upon approval by the Governor. /

Renumber sections to conform.

Amend title to conform.

LAWRENCE K. GROOMS for Committee.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

**Explanation of Fiscal Impact**

**Introduced on January 31, 2018**

**State Revenue**

This bill revises the definition of a dealer or motor vehicle dealer to exclude persons conducting the auction of investment grade or collector motor vehicles in conjunction with the annual Hilton Head Island Concours D’Elegance. This act takes effect upon approval by the Governor.

The Hilton Head Island Concours D’Elegance accepts donations, which are then sold at auction. Pursuant to Section 56-15-10(h)(4), any person who sells more than five motor vehicles in any calendar year is considered a dealer or wholesaler and must pay an annual fee of $50 pursuant to Section 56-15-310(A). The revenue from the annual $50 dealer fee is allocated to the general fund. Since this bill excludes persons who conduct the auction of investment grade or collector motor vehicles in conjunction with the annual Hilton Head Island Concours D’Elegance from obtaining a motor vehicle dealer license, we anticipate that this bill will reduce general fund revenue by $50 annually, beginning in FY 2018-19.

**Local Revenue**

This bill revises the definition of a dealer or motor vehicle dealer to exclude persons conducting the auction of investment grade or collector motor vehicles in conjunction with the annual Hilton Head Island Concours D’Elegance.

Beaufort County indicates that the Hilton Head Island Concours D’Elegance is held within the incorporated area of Hilton Head Island and is not subject to business license fees imposed by Beaufort County. Therefore, this bill will have no impact on Beaufort County.

The Town of Hilton Head Island indicates that this bill will have no impact on their locality.

Frank A. Rainwater, Executive Director

Revenue and Fiscal Affairs Office

**A** **BILL**

TO AMEND SECTION 56‑15‑10, AS AMENDED, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO TERMS AND THEIR DEFINITIONS REGARDING THE REGULATION OF MANUFACTURERS, DISTRIBUTORS, AND DEALERS, SO AS TO REVISE THE DEFINITION OF THE TERMS “DEALER” OR “MOTOR VEHICLE DEALER” TO EXCLUDE CERTAIN PERSONS CONDUCTING AUCTIONS IN CONJUNCTION WITH THE ANNUAL HILTON HEAD ISLAND CONCOURS D’ELEGANCE.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Section 56‑15‑10 of the 1976 Code is amended to read:

“Section 56‑15‑10. As used in this chapter the following words shall, unless the text otherwise requires, have the following meanings:

(a) ‘Motor vehicle’~~,~~ means any motor driven vehicle required to be registered pursuant to Section 56‑3‑110. This definition does not include motorcycles, new recreational vehicles as defined in Section 56‑14‑10, or mopeds.

(b) ‘Manufacturer’ means any person engaged in the business of manufacturing or assembling new and unused motor vehicles.

(c) ‘Factory branch~~,~~’ means a branch office maintained by a manufacturer which manufactures or assembles motor vehicles for sale to distributors or motor vehicle dealers or which is maintained for directing and supervising the representatives of the manufacturer.

(d) ‘Distributor branch’~~,~~ means a branch office maintained by a distributor who or which sells or distributes new motor vehicles to motor vehicle dealers.

(e) ‘Factory representative~~,~~’ means a representative employed by a manufacturer or employed by a factory branch for the purpose of making or promoting the sale or motor vehicles or for supervising, servicing, instructing or contracting with motor vehicle dealers or prospective motor vehicle dealers.

(f) ‘Distributor representative’~~,~~ means a representative employed by a distributor branch or distributor.

(g) ‘Distributor’ means any person who sells or distributes new motor vehicles to motor vehicle dealers or who maintains distributor representatives within the State.

(h) ‘Dealer’ or ‘motor vehicle dealer’~~,~~ means any person who sells or attempts to effect the sale of any motor vehicle. These terms do not include:

(1) distributors or wholesalers~~.~~;

(2) receivers, trustees, administrators, executors, guardians or other persons appointed by or acting under the judgment or order of any court~~.~~;

(3) public officers while performing their official duties~~.~~;

(4) persons disposing of motor vehicles acquired for their own use and so used in good faith and not for the purpose of avoiding the provisions of law. Any person who effects or attempts to effect the sale of more than five motor vehicles in any one calendar year is considered a dealer or wholesaler, as appropriate, for purposes of this chapter;

(5) finance companies or other financial institutions who sell repossessed motor vehicles and insurance companies who sell motor vehicles they own as an incident to payments made under policies of insurance; or

(6) a South Carolina dealer who conducts the auction of investment grade or collector motor vehicles not more than three days per year who:

(a) has obtained a surety bond in the amount of one million dollars;

(b) provides this service for an entity organized under 501(c)(3) of the Internal Revenue Code;

(c) possesses during the event all vehicle titles unencumbered by liens; and

(d) is responsible for ensuring all taxes are paid and all vehicles have been registered and titled property.

This subitem shall not permit any other temporary retail auctions or any other retail auctions of consignment vehicles.

(i) ‘Franchise~~,~~’ means an oral or written arrangement for a definite or indefinite period in which a manufacturer, distributor or wholesaler grants to a motor vehicle dealer a license to use a trade name, service mark, or related characteristic, and in which there is a community of interest in the marketing of motor vehicles or services related thereto at wholesale, retail, leasing or otherwise.

(j) ‘Franchiser~~,~~’ means a manufacturer, distributor or wholesaler who grants a franchise to a motor vehicle dealer.

(k) ‘Franchisee~~,~~’ means a motor vehicle dealer to whom a franchise is offered or granted.

(l) ‘Sale~~,~~’ means shall include the issuance, transfer, agreement for transfer, exchange, pledge, hypothecation, mortgage in any form, whether by transfer in trust or otherwise, of any motor vehicle or interest therein or of any franchise related thereto; and any option, subscription or other contract, or solicitation, looking to a sale, or offer or attempt to sell in any form, whether spoken or written. A gift or delivery of any motor vehicle or franchise with respect thereto with, or as, a bonus on account of the sale of anything shall be deemed a sale of such motor vehicle or franchise.

(m) ‘Fraud~~,~~’ means shall include, in addition to its normal legal connotation, the following: a misrepresentation in any manner, whether intentionally false or due to gross negligence, of a material fact; a promise or representation not made honestly and in good faith; and an intentional failure to disclose a material fact.

(n) ‘Person~~,~~’ means a natural person, corporation, partnership, trust or other entity, and, in case of an entity, it shall include any other entity in which it has a majority interest or effectively controls as well as the individual officers, directors and other persons in active control of the activities of each such entity.

(o) ‘New motor vehicle~~,~~’ means a motor vehicle which has not been previously sold to any person except a distributor or wholesaler or motor vehicle dealer for resale.

(p) ‘Wholesaler’ or ‘motor vehicle wholesaler’ means any person who sells or attempts to effect the sale of any used motor vehicle exclusively to motor vehicle dealers or to other wholesalers.

(q) Reserved.

(r) ‘Due cause’~~,~~ means a material breach by a dealer of a lawful provision of a franchise or selling agreement that is not cured within a reasonable period of time after being given prior written notice of the specific material breach.

(s) ‘Material breach’~~,~~ means a contract violation that is substantial and significant.

(t) ‘Investment grade vehicle’~~,~~ means a motor vehicle not currently sold by a franchised motor vehicle dealer and not in current production with a value that exceeds two hundred fifty thousand dollars.

(u) ‘Collector motor vehicle’~~,~~ means a motor vehicle that is at least twenty years old.

(v) ‘Charity vehicle’ means a donated vehicle of which the net proceeds go to charity.

(w) ‘Special interest vehicle’~~,~~ means a unique vehicle of rarity, originality, unique or special coachwork, or previous ownership of significance vehicle that is not and or has not been mass produced.

SECTION 2. This act takes effect upon approval by the Governor.

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