**South Carolina General Assembly**

124th Session, 2021-2022

**A31, R44, S510**

**STATUS INFORMATION**

General Bill

Sponsors: Senators Grooms, Verdin, Davis, Adams, Bennett, Campsen, Climer, Corbin, Cromer, Gambrell, Hembree, Hutto, K. Johnson, Kimbrell, Loftis, Massey, McElveen, Peeler, Senn, Shealy, Talley, Turner, Williams, Young, Alexander, Goldfinch, Harpootlian, Jackson, M. Johnson, Kimpson, Matthews, Rice, Sabb, Setzler, Stephens, Rankin, Scott, Garrett, Fanning, Leatherman, Gustafson, Cash, Allen and Malloy

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Introduced in the Senate on February 2, 2021

Introduced in the House on March 4, 2021

Last Amended on April 27, 2021

Passed by the General Assembly on April 28, 2021

Governor's Action: May 6, 2021, Signed

Summary: Regulations of motor vehicles manufacturers

**HISTORY OF LEGISLATIVE ACTIONS**

 Date Body Action Description with journal page number

 2/2/2021 Senate Introduced and read first time ([Senate Journal‑page 2](file:///h%3A%5Csj%5C20210202.docx))

 2/2/2021 Senate Referred to Committee on **Transportation** ([Senate Journal‑page 2](file:///h%3A%5Csj%5C20210202.docx))

 2/3/2021 Senate Committee report: Favorable **Transportation** ([Senate Journal‑page 42](file:///h%3A%5Csj%5C20210203.docx))

 3/2/2021 Senate Amended ([Senate Journal‑page 14](file:///h%3A%5Csj%5C20210302.docx))

 3/2/2021 Senate Read second time ([Senate Journal‑page 14](file:///h%3A%5Csj%5C20210302.docx))

 3/2/2021 Senate Roll call Ayes‑44 Nays‑0 ([Senate Journal‑page 14](file:///h%3A%5Csj%5C20210302.docx))

 3/3/2021 Senate Read third time and sent to House ([Senate Journal‑page 15](file:///h%3A%5Csj%5C20210303.docx))

 3/4/2021 House Introduced and read first time ([House Journal‑page 5](file:///h%3A%5Chj%5C20210304.docx))

 3/4/2021 House Referred to Committee on **Labor, Commerce and Industry** ([House Journal‑page 5](file:///h%3A%5Chj%5C20210304.docx))

 4/22/2021 House Committee report: Favorable with amendment **Labor, Commerce and Industry** ([House Journal‑page 6](file:///h%3A%5Chj%5C20210422.docx))

 4/27/2021 House Amended ([House Journal‑page 103](file:///h%3A%5Chj%5C20210427.docx))

 4/27/2021 House Read second time ([House Journal‑page 103](file:///h%3A%5Chj%5C20210427.docx))

 4/27/2021 House Roll call Yeas‑xxx Nays‑xxx ([House Journal‑page 103](file:///h%3A%5Chj%5C20210427.docx))

 4/28/2021 House Read third time and returned to Senate with amendments ([House Journal‑page 10](file:///h%3A%5Chj%5C20210428.docx))

 4/28/2021 Senate Concurred in House amendment and enrolled ([Senate Journal‑page 11](file:///h%3A%5Csj%5C20210428.docx))

 4/28/2021 Senate Roll call Ayes‑40 Nays‑0 ([Senate Journal‑page 11](file:///h%3A%5Csj%5C20210428.docx))

 5/6/2021 Signed By Governor

 5/4/2021 Ratified R 44

 5/13/2021 Effective date 08/4/21

 5/13/2021 Act No.  31

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**VERSIONS OF THIS BILL**

[2/2/2021](file:///p%3A%5Cpprever%5C2021-22%5C510_20210202.docx)

[2/3/2021](file:///p%3A%5Cpprever%5C2021-22%5C510_20210203.docx)

[3/2/2021](file:///p%3A%5Cpprever%5C2021-22%5C510_20210302.docx)

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[4/27/2021](file:///p%3A%5Cpprever%5C2021-22%5C510_20210427.docx)

(A31, R44, S510)

**AN ACT TO AMEND SECTION 56‑15‑10, AS AMENDED CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO DEFINITIONS FOR THE REGULATION OF MOTOR VEHICLE MANUFACTURERS, DISTRIBUTORS, AND DEALERS, SO AS TO REVISE THE DEFINITION OF CERTAIN TERMS AND PROVIDE ADDITIONAL TERMS AND THEIR DEFINITIONS; BY ADDING SECTION 56‑15‑35, SO AS TO PROVIDE FOR THE HANDLING OF CERTAIN CONSUMER DATA BY FRANCHISORS, MANUFACTURERS, DISTRIBUTORS, OR THIRD PARTY AFFILIATES; TO AMEND SECTION 56‑15‑40, RELATING TO SPECIFIC ACTS DEEMED UNFAIR METHODS OF COMPETITION AND UNFAIR OR DECEPTIVE ACTS OR PRACTICES REGARDING MOTOR VEHICLE MANUFACTURERS, DISTRIBUTORS, AND DEALERS, SO AS TO DEFINE CERTAIN TERMS, REVISE THE PROVISIONS RELATING TO CERTAIN ENTITIES TAKING ADVERSE ACTIONS AGAINST A DEALER FOR OFFERING OR DECLINING TO OFFER PROMOTIONS, SERVICE CONTRACTS, DEBT CANCELLATION AGREEMENTS, MAINTENANCE AGREEMENTS, OR OTHER SIMILAR PRODUCTS, TERMINATING OR CANCELING A FRANCHISE OR SELLING AGREEMENTS TO A DEALER WITHOUT DUE CAUSE, AND PROVIDE THAT CERTAIN ADDITIONAL CONDUCT CONSTITUTES A VIOLATION OF THIS SECTION; TO AMEND SECTION 56‑15‑45, RELATING TO OWNERSHIP, OPERATION OR CONTROL OF COMPETING DEALERSHIPS BY MANUFACTURERS OR FRANCHISORS, SO AS TO PROVIDE FOR A DATE CHANGE, TO DELETE QUALIFICATIONS FOR AN EXEMPTION, AND TO PROVIDE A MANUFACTURER MAY NOT LEASE OR ENTER INTO SUBSCRIPTION AGREEMENTS EXCEPT TO A NEW DEALER HOLDING FRANCHISES IN THE LINE MAKE THAT INCLUDES THE VEHICLES; TO AMEND SECTION 56‑15‑46, RELATING TO THE NOTICE OF INTENT TO ESTABLISH OR RELOCATE COMPETING DEALERSHIPS, SO AS TO REVISE THE RADIUS THAT PERTAINS TO THE AREA IN WHICH FRANCHISORS INTEND TO ESTABLISH NEW DEALERSHIPS NEAR AN EXISTING DEALERSHIP, ADD A TIME REQUIREMENT FOR NOTICE, AND REVISE THE CIRCUMSTANCES FOR WHICH THIS SECTION DOES NOT APPLY; TO AMEND SECTION 56‑15‑50, RELATING TO THE REQUIREMENT THAT MANUFACTURERS MUST SPECIFY DELIVERY AND PREPARATION OBLIGATIONS OF DEALERS, FILING OF COPY OF OBLIGATIONS, AND SCHEDULE OF COMPENSATION, SO AS TO PROVIDE MANUFACTURERS AND FRANCHISORS SHALL INDEMNIFY AND HOLD HARMLESS ITS FRANCHISED DEALERS UNDER CERTAIN CIRCUMSTANCES; TO AMEND SECTION 56‑15‑60, RELATING TO THE FULFILLMENT OF WARRANTY AGREEMENTS AND A DEALER’S CLAIMS FOR COMPENSATION, SO AS TO REVISE THE PROVISIONS RELATING TO WARRANTY AGREEMENTS THAT AFFECT CERTAIN MOTOR VEHICLE MANUFACTURERS, DEALERS, DISTRIBUTORS, FACTORY BRANCHES, AND DISTRIBUTOR BRANCHES; TO AMEND SECTION 56‑15‑65, RELATING TO REQUIREMENTS FOR CHANGES OF LOCATION OR ALTERATION OF DEALERSHIPS, SO AS TO PROVIDE CERTAIN CONDUCT BY MANUFACTURERS, DISTRIBUTORS, FACTORY REPRESENTATIVES, OR DISTRIBUTOR REPRESENTATIVES IS A VIOLATION OF THIS SECTION; TO AMEND SECTION 56‑15‑70, RELATING TO CERTAIN UNREASONABLE RESTRICTIONS ON DEALERS OR FRANCHISEES THAT ARE UNLAWFUL, SO AS TO PROVIDE ADDITIONAL RESTRICTIONS THAT ARE UNLAWFUL; TO AMEND SECTION 56‑15‑90, RELATING TO THE FAILURE TO RENEW, THE TERMINATION OR RESTRICTION OF TRANSFERS OF A FRANCHISE, AND DETERMINING REASONABLE COMPENSATION FOR THE VALUE OF DEALERSHIP FRANCHISES, SO AS TO REVISE THE PROVISIONS RELATING TO THE DETERMINATION OF FAIR AND REASONABLE COMPENSATION FOR BUSINESSES; AND TO AMEND SECTION 56‑15‑140, RELATING TO VENUE FOR ACTIONS RELATING TO THE REGULATION OF VEHICLE MANUFACTURERS, DISTRIBUTORS, AND DEALERS, SO AS TO PROVIDE THE VENUE IS IN THE STATE COURTS IN SOUTH CAROLINA.**

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

**Definitions**

SECTION 1. Section 56‑15‑10(h)(1), as last amended by Act 255 of 2018, and (j), and (l) of the 1976 Code is amended to read:

 “(1) manufacturers, distributors, or wholesalers;

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

 (l) ‘Sale’, 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, lease, 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.”

**Definitions**

SECTION 2. Section 56‑15‑10 of the 1976 Code, as last amended by Act 255 of 2018, is further amended by adding appropriately lettered items to read:

 “( ) ‘Consumer data’ has the same meaning as ‘nonpublic personal information’, as defined in 15 U.S.C. Section 6809(4), and that is collected by a dealer and provided directly to a manufacturer or third party acting on behalf of a manufacturer. ‘Consumer data’ does not include the same or similar data obtained by a manufacturer from any source other than the dealer or dealer’s data management system.

 ( )(1) ‘Data management system’ means a computer hardware or software system that:

 (a) is owned, leased, or licensed by a dealer, including a system of web‑based applications, computer software, or computer hardware;

 (b) is located at the dealership or hosted remotely; and

 (c) stores and provides access to consumer data collected or stored by a dealer.

 (2) ‘Data management system’ includes, but shall not be limited to, dealership management systems and customer relations management systems.

 ( ) ‘New motor vehicle dealer’ means a dealer that:

 (1) buys, sells, exchanges, offers, or attempts to negotiate a sale or exchange of an interest in new, or new and used, motor vehicles; or

 (2) engages, wholly or in part, in the business of selling new, or new and used, motor vehicles.

 ( ) ‘Relevant market area’ means:

 (1) an area within a ten mile radius around an existing dealer, for purposes of the relocation of an existing dealership; and

 (2) an area within a fifteen mile radius around an existing dealer, for purposes of the addition of a new dealer to the market.

 ( ) ‘Stop‑Sale Order’ means a notification issued by a manufacturer to its franchised new motor vehicle dealers stating that certain used vehicles in inventory may not be sold or leased, at either retail or wholesale, due to a federal safety recall for a defect or noncompliance, or a federal emissions recall.”

**Consumer data**

SECTION 3. Article 1, Chapter 15, Title 56 of the 1976 Code is amended by adding:

 “Section 56‑15‑35. (A) If a franchisor, manufacturer, distributor, or third party acting on behalf of a franchisor, manufacturer, or distributor handles consumer data, then the franchisor, manufacturer, distributor, or third party:

 (1) must comply with and shall not cause a dealer to violate applicable restrictions regarding reuse or consumer data disclosure established by federal or state law;

 (2) upon a dealer’s written request, must provide a statement to the dealer describing procedures that meet or exceed any federal or state consumer data protection requirements;

 (3) upon a dealer’s written request, must provide a written list of the consumer data obtained from the dealer and all persons to whom any consumer data has been furnished during the preceding six months. The dealer may make such a request no more than once every six months. The list must indicate the specific fields of consumer data that were provided to each person. Notwithstanding the foregoing, such a list may not be required to include:

 (a) a person to whom consumer data was provided, or the specific consumer data provided to such person, if the person was, at the time the consumer data was provided, a service provider or subcontractor acting in the course of performance of services on behalf of or for the benefit of the franchisor, manufacturer, or distributor, provided that the franchisor, manufacturer, or distributor has entered into an agreement with the person requiring that the person comply with the safeguard requirements of applicable state and federal law including, but not limited to, those established in the Gramm‑Leach‑Bliley Act, 15 U.S.C. Section 6801, et seq.; or

 (b) a person to whom consumer data was provided, or the specific consumer data provided to the person, if the dealer has previously consented in writing to the person receiving the consumer data and the dealer has not withdrawn the consent in writing;

 (4)(a) may not require a dealer to provide direct or indirect access to the dealer’s data management system for obtaining consumer data. A dealer may furnish consumer data in a widely accepted file format, such as comma delimited, and through a third‑party vendor selected by the dealer;

 (b) may directly access or obtain consumer data from a dealer’s data management system with the express written consent from the dealer. The consent must be a separate document executed by the dealer principal and may be withdrawn by the dealer upon providing a thirty‑day written notice to the manufacturer or distributor. Consent is not required as a condition of a new motor vehicle dealer’s participation in an incentive program, unless consent is necessary to obtain consumer data to implement the program; and

 (5) must indemnify the dealer for any third‑party claims or damages incurred by the dealer to the extent the damage is caused by access to, use of, or disclosure of consumer data in violation of this section by the franchisor, manufacturer, distributor, or a third party to whom the franchisor, manufacturer, or distributor has provided consumer data.

 (B) This section is not a limitation on a franchisor’s, manufacturer’s, or distributor’s ability to require the dealer to provide or use customer information exclusively related to the manufacturer or distributor’s own vehicle makes to the extent necessary to:

 (1) satisfy safety, recall, warranty, or other legal notice obligations required of the manufacturer;

 (2) complete the sale and delivery of a new motor vehicle to a customer;

 (3) validate and pay customer or dealer incentives;

 (4) submit claims for any services supplied by the dealer for any claim for warranty parts or repair;

 (5) perform market analysis;

 (6) perform sales or service consumer satisfaction surveys; or

 (7) perform reasonable marketing that benefits the dealer.”

**Unfair methods of competition and unfair or deceptive acts**

SECTION 4. Section 56‑15‑40 of the 1976 Code is amended to read:

 “Section 56‑15‑40. (A) For the purposes of this section:

 (1) ‘Goods’ does not include moveable displays, brochures, or promotional materials containing information subject to a manufacturer’s or distributor’s intellectual property rights; special tools as reasonably required by the manufacturer; or repair parts under a manufacturer’s or distributor’s warranty obligations.

 (2) ‘Financial services company’ or ‘captive finance source’ means any finance source that provides automotive‑related loans, or purchases retail installment contracts or lease contracts for motor vehicles and is, directly or indirectly, owned, operated, or controlled, in whole or in part, by a manufacturer, a distributor, a wholesaler, a distributor branch or division, a factory branch or division, or a wholesale branch or division.

 (B) It shall be deemed a violation of Section 56‑15‑30(a) for any manufacturer, factory branch, factory representative, distributor, or wholesaler, distributor branch, distributor representative or motor vehicle dealer to engage in any action which is arbitrary, in bad faith, or unconscionable and which causes damage to any of the parties or to the public.

 (C) It shall be deemed a violation of Section 56‑15‑30(a) for a manufacturer, a distributor, a wholesaler, a distributor branch or division, a factory branch or division, or a wholesale branch or division, or an officer, agent or other representative, to require, coerce, or attempt to coerce, any motor vehicle dealer:

 (1) to order or accept delivery of any motor vehicle or vehicles, appliances, equipment, parts or accessories, or any other commodity or commodities which such motor vehicle dealer has not voluntarily ordered;

 (2) to order or accept delivery of any motor vehicle with special features, appliances, accessories, or equipment not included in the list price of said motor vehicles as publicly advertised by the manufacturer thereof;

 (3) to order for any person any parts, accessories, equipment, machinery, tools, appliances, or any commodity whatsoever;

 (4) to offer or promote service contracts, debt cancellation agreements, maintenance agreements, or other similar products approved, endorsed, sponsored, or offered by the manufacturer, distributor, affiliate, or captive finance source. This does not prohibit a manufacturer, distributor, affiliate, or captive finance source from offering voluntary incentives to the motor vehicle dealer;

 (5) to sell, assign, or transfer any retail installment sales contract or lease obtained by the motor vehicle dealer in connection with the sale or lease of a new motor vehicle manufactured by the manufacturer to a specified finance company, class of finance companies, leasing company, class of leasing companies, or to any other specified person.

 (D) It shall be deemed a violation of Section 56‑15‑30(a) for a manufacturer, a distributor, a wholesaler, a distributor branch or division, a factory branch or division, or a wholesale branch or division, or officer, agent or other representative thereof:

 (1) to refuse to deliver in reasonable quantities and within a reasonable time after receipt of dealer’s order, to any motor vehicle dealer having a franchise or contractual arrangement for the retail sale of new motor vehicles sold or distributed by such manufacturer, distributor branch or division, factory branch or division, or wholesale branch or division, any such motor vehicles as are covered by such franchise or contract specifically publicly advertised by such manufacturer, distributor, wholesaler, distributor branch or division, factory branch or division, or wholesale branch or division to be available for immediate delivery; provided, however, the failure to deliver any motor vehicle shall not be considered a violation of this chapter if such failure be due to an act of God, work stoppage or delay due to a strike or labor difficulty, shortage of materials, freight embargo or other cause over which the manufacturer, distributor, or wholesaler, or any agent thereof, shall have no control;

 (2) to coerce, or attempt to coerce, any motor vehicle dealer to enter into any agreement with such manufacturer, distributor, wholesaler, distributor branch or division, factory branch or division, or wholesale branch or division, or officer, agent or other representative thereof, or to do any other act prejudicial to such dealer by threatening to cancel any franchise or any contractual agreement existing between such manufacturer, distributor, wholesaler, distributor branch or division, factory branch or division, or wholesale branch or division, and such dealer; provided, however, that notice in good faith to any motor vehicle dealer of such dealer’s violation of any terms or provisions of such franchise or contractual agreement shall not constitute a violation of this chapter;

 (3) to terminate or cancel the franchise or selling agreement of any such dealer without due cause. The nonrenewal of a franchise or selling agreement, without due cause, shall constitute an unfair termination or cancellation, regardless of the terms or provisions of such franchise or selling agreement. Such manufacturer, distributor, wholesaler, distributor branch or division, factory branch or division, or wholesale branch or division, or officer, agent or other representatives thereof shall notify a motor vehicle dealer in writing of the termination or cancellation of the franchise or selling agreement of such dealer at least ninety days before the effective date thereof, stating the specific grounds for such termination or cancellation, except that such notification may not be provided less than fifteen days before the effective date of the termination, cancellation, or nonrenewal with respect to any of the following: (a) insolvency of the new motor vehicle dealer, or filing of any petition by or against the new motor vehicle dealer under any bankruptcy or receivership law; (b) failure of the new motor vehicle dealer to conduct its customary sales and service operations during its customary business hours for seven consecutive business days, except for acts of God or circumstances beyond the direct control of the new motor vehicle dealer; (c) revocation of any license which the new motor vehicle dealer is required to have to operate a dealership; or (d) conviction of a felony involving moral turpitude, under the laws of this State or any other state, territory, or the District of Columbia; and such manufacturer, distributor, wholesaler, distributor branch or division, factory branch or division, or wholesale branch or division, or officer, agent or other representative thereof shall notify a motor vehicle dealer in writing by registered or certified mail with a return receipt requested at least ninety days before the contractual term of his franchise or selling agreement expires that the same will not be renewed, stating the specific grounds for such nonrenewal in those cases where there is no intention to renew, and in no event shall the contractual term of any such franchise or selling agreement expire, without the written consent of the motor vehicle dealer involved, prior to the expiration of at least ninety days following such written notice, or before the expiration of at least fifteen days following written notice of termination, cancellation, or nonrenewal for any of the following: (a) insolvency of the new motor vehicle dealer, or filing of any petition by or against the new motor vehicle dealer under any bankruptcy or receivership law; (b) failure of the new motor vehicle dealer to conduct its customary sales and service operations during its customary business hours for seven consecutive business days, except for acts of God or circumstances beyond the direct control of the new motor vehicle dealer; (c) revocation of any license which the new motor vehicle dealer is required to have to operate a dealership; or (d) conviction of a felony involving moral turpitude, under the laws of this State or any other state, territory, or the District of Columbia. During a termination, cancellation, or nonrenewal requiring the ninety‑day notification period, either party may in appropriate circumstances petition a court to modify such ninety‑day stay or to extend it pending a final determination of such proceedings on the merits. The court shall have authority to grant preliminary and final injunctive relief. A dealer who receives notice of franchise termination, cancellation, or nonrenewal as provided herein shall continue to have the right to assign, sell, or transfer the franchise to a third party under the franchise and pursuant to Section 56‑15‑70 unless otherwise ordered by a court and until franchise termination, cancellation, or nonrenewal is effective;

 (4) to resort to or use any false or misleading advertisement in connection with his business as such manufacturer, distributor, wholesaler, distributor branch or division, factory branch or division, or wholesale branch or division, or officer, agent or other representative thereof;

 (5) to offer to sell or to sell any new motor vehicle to any motor vehicle dealer at a lower actual price therefor than the actual price offered to any other motor vehicle dealer for the same model vehicle similarly equipped or to utilize any device including, but not limited to, a sales promotion plan or a program which results in such lesser actual price; provided, however, the provisions of this paragraph shall not apply to sales to a motor vehicle dealer for resale to any unit of the United States Government, the State or any of its political subdivisions; and provided, further, the provisions of this paragraph shall not apply to sales to a motor vehicle dealer of any motor vehicle ultimately sold, donated or used by such dealer in a driver education program; and provided, further, that the provisions of this paragraph shall not apply so long as a manufacturer, distributor, or wholesaler, or any agent thereof, offers to sell or sells new motor vehicles to all motor vehicle dealers at an equal price. This provision shall not apply to sales by manufacturer, distributor, or wholesaler to the United States Government or any agency thereof;

 (6) to wilfully discriminate, either directly or indirectly, in price between different purchasers of a commodity of like grade or quality where the effect of such discrimination may be substantially to lessen competition or tend to create a monopoly or to injure or destroy the business of a competitor;

 (7) to offer to sell or to sell parts or accessories to any new motor vehicle dealer for use in his own business for the purpose of repairing or replacing the same on a comparable part or accessory, at a lower actual price therefor than the actual price charged to any other new motor vehicle dealer for similar parts or accessories for use in his own business; provided, however, in those cases where motor vehicle dealers operate and serve as wholesalers of parts and accessories to retail outlets or other dealers, whether or not such dealer is regularly designated as a wholesaler, nothing herein contained shall be construed to prevent a manufacturer, distributor, or wholesaler, or any agent thereof, from selling to such motor vehicle dealer who operates and services as a wholesaler of parts and accessories, such parts and accessories as may be ordered by such motor vehicle dealer for resale to retail outlets, at a lower actual price than the actual price charged a motor vehicle dealer who does not operate or serve as a wholesaler of parts and accessories;

 (8) to prevent or attempt to prevent by contract or otherwise, any motor vehicle dealer from changing the capital structure of his dealership or the means by or through which he finances the operation of his dealership, provided the dealer at all times meets any reasonable capital standards agreed to between the dealership and the manufacturer, distributor, or wholesaler, and provided such change by the dealer does not result in a change in the executive management of the dealership;

 (9) to prevent or attempt to prevent by contract or otherwise, any motor vehicle dealer or any officer, partner or stockholder of any motor vehicle dealer from selling or transferring any part of the interest of any of them to any other person or persons or party or parties; provided, however, that no dealer, officer, partner or stockholder shall have the right to sell, transfer or assign the franchise or power of management or control thereunder without the consent of the manufacturer, distributor, or wholesaler except that such consent shall not be unreasonably withheld. If a manufacturer or distributor objects, then the objection must state the reasons for the denial of the request. A copy must be provided to the motor vehicle dealer by certified mail, return receipt requested, within forty‑five days of the receipt of the dealer candidate’s application and all documents reasonably required by the manufacturer, distributor, or wholesaler;

 (10) to obtain money, goods, services, anything of value, or any other benefit from any other person with whom the motor vehicle dealer does business, on account of or in relation to the transactions between the dealer and such other person, unless such benefit is promptly accounted for and transmitted to the motor vehicle dealer;

 (11) to require a motor vehicle dealer to assent to a release, assignment, novation, waiver, or estoppel which would relieve any person from liability imposed by this chapter;

 (12) to allocate its products within this State in a manner that provides any of its franchised dealers an unfair, unreasonable, and inequitable supply of products and vehicles by series, product line, and model, based on each dealer’s historical selling pattern as compared to other same line‑make dealers. Additionally, a manufacturer or distributor may not establish a specific sales performance standard that does not take into account the actual vehicle allocation offered to the dealer by the manufacturer or distributor, as well as the dealer’s inventory levels relevant to achieve any minimum performance standards to which the manufacturer or distributor holds the dealer accountable; provided, however, the failure to provide allocation of any products or vehicles, including by series, product line, or model, may not be considered a violation of this chapter if such failure is due to an act of God, natural disaster, force majeure, work stoppage or delay due to a strike or labor difficulty, shortage of materials, production limitation, freight embargo, or other cause over which the manufacturer, distributor, or wholesaler, or any agent thereof, has no control, including the dealer’s refusal or declination to accept product allocation offered; or

 (13) to require, coerce, or attempt to coerce a dealer that is constructing, renovating, or substantially altering its dealership facility to purchase goods or services from a vendor selected, identified, or designated by a manufacturer, distributor, affiliate, or captive finance source if the dealer may obtain goods or services, that are of substantially similar material, quality, and design to those required by the manufacturer, distributor, affiliate, or captive finance source from a vendor selected by the dealer. Prior to selecting a vendor, the dealer must obtain approval from the manufacturer, distributor, affiliate, or captive finance source. Approval may not be unreasonably withheld. If the manufacturer, distributor, affiliate, or captive finance source claims that a vendor selected by the dealer cannot supply substantially similar goods or services, then the dealer may file a protest with the court of common pleas. The court shall conduct a hearing on the merits of the protest within ninety days following the filing of a response to the protest. The manufacturer, distributor, affiliate, or captive finance source shall bear the burden of proving that the goods or services chosen by the dealer are not of substantially similar material, quality, and design to those required by the manufacturer, distributor, affiliate, or captive finance source. Nothing in this item may be construed to allow a dealer to impair or eliminate a manufacturer, distributor, affiliate, or captive finance source’s intellectual property or trademark rights and trade dress usage guidelines or impair other intellectual property interests owned or controlled by the manufacturer, distributor, affiliate, or captive finance source, including the design and use of signs. This section does not apply to any facility or premise improvement or alteration that is voluntarily agreed to by the new motor vehicle dealer and for which the dealer receives facilities‑related compensation from the manufacturer or distributor for the facility improvement or alteration equivalent to at least a majority of the cost incurred by the dealer for the facility improvement or alteration.”

**Ownership, operating, or control of competing dealerships**

SECTION 5. Section 56‑15‑45(A)(3) and (D) of the 1976 Code is amended to read:

 “(3) at the same location at which the manufacturer or franchisor has been continuously engaged in the retail sale of new motor vehicles as the owner, operator, or controller of the dealership since January 1, 1998.

 (D) Except as may be provided otherwise in subsections (A) and (B) of this section, a manufacturer or franchisor may not sell, or lease, directly or indirectly, a motor vehicle to a consumer in this State, except through a new motor vehicle dealer holding a franchise for the line make that includes the motor vehicle. This subsection does not apply to manufacturer or franchisor sales of new motor vehicles to the federal government, nor to manufacturer or franchisor leases of new motor vehicles to employees of the manufacturer or franchisor. Nothing in this subsection prohibits a manufacturer or franchisor or any parent, affiliate, wholly or partially owned subsidiary, officer, or representative of a manufacturer or franchisor operating as a motor vehicle lessor from selling a motor vehicle to the lessee at the conclusion of a lease agreement between the two parties. Nothing in this subsection prevents a manufacturer or franchisor from establishing an e‑commerce website for the purpose of referring prospective customers to motor vehicle dealers holding a franchise for the same line make of the manufacturer or franchisor.”

**Notice**

SECTION 6. Section 56‑15‑46 of the 1976 Code is amended to read:

 “Section 56‑15‑46. (A) A franchisor that intends to establish a new dealership or to relocate a current dealership for a particular line‑make motor vehicle within the relevant market area of an existing dealership of the same line‑make motor vehicle shall give at least sixty‑days’ prior written notice of that intent by certified mail to the existing dealership. The notice must include the:

 (1) specific location of the additional or relocated dealership;

 (2) date of commencement of operation of the additional or relocated dealership at the new location;

 (3) identities of all existing dealerships located in the market area of the new or relocated dealership; and

 (4) names and addresses of the dealer and principals in the new or relocated dealership.

 (B) If a franchisor intends to establish a new dealership or to relocate an existing dealership within the relevant market area of an existing dealership, then that existing dealership may petition the court, within sixty days of the receipt of the notice, to enjoin or prohibit the establishment of the new or relocated dealership within the relevant market area of the existing dealership. The court shall enjoin or prohibit the establishment of the new or relocated dealership within the relevant market area of the protesting dealership unless the franchisor shows by a preponderance of the evidence that the existing dealership is not providing adequate representation of the line‑make motor vehicle and that the new or relocated dealership is necessary to provide the public with reliable and convenient sales and service within that area. The burden of proof in establishing adequate representation is on the franchisor. In determining if the existing dealership is providing adequate representation and if the new or relocated dealership is necessary, the court may consider, but is not limited to, considering:

 (1) the impact the establishment of the new or relocated dealership will have on consumers, the public interest, and the protesting dealership, except that financial impact may be considered only with respect to the protesting dealership;

 (2) the size and permanency of investment reasonably made and the reasonable obligations incurred by the protesting dealership to perform its obligation pursuant to the dealership’s franchise agreement;

 (3) the reasonably expected market penetration of the line‑make motor vehicle, after consideration of all factors which may affect the penetration including, but not limited to, demographic factors such as age, income, education, size class preference, product popularity, retail lease transactions, and other factors affecting sales to consumers;

 (4) actions by the franchisor in denying its existing dealership of the same line make the opportunity for reasonable growth, market expansion, or relocation, including the availability of line‑make motor vehicles in keeping with reasonable expectations of the franchisor in providing an adequate number of dealerships;

 (5) attempts by the franchisor to coerce the protesting dealership into consenting to an additional or relocated dealership of the same line make within a ten‑mile radius of the protesting dealership;

 (6) distance, travel time, traffic patterns, and accessibility between the protesting dealership of the same line make and the location of the proposed new or relocated dealership;

 (7) the likelihood of benefits to consumers from the establishment or relocation of the dealership, which benefits may not be obtained by other geographic or demographic changes or other expected changes within a ten‑mile radius of the protesting dealership;

 (8) if the protesting dealership is in substantial compliance with its franchise agreement;

 (9) if there is adequate interbrand and intrabrand competition with respect to the line‑make motor vehicles, including the adequacy of sales and service facilities;

 (10) if the establishment or relocation of the proposed dealership appears to be warranted and justified based on economic and market conditions pertinent to dealerships competing within a ten‑mile radius of the protesting dealership, including anticipated changes; and

 (11) the volume of registrations and service business transacted by the protesting dealership.

 (C) This section does not apply to the:

 (1) relocation of an existing new motor vehicle dealer within two miles of the existing site of the new motor vehicle dealership if the franchise has been operating on a regular basis from the existing site for a minimum of three years immediately preceding the relocation; or

 (2) relocation of an existing new motor vehicle dealer if the proposed site of the relocated new motor vehicle dealership is further away from all other new motor vehicle dealers of the same line make in that relevant market area.”

**Delivery and preparation obligations of dealers**

SECTION 7. Section 56‑15‑50 of the 1976 Code is amended to read:

 “Section 56‑15‑50. (A) Every manufacturer shall specify to the dealer the delivery and preparation obligations of its motor vehicle dealers prior to delivery of new motor vehicles to retail buyers. A copy of the delivery and preparation obligations of its motor vehicle dealers and a schedule or statement of the compensation to be paid or credited to its motor vehicle dealers for the work and services they shall be required to perform in connection with such delivery and preparation obligations shall be filed with the Department of Motor Vehicles by every motor vehicle manufacturer and shall constitute any such dealer’s only responsibility for product liability as between such dealer and such manufacturer. The compensation as set forth on such schedule or statement shall be reasonable and paid or credited as set out in Section 56‑15‑60.

 (B) Every manufacturer and franchisor shall indemnify and hold harmless its franchised dealers licensed in this State against any judgment for damages or settlements agreed to by the manufacturer or franchisor including, but not limited to, court costs and reasonable attorneys’ fees of the motor vehicle dealer arising out of complaints, claims, or lawsuits including, but not limited to, strict liability, negligence, misrepresentation, express or implied warranty, or recision or revocation of acceptance of the sale of a motor vehicle to the extent that the judgment or settlement relates to the alleged defective negligent manufacture, assembly, or design of new motor vehicles, parts, or accessories or other functions by the manufacturer or franchisor, but excluding any judgment or settlement that is the result, in whole or in part, of the dealer’s negligence or wrong doing.”

**Warranty agreements**

SECTION 8. Section 56‑15‑60 of the 1976 Code is amended to read:

 “Section 56‑15‑60. (A) It is unlawful for a new motor vehicle manufacturer to recover any portion of its costs for compensating dealers for recalls or warranty parts and service, either by reduction in the amount due to the dealer, or by separate charge, surcharge, or other imposition.

 (B) A manufacturer or distributor shall specify in writing to each of its dealers operating in this State the dealer’s obligations for preparation, delivery, and warranty services related to the manufacturer or distributor’s products. The manufacturer or distributor shall compensate the dealer for the warranty services the manufacturer or distributor requires the dealer to provide, including warranty and recall obligations related to repairing and servicing motor vehicles of the manufacturer or distributor and all parts and components authorized by the manufacturer to be installed in or manufactured for installation in such motor vehicles.

 (C)(1) The manufacturer or distributor shall provide to the dealer a schedule of compensation that specifies reasonable compensation the manufacturer or distributor will pay to the dealer for the warranty services, including for parts, labor, and diagnostics. For parts and labor warranty reimbursement, reasonable compensation shall not be less than the rate charged by the dealer for like services to nonwarranty customers for nonwarranty parts, service, and repairs if the dealer has submitted a request for retail reimbursement pursuant to item (4).

 (2) If the dealer has requested retail reimbursement pursuant to item (4), the schedule of compensation for parts must be determined by multiplying the price paid by the dealer for warranty parts by the sum of one and the dealer’s average percentage markup. The dealer’s average percentage markup is calculated by subtracting one from the result of dividing the total amounts charged by the dealer for parts used in warranty‑like repairs by the total cost to the dealer for the parts in the retail service orders submitted pursuant to item (4).

 (3) If the dealer has requested retail reimbursement pursuant to item (4), the schedule of compensation for labor‑related warranty services must be determined by dividing the total amount of retail sales attributable to labor for warranty‑like services by the number of hours of labor spent to generate the retail sales in the retail service orders submitted pursuant to item (4).

 (4)(a) The dealer may establish its retail average percentage markup for parts or its labor rate by submitting to the manufacturer copies of one hundred sequential retail service orders paid by the dealer’s customers, or all of the dealer’s retail service orders paid by the dealer’s customers in a ninety‑day period, whichever is less, for services provided within the previous one hundred eighty‑day period. The manufacturer or distributor may not consider retail service orders or portions of retail service orders attributable to the following types of repairs:

 (i) repairs to motor vehicles owned by the dealer;

 (ii) repairs made pursuant to manufacturer special events and manufacturer discounted service campaigns;

 (iii) parts sold at wholesale or discounted by a dealer for repairs made to government vehicles or insurance work for which volume discounts have been negotiated;

 (iv) tires;

 (v) routine maintenance such as alignments, flushes, oil changes, brake pads or rotors, lightbulbs, fluids, filters, batteries, belts, and hoses;

 (vi) nuts, bolts, fasteners, and similar items that do not have an individual part number.

 (b) Within thirty days of receiving the dealer’s submission, the manufacturer or distributor may request additional necessary documentation to support the submitted orders. If the manufacturer or distributor requests additional documentation to support the submission, then the time period in which the manufacturer or distributor must approve or deny the establishment of the franchise motor vehicle dealer’s average percentage markup must be extended by thirty days. The manufacturer or distributor then shall approve or deny the establishment of the dealer’s average percentage markup or labor rate. If the manufacturer or distributor approves the establishment of the dealer’s average percentage markup or labor rate, the markup or rate calculated under this subitem goes into effect thirty days after the date of the manufacturer’s or distributor’s approval.

 (c) A manufacturer or distributor may not require a dealer to establish an average percentage markup or labor rate by a methodology, or by requiring the submission of information, that is unduly burdensome or time‑consuming to the dealer including, but not limited to, requiring part‑by‑part or transaction‑by‑transaction calculations.

 (d) A dealer may not request a change in the dealer’s average percentage markup or labor rate more than once in any twelve‑month period.

 (D)(1) If a manufacturer or distributor provides a part or component to a dealer at reduced or no cost for repairs completed because of a recall, campaign service action, or warranty repair, then the manufacturer or distributor shall compensate the dealer for the part or component in the same manner as compensation for warranty parts based on the dealer’s average markup less the cost for the part or component as listed in the manufacturer’s or distributor’s price schedule.

 (2) A manufacturer may not take or threaten to take any adverse action against a dealer seeking to obtain compensation pursuant to this subsection including, but not limited to, creating or implementing an obstacle or process that is inconsistent with the manufacturer’s obligations to the dealer.

 (3) Within thirty days of receiving a manufacturer’s notice of denial of the dealer’s parts or labor submission, a new motor vehicle dealer may file a protest with the court of common pleas to protest a manufacturer’s denial. If a protest is filed, then the manufacturer possesses the burden of proof to establish that the dealer’s submission did not meet the respective submission requirements contained within this subsection or is inaccurate or unreasonable. If a dealer prevails in a protest filed under this subsection, then the dealer’s increased parts or labor reimbursement must be provided retroactively as of the date the submission would have been effective but for the manufacturer’s denial.

 (E) It is a violation of this section for any new motor vehicle manufacturer to fail to:

 (1) perform any warranty obligations; or

 (2) compensate any new motor vehicle dealer for repairs effected by a recall.

 (F)(1) All claims made by a new motor vehicle dealer pursuant to this section for labor and parts shall be paid within thirty days following approval; provided, however, that the manufacturer may audit claims for up to one year after payment and charge the dealer for fraudulent claims, work done unnecessarily, or work not properly performed. All claims must be approved or disapproved within thirty days after receipt on forms and in the manner specified by the manufacturer. Any claim not specifically disapproved in writing within thirty days after receipt shall be construed to be approved and payment must follow within thirty days.

 (2) The manufacturer or distributor shall not disapprove a reimbursement claim if the dealer can substantiate the claim, in accordance with the manufacturer’s reasonable policies and procedures. A claim may not be denied or charged back due to a dealer’s unintentional administrative error if the claim meets the requirements of this subsection. The one‑year limitation on the manufacturer’s right to audit a claim shall not be in effect in the case of fraudulent claims.

 (G)(1) Any audit for warranty or recall parts, service compensation, or compensation for a qualifying used motor vehicle in accordance with subsection (I) only may be conducted once within any twelve‑month period and only must be for the twelve‑month period immediately following the date of the payment of the claim by the manufacturer, factory branch, distributor, or distributor branch.

 (2) Any audit for sales incentives, service incentives, rebates, or other forms of incentive compensation only may be conducted once within any twelve‑month period and only must be for the twelve‑month period immediately following the date of the payment of the claim by the manufacturer, factory branch, distributor, or distributor branch pursuant to a sales incentives program, service incentives program, rebate program, or other form of incentive compensation program.

 (3) The limitations of this subsection do not apply to fraudulent claims.

 (H) A manufacturer or distributor shall not charge a dealer back for sales incentives, service incentives, rebates, or other forms of incentive compensation subsequent to the payment of the claim unless it can be shown that the claim was false, fraudulent, or that the dealer failed to reasonably substantiate the claim in accordance with the manufacturer’s reasonable written procedures.

 (I)(1) A manufacturer shall compensate its new motor vehicle dealers for all labor and parts required by the manufacturer to perform recall repairs. Compensation for recall repairs must be reasonable. If parts or a remedy are not reasonably available to perform a recall service or repair on a used vehicle held for sale by a dealer authorized to sell and service new vehicles of the same line make within thirty days of the manufacturer issuing the initial notice of recall, and the manufacturer has issued a Stop‑Sale or Do‑Not‑Drive order on the vehicle, the manufacturer shall compensate the dealer at a prorated rate of at least one percent of the value of the vehicle each month beginning on the date that is thirty days after the date on which the Stop‑Sale or Do‑Not‑Drive order was provided to the dealer until the earlier of either of the following:

 (a) The date the recall or remedy parts are made available.

 (b) The date the dealer sells, trades, or otherwise disposes of the affected used motor vehicle.

 (2) The value of a used vehicle must be the average trade‑in value for used vehicles as indicated in an independent third‑party guide for the year, make, and model of the recalled vehicle.

 (3) This subsection only applies to used vehicles subject to safety or emissions recalls pursuant to and recalled in accordance with federal law and regulations and where a Stop‑Sale or Do‑Not‑Drive order has been issued and repair parts or remedy remain unavailable for thirty days or longer. This subsection further applies only to new motor vehicle dealers holding an affected used vehicle for sale:

 (a) in inventory at the time the Stop‑Sale or Do‑Not‑Drive order was issued;

 (b) which was taken in the used vehicle inventory of the dealer as a consumer trade in incident to the purchase of a new vehicle from the dealer after the Stop‑Sale or Do‑Not‑Drive order was issued; and

 (c) that is a line make that the dealer is franchised to sell or on which the dealer is authorized to perform recall repairs.

 (4) Subject to the audit provisions of subsection (G)(1), it is a violation of this section for a manufacturer to reduce the amount of compensation otherwise owed to an individual new motor vehicle dealer, whether through a chargeback, removal of the individual dealer from an incentive program, or reduction in amount owed under an incentive program solely because the new motor vehicle dealer has submitted a claim for reimbursement under this section. This item does not apply to an action by a manufacturer that is applied uniformly among all dealers of the same line‑make in the State.

 (5) All reimbursement claims made by new motor vehicle dealers pursuant to this section for recall remedies or repairs, or for compensation where no part or repair is reasonably available and the vehicle is subject to a Stop‑Sale or Do‑Not‑Drive order, is subject to the same limitations and requirements as a warranty reimbursement claim made under this section. In the alternative, a manufacturer may compensate its franchised dealers under a national recall compensation program, provided the compensation under the program is equal to or greater than that provided under this subsection; or as the manufacturer and dealer otherwise agree.

 (6) A manufacturer may direct the manner and method in which a dealer shall demonstrate the inventory status of an affected used motor vehicle to determine eligibility under this section, provided that the manner and method may not be unduly burdensome and may not require information that is unduly burdensome to provide.

 (7) Nothing in this section requires a manufacturer to provide total compensation to a dealer which would exceed the total average trade‑in value of the affected used motor vehicle as originally determined under item (2).

 (8) Any remedy provided to a dealer under this subsection is exclusive and may not be combined with any other state or federal recall compensation remedy.”

**Change of location or alteration of a dealership**

SECTION 9. Section 56‑15‑65 of the 1976 Code is amended to read:

 “Section 56‑15‑65. (A) It is unlawful for any manufacturer, distributor, factory representative, or distributor representative to require, coerce, or attempt to coerce any motor vehicle dealer to change the location of the motor vehicle dealership or to make any substantial alterations to the dealer’s premises or facilities unless:

 (1) the manufacturer demonstrates that such change or alteration is reasonable in light of the current market and economic conditions; and

 (2) the motor vehicle dealer has been provided written assurance from the manufacturer or distributor of a sufficient supply of motor vehicles to justify such change or alteration.

 (B)(1) It is unlawful for any manufacturer, distributor, factory representative, or distributor representative to require, coerce, or attempt to coerce any motor vehicle dealer to change the location of the dealership, or to make any substantial alterations to its dealership premises or facilities if:

 (a) the dealer changed the location of the dealership or made substantial alterations to the same signs, franchisor image elements, or other improvements to its premises or facilities within the preceding ten years; and

 (b) the change in location or alteration was made pursuing compliance with a facility initiative or program that was sponsored or supported by the manufacturer, factory branch, distributor, or distributor branch, with the approval of the manufacturer, factory branch, distributor, or distributor branch.

 (2) This subsection does not apply if the required facility alteration or improvement is necessary to comply with health and safety requirements or are necessary in order to sell and service a motor vehicle offered for sale by the dealer.”

**Unreasonable restrictions on dealers or franchisees**

SECTION 10. Section 56‑15‑70 of the 1976 Code is amended to read:

 “Section 56‑15‑70. It is unlawful to directly or indirectly impose unreasonable restrictions on the motor vehicle dealer or franchisee relative to transfer, sale, relocation, right to renew, termination, discipline, noncompetition covenants, site‑control (whether by sublease, collateral pledge of lease, or otherwise), or to exercise a right of first refusal to purchase, option to purchase, or compliance with subjective standards and assertion of legal or equitable rights.”

**Reasonable compensation**

SECTION 11. Section 56‑15‑90 of the 1976 Code is amended to read:

 “Section 56‑15‑90. (A) It is unlawful for a manufacturer, wholesaler, distributor, or franchisor, without due cause, to fail to renew on terms then equally available to all its motor vehicle dealers of the same line‑make, to terminate a franchise or to unreasonably restrict the transfer of a franchise. In the event of a termination for due cause, the dealer must receive fair and reasonable compensation for the value of the business and compensation for its dealership facilities or location as provided in subsection (C).

 (B)(1) In determining the fair and reasonable compensation for a business, pursuant to subsection (A) or (D), the value of the business shall include, but not be limited to:

 (a) the dealer cost for all new untitled, undamaged, and unaltered motor vehicles in the dealer’s inventory with less than one thousand miles on the odometer, purchased from the manufacturer or from another same line‑make dealer in the ordinary course of business within twenty‑four months of termination;

 (b) the dealer cost for all new, unused, and undamaged parts and motor vehicle supplies listed in the manufacturer’s or distributor’s current parts catalog and still in the original, resalable merchandising package and in unbroken lots, purchased from the manufacturer or distributor;

 (c) the fair market value of equipment, furnishings, and signage bearing a trademark or trade name of the manufacturer or line make which are in useable and good condition, normal wear and tear excepted, that have not been substantially altered or damaged, required by the manufacturer or distributor and purchased from the manufacturer, distributor, or their approved sources, provided the manufacturer is entitled to an offset for any monetary compensation provided to the dealer at the original purchase of the items;

 (d) the fair market value of special tools and automotive service equipment owned by the dealer that were designated as special tools or equipment required by and purchased from the manufacturer or distributor, if the tools and equipment are in useable and good condition, normal wear and tear excepted; and

 (e) the reasonable cost of return shipping and handling charges incurred as a result of returning such items.

 (2) Provided that a new motor vehicle dealer has clear title to the inventory and other items and is in a position to convey that title to the manufacturer, the payments required under this section shall be paid by the manufacturer, wholesaler, distributor, or franchisor within ninety days of the effective date of the termination, nonrenewal, or cancellation of a franchise. If the inventory or other items are subject to a security interest, the manufacturer, wholesaler, distributor, or franchisor may make payment jointly to the dealer and the holder of the security interest.

 (C)(1) Within ninety days of the termination, cancellation, or nonrenewal of a franchise by a manufacturer, wholesaler, distributor, or franchisor, due to a dealer’s poor sales and service performance, or due to the discontinuation of a line‑make, the party shall pay the franchisee an amount equal to:

 (a) the franchisee’s reasonable cost to rent or lease its dealership facility or location for one year or the unexpired term of the lease or rental period, whichever is less; or

 (b) the reasonable rental value of the facilities or location for one year if the franchisee owns the facility or location.

 (2) If more than one franchise is being terminated, canceled, or not renewed, then the reimbursement shall be prorated equally among the different manufacturers, wholesalers, distributors, and franchisors. If the facility is used for the operations of more than one franchise and only one is being terminated, then the reasonable rent shall be paid based upon the prorated portion of new vehicle sales for the previous year attributable to the line make being terminated, canceled, or nonrenewed for the prior one‑year period.

 (D) In the event a franchisee terminates the franchise agreement with the manufacturer, wholesaler, distributor, or franchisor, it is unlawful for the manufacturer, wholesaler, distributor, or franchisor to not abide by the provisions included in subsection (B) in determining fair and reasonable compensation to the dealer. However, the requirements of subsection (B) do not apply to a termination, cancellation, or nonrenewal due to the sale of the assets or stock of a motor vehicle franchisee.

 (E)(1) If a termination, cancellation, or nonrenewal occurs pursuant to item (2), then the manufacturer or distributor shall compensate the dealer in an amount at least equivalent to the fair market value of the franchise as of:

 (a) the date the franchisor announces the action that results in termination, cancellation, or nonrenewal;

 (b) the date the action that results in termination, cancellation, or nonrenewal first became general knowledge; or

 (c) the day eighteen months before the date on which the notice of termination, cancellation, or nonrenewal is issued, whichever amount is higher.

 (2) The provisions of this subsection apply if a termination, cancellation, or nonrenewal occurs as a result of:

 (a) any change in ownership, operation, or control of all or any part of the business of the manufacturer or distributor, whether by sale or transfer of assets, corporate stock or other equity interest, assignment, merger, consolidation, combination, joint venture, redemption, operation of law or otherwise;

 (b) the termination, suspension, or cessation of a part or all of the business operations of the manufacturer or distributor; or

 (c) the discontinuance of the sale of the line make or brand, or a change in distribution system by the manufacturer, whether through a change in distributors or the manufacturer’s decision to cease conducting business through a distributor altogether.”

**Venue**

SECTION 12. Section 56‑15‑140 of the 1976 Code is amended to read:

 “Section 56‑15‑140. In an action brought pursuant to this article, venue is in the state courts of South Carolina. A provision of a franchise or other agreement with contrary provisions is void and unenforceable.”

**Severability clause**

SECTION 13. If any section, subsection, paragraph, subparagraph, sentence, clause, phrase, or word of this act is for any reason held to be unconstitutional or invalid, then such holding shall not affect the constitutionality or validity of the remaining portions of this act, the General Assembly hereby declaring that it would have passed this act, and each and every section, subsection, paragraph, subparagraph, sentence, clause, phrase, and word thereof, irrespective of the fact that any one or more other sections, subsections, paragraphs, subparagraphs, sentences, clauses, phrases, or words hereof may be declared to be unconstitutional, invalid, or otherwise ineffective.

**Time effective**

SECTION 14. This act takes effect ninety days after approval by the Governor and applies to all current and future franchises and other agreements in existence between any franchisee located in this State and a franchisor as of the effective date of this act.

Ratified the 4th day of May, 2021.

Approved the 6th day of May, 2021.

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