**A** **BILL**

TO AMEND SECTION 39‑59‑100, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO WARRANTY CLAIMS ON FARM IMPLEMENTS, SO AS TO SET FORTH THE REQUIREMENTS TO DISAPPROVE WARRANTY CLAIMS, AND TO SPECIFY THE MANNER IN WHICH RETAILERS MUST BE COMPENSATED FOR PERFORMING WARRANTY WORK.

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

SECTION 1. Section 39‑59‑100 of the 1976 Code is amended to read:

“Section 39‑59‑100. (A) Every manufacturer, distributor, wholesaler, distributor branch or division, factory branch or division, or wholesaler branch or division must fulfill properly a warranty agreement and compensate adequately and fairly each of its retailers for labor and parts. All warranty claims made by the retailer to the wholesaler, manufacturer, or distributor, for labor and parts must be paid within thirty days following their approval. All warranty claims must be either approved or disapproved within thirty days after their receipt, and any claim not specifically disapproved in writing within thirty days after the receipt must be construed to be approved and payment must follow within thirty days. A retailer that submits a disapproved claim must be notified in writing of its disapproval within that period, and the notice must state the specific grounds upon which the disapproval is based. Any part that is subject to a warranty claim and the retailer is required by the manufacturer to hold a part or parts for inspection, the inspection must be accomplished within sixty days from the date of the filing of the subject claim, otherwise the retailer has the right to scrap such parts without prejudicing the claim.

(B)(1) A claim disapproval must be based on a material defect. A manufacturer shall not disapprove claims:

(a) for which the retailer has received preauthorization from the manufacturer or its representative; or

(b) based on the retailer’s incidental failure to comply with a specific claim processing requirement that results in a clerical or administrative error.

(2) In the event of neglect, oversight, or mistake by the retailer, the retailer may submit an amended claim for labor and parts up to sixty days from the date on which the manufacturer provided written notice to the retailer of the material defect or deviation. The retailer must substantiate the claim in accordance with the manufacturer’s reasonable written procedures.

(3) Any special handling of claims required by the manufacturer, distributor, wholesaler, distributor branch or division, factory branch or division, or wholesaler branch or division, but not uniformly required of all retailers of that make, may be enforced only after thirty days’ notice in writing of good and sufficient reason.

(C)(1) The minimum lawful basis for compensating a retailer for warranty work must be calculated for labor in accordance with the reasonable and customary amount of time required to complete such work, expressed in hours and fractions of hours multiplied by the retailer’s established hourly retail labor rate. Before filing a claim for reimbursement for warranty work, the retailer must notify the applicable manufacturer, wholesaler, or distributor of the retailer’s hourly retail labor rate.

(2) The minimum lawful basis for compensating a retailer for parts used in fulfilling warranty work must be at the retailer’s costs, including all applicable freight and handling charges, plus fifteen percent of the sum to reimburse the retailer’s reasonable costs of doing business and providing warranty service.

(D) If an audit or other authorized means of review by the manufacturer or franchisor discloses a material defect in a claim, the manufacturer or franchisor may demand reimbursement for funds previously paid to a retailer for warranty service provided the audit is completed within twelve months of filing a claim.”

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

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