



2021 South Dakota Legislature

Senate Bill 101

Introduced by: **Senator Tobin**

1 **An Act to revise provisions regarding warranty agreements with vehicle dealers.**

2 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

3 **Section 1.** That § 32-6B-58 be AMENDED.

4 **32-6B-58. Franchisor or manufacturer--Duties--Warranty agreements,**
 5 **labor, and parts--Disposition of dealer and customer claims.**

6 Every franchisor or manufacturer shall properly fulfill any warranty agreement and
 7 compensate, as set forth in § 32-6B-61, each of its vehicle dealers for labor and parts.
 8 The franchisor or manufacturer shall pay all claims made by a vehicle dealer for the labor
 9 and parts within thirty days following their approval. The franchisor or manufacturer shall
 10 either approve or disapprove the claim within thirty days after its receipt. If a claim is
 11 disapproved, the vehicle dealer who submitted the claim shall be notified in writing of the
 12 claim's disapproval within the thirty-day period. Any claim rejected for technical reasons
 13 may be put into proper form by the vehicle dealer. Any claim resubmitted by the vehicle
 14 dealer within thirty days after the receipt of the claim shall be considered to be approved
 15 and payment shall be made within thirty days. The franchisor or manufacturer has the
 16 right to audit any vehicle dealer claim for a period of one year after the claim is paid to
 17 the dealer and to charge back to the new vehicle dealer the amount of any unsubstantiated
 18 claim. If there is evidence of fraud by the vehicle dealer, the audit period is two years
 19 from the actual or constructive notice of facts constituting the alleged fraud. The
 20 obligations set forth in this section also apply to a franchisor or manufacturer of a new
 21 motor vehicle engine, transmission, or rear axle that separately warrants its components
 22 to customers.