**South Carolina General Assembly**

126th Session, 2025-2026

**H. 3777**

**STATUS INFORMATION**

General Bill

Sponsors: Reps. M.M. Smith, Gagnon, Brewer and Garvin

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Introduced in the House on January 16, 2025

Currently residing in the House

Summary: South Carolina Consumer Freedom Act

**HISTORY OF LEGISLATIVE ACTIONS**

Date Body Action Description with journal page number

1/16/2025 House Introduced and read first time ([House Journal‑page 720](h:\hj\20250116.docx))

1/16/2025 House Referred to Committee on **Labor, Commerce and Industry** ([House Journal‑page 720](h:\hj\20250116.docx))

1/16/2025 Scrivener's error corrected

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**VERSIONS OF THIS BILL**

[01/16/2025](https://www.scstatehouse.gov/sess126_2025-2026/prever/3777_20250116.docx)

[01/16/2025-A](https://www.scstatehouse.gov/sess126_2025-2026/prever/3777_20250116a.docx)

A bill

TO AMEND THE SOUTH CAROLINA CODE OF LAWS BY AMENDING SECTION 56‑15‑45, RELATING TO THE OPERATION OF A DEALERSHIP BY A MANUFACTURER OR FRANCHISOR, SO AS TO PROVIDE THAT AN AUTOMOTIVE MANUFACTURER THAT OWNS OR OPERATES A MANUFACTURING FACTORY OR ASSEMBLY PLANT THAT HAS NEVER HAD DEALER FRANCHISE AGREEMENTS MUST BE ALLOWED TO SELL DIRECTLY TO CONSUMERS TO PROMOTE CONSUMER CHOICE AND MARKET FREEDOM.

Whereas, the South Carolina Consumer Freedom Act was created to provide consumers with additional options for purchasing new vehicles directly from manufacturers that do not have a franchise dealership, thereby increasing consumer choice and lowering financial burdens on the citizens of this State; and

Whereas, the citizens of South Carolina value individual liberty and the right to make informed choices regarding the goods and services they consume; and

Whereas, excessive government regulation can stifle innovation, increase costs, and limit consumer options, thereby hindering economic growth and prosperity; and

Whereas, a free market economy, characterized by competition and consumer choice, best serves the interests of South Carolina’s citizens by promoting lower prices, higher quality, and greater product variety; and

Whereas, the South Carolina General Assembly recognizes the importance of protecting consumer rights while fostering a business environment that encourages entrepreneurship and economic development; and

Whereas, this legislation is specifically designed to apply to manufacturers that have never previously held a franchise dealership agreement with an automotive dealer; and

Whereas, the primary goal of direct‑to‑consumer legislation is to increase consumer choice and competition in the automotive market; and

Whereas, the proposed legislation is not intended to impact or undermine the existing franchise dealer system, which provides essential services to consumers such as vehicle sales, financing, maintenance, and repairs; and

Whereas, existing laws and regulations protect current automotive retail dealers in South Carolina, and this legislation will have no impact on their operations or business models; and

Whereas, the proposed legislation affirms the State’s commitment to protecting the rights of consumers and of existing franchise dealers by ensuring the continued viability of the franchise dealer model. Now, therefore,

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

SECTION 1. Section 56‑15‑45 (A) and (C) of the S.C. Code is amended to read:

(A) It is unlawful for a manufacturer or franchisor or any parent, affiliate, wholly or partially owned subsidiary, officer, or representative of a manufacturer or franchisor to own, operate, or control or to participate in the ownership, operation, or control of a new motor vehicle dealer in this State, to establish in this State an additional dealer or dealership in which that person or entity has an interest, or to own, operate, or control, directly or indirectly, an interest in a dealer or dealership in this State, excluding a passive interest in a publicly traded corporation held for investment purposes. This subsection does not prohibit the ownership, operation, or control of a new motor vehicle dealer by a manufacturer or franchisor:

(1) for a temporary period, not to exceed one year, during the transition from one owner or operator to another, except that on a showing by a manufacturer or franchisor of good cause, a court of competent jurisdiction may extend this time limit for periods up to an additional twelve months;

(2) during a period in which the new motor vehicle dealer is being sold pursuant to a bona fide contract, shareholder agreement, or purchase option to the operator of the dealership; or

(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.; or

(4) that owns or operates a manufacturing factory or assembly plant, provided that the manufacturer or franchisor:

(a) manufactures or assembles vehicles propelled wholly or in part by an electric motor;

(b) has had no franchised dealers in this State in the ten‑year period before this item became effective; and

(c) was incorporated in the United States before the effective date of this act.

(C) It is unlawful for a manufacturer or franchisor or any parent, affiliate, wholly or partially owned subsidiary, officer, or representative of a manufacturer or franchisor to own a facility that engages primarily in the repair of motor vehicles, except motor homes, if the repairs are performed pursuant to the terms of a franchise or other agreement or the repairs are performed as part of a manufacturer’s or franchisor’s warranty, unless the facility is owned or operated by a manufacturer or any affiliate, or wholly or partially owned subsidiary, of a manufacturer described in subsection (A)(4). 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 from owning a facility to perform warranty or other repairs on motor vehicles owned and operated by the manufacturer or franchisor or any parent, affiliate, wholly or partially owned subsidiary, officer, or representative of a manufacturer or franchisor.

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

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