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By: **Chairman, Judicial Proceedings Committee (By Request -  
Departmental - Transportation)**

Introduced and read first time: January 22, 2003

Rules suspended

Assigned to: Judicial Proceedings

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Committee Report: Favorable

Senate action: Adopted

Read second time: February 11, 2003

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CHAPTER 6

1 AN ACT concerning

2 **Vehicle Laws - Dealer's Surety Bond - Trailers and Semitrailers**

3 FOR the purpose of establishing a required surety bond level based on certain vehicle  
4 sales for dealers licensed to sell trailers and semitrailers of a certain length; and  
5 generally relating to surety bonds for vehicle dealers.

6 BY repealing and reenacting, with amendments,  
7 Article - Transportation  
8 Section 15-308  
9 Annotated Code of Maryland  
10 (2002 Replacement Volume)

11 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
12 MARYLAND, That the Laws of Maryland read as follows:

13 **Article - Transportation**

14 15-308.

15 (a) (1) After the Administration notifies an applicant of the approval of an  
16 application and before the Administration issues a license, the applicant shall file  
17 with the Administration a surety bond in the form and with the surety that the  
18 Administration approves.

1 (2) The bond shall be for the applicant's primary location and all  
2 supplemental locations if all of the locations are licensed under the same dealer  
3 business license number.

4 (b) The amount of the surety bond shall be:

5 (1) For a licensee who is licensed to deal only in trailers or semitrailers  
6 15 feet or less in length, or only in boat trailers of any size ..... \$5,000;

7 (2) For a licensee who is licensed to deal in the sale of new motor  
8 vehicles, an amount based on the number of new motor vehicle sales during the  
9 preceding license year, according to the following schedule:

10 (i) 1 to 500 vehicles ..... \$50,000;

11 (ii) 501 to 1,000 vehicles ..... \$75,000;

12 (iii) 1,001 to 2,500 vehicles .....\$100,000; and

13 (iv) Over 2,500 vehicles .....\$300,000.

14 (3) For a licensee who is licensed to deal only in the sale of used motor  
15 vehicles, including wholesalers, OR A LICENSEE WHO IS LICENSED TO DEAL IN THE  
16 SALE OF TRAILERS OR SEMITRAILERS OVER 15 FEET IN LENGTH, an amount based on  
17 the number of used vehicle sales, OR SALES OF TRAILERS OR SEMITRAILERS OVER 15  
18 FEET IN LENGTH, during the preceding license year, according to the following  
19 schedule:

20 (i) 1 to 250 vehicles ..... \$15,000;

21 (ii) 251 to 500 vehicles ..... \$25,000;

22 (iii) 501 to 1,000 vehicles ..... \$35,000;

23 (iv) 1,001 to 2,500 vehicles .....\$50,000; and

24 (v) Over 2,500 vehicles .....\$150,000.

25 (c) (1) This subsection applies only to an applicant who:

26 (i) Applies for a license to deal in the sale of new or used [motor]  
27 vehicles; and

28 (ii) Was not licensed to sell [motor] vehicles during the preceding  
29 license year.

30 (2) Subject to paragraph (3) of this subsection, the Administration shall  
31 base the amount of a surety bond for an applicant described in paragraph (1) of this  
32 subsection on the estimated volume of sales in the initial year in which the license is  
33 in effect.

1                   (3)       The amount of the surety bond under paragraph (2) of this subsection  
2 may not be less than:

3                   (i)       For an applicant for a license to deal in the sale of new motor  
4 vehicles, \$50,000; or

5                   (ii)       For an applicant for a license to deal in the sale of EITHER used  
6 vehicles OR TRAILERS OR SEMITRAILERS OVER 15 FEET IN LENGTH, \$15,000.

7       (d)       Notwithstanding subsection (c) of this section, if an applicant seeks a  
8 license for a location that is or that previously had been operated by a licensed dealer,  
9 the Administration may require a surety bond under subsection (b)(2) or (3) of this  
10 section based on the volume of sales at that location during a preceding license year.

11       SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
12 October 1, 2003.