

SENATE BILL 41

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R7

1999 Regular Session  
(9r0126)

**ENROLLED BILL**

-- *Judicial Proceedings/Commerce and Government Matters* --

Introduced by **Chairman, Judicial Proceedings Committee (Departmental -  
Transportation)**

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

\_\_\_\_\_  
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this  
\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_ M.

\_\_\_\_\_  
President.

CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Vehicle Laws - Dealers and Title Service Agents - Bond Requirements**

3 FOR the purpose of increasing the liability amounts of surety bonds required for  
4 individuals and businesses that apply for certain licenses with the Motor Vehicle  
5 Administration; repealing a certain payment bond program established by the  
6 Administration; requiring and authorizing the Administration to base the  
7 liability amount of surety bonds on certain criteria under certain circumstances;  
8 providing for the application of this Act; and generally relating to bond  
9 requirements under the motor vehicle laws.

10 BY repealing and reenacting, with amendments,  
11 Article - Transportation  
12 Section 13-113(e), 15-308, and 15-604  
13 Annotated Code of Maryland  
14 (1998 Replacement Volume and 1998 Supplement)

1 BY repealing  
2 Article - Transportation  
3 Section 15-114  
4 Annotated Code of Maryland  
5 (1998 Replacement Volume and 1998 Supplement)

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

8 **Article - Transportation**

9 13-113.

10 (e) (1) If a licensed dealer holds a vehicle for sale and transfers the vehicle  
11 to someone other than another licensed dealer who holds the vehicle for sale, the  
12 dealer shall:

13 (i) Execute an assignment and warranty of title to the transferee  
14 in the manner and on the form that the Administration requires; and

15 (ii) Comply with the provisions specified in this subsection.

16 (2) If the vehicle is a Class A (passenger) vehicle, Class D (motorcycle)  
17 vehicle, Class G (trailer) travel trailer or camping trailer, or Class M (multipurpose)  
18 vehicle and is to be registered and titled in this State, the transferring dealer shall:

19 (i) Obtain from the transferee a completed application and collect  
20 all taxes and fees required for titling the vehicle; and

21 (ii) [Subject to § 15-114 of this article, within] WITHIN 20 days of  
22 the date of delivery of the vehicle, send them, together with every other document  
23 required by § 13-104 of this subtitle, to the Administration.

24 (3) If the vehicle is to be registered and titled in this State, but is not a  
25 Class A (passenger) vehicle, Class D (motorcycle) vehicle, Class G (trailer) travel  
26 trailer or camping trailer, or Class M (multipurpose) vehicle, the transferring dealer  
27 shall, within 20 days of the delivery of the vehicle, either:

28 (i) Deliver the certificate of title to the transferee; or

29 (ii) [On request of the transferee, and subject to § 15-114 of this  
30 article, send] SEND the transferee's completed application and all taxes and fees  
31 required for titling the vehicle, together with every other document required by §  
32 13-104 of this subtitle, to the Administration.

33 (4) If the vehicle is not to be titled in this State and is to be registered in  
34 another state, the transferring dealer shall deliver the certificate of title to the  
35 transferee within 20 days of delivery of the vehicle.

1 [15-114.

2 (a) In this section, "licensee" means any person licensed under Subtitle 2, 3, 4,  
3 or 6 of this title.

4 (b) (1) The Administration shall adopt regulations that establish a payment  
5 bond program for the purpose of protecting Administration funds and otherwise  
6 implementing the requirements of this section.

7 (2) The amount of a payment bond required under the payment bond  
8 program shall be based on the amount of Administration funds that the licensee  
9 collected during the most recent, complete reporting period.

10 (c) (1) If a licensee participates in the payment bond program established  
11 under this section, the licensee shall send any Administration funds and any  
12 documents required under § 13-113 of this article to the Administration within 20  
13 days after the date of delivery of the vehicle.

14 (2) If a licensee does not participate in the payment bond program  
15 established under this section, the licensee shall send the Administration funds and  
16 any documents required under § 13-113 of this article to the Administration within  
17 10 days after the date of delivery of the vehicle.]

18 15-308.

19 (a) After the Administration notifies an applicant of the approval of an  
20 application and before the Administration issues a license, the applicant shall file  
21 with the Administration a surety bond in the form and with the surety that the  
22 Administration approves.

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

24 (1) For a licensee who is licensed to deal only in trailers or semitrailers  
25 15 feet or less in length, or only in boat trailers of any size -- [\$1,000; and] \$5,000;

26 [(2) For any other licensee -- \$15,000.]

27 (2) FOR A LICENSEE WHO IS LICENSED TO DEAL IN THE SALE OF NEW  
28 MOTOR VEHICLES, AN AMOUNT BASED ON THE NUMBER OF NEW MOTOR VEHICLE  
29 SALES DURING THE PRECEDING LICENSE YEAR, ACCORDING TO THE FOLLOWING  
30 SCHEDULE:

31 (I) 1 TO 500 VEHICLES -- \$50,000; AND

32 (II) OVER 500 VEHICLES -- ~~\$100,000~~ \$75,000; AND

33 (3) FOR A LICENSEE WHO IS LICENSED TO DEAL ONLY IN THE SALE OF  
34 USED MOTOR VEHICLES, INCLUDING WHOLESALERS, AN AMOUNT BASED ON THE  
35 NUMBER OF USED VEHICLE SALES DURING THE PRECEDING LICENSE YEAR,  
36 ACCORDING TO THE FOLLOWING SCHEDULE:

- 1 (I) 1 TO 250 VEHICLES -- \$15,000;  
 2 (II) 251 TO 500 VEHICLES -- \$25,000; AND  
 3 ~~(H)~~ (III) OVER 500 VEHICLES -- ~~\$50,000~~ \$35,000.

4 (C) (1) THIS SUBSECTION APPLIES ONLY TO AN APPLICANT WHO:

5 (I) APPLIES FOR A LICENSE TO DEAL IN THE SALE OF NEW OR  
 6 USED MOTOR VEHICLES; AND

7 (II) WAS NOT LICENSED TO SELL MOTOR VEHICLES DURING THE  
 8 PRECEDING LICENSE YEAR.

9 (2) SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION, THE  
 10 ADMINISTRATION SHALL BASE THE AMOUNT OF A SURETY BOND FOR AN APPLICANT  
 11 DESCRIBED IN PARAGRAPH (1) OF THIS SUBSECTION ON THE ESTIMATED VOLUME  
 12 OF SALES IN THE INITIAL YEAR IN WHICH THE LICENSE IS IN EFFECT.

13 (3) THE AMOUNT OF THE SURETY BOND UNDER PARAGRAPH (2) OF THIS  
 14 SUBSECTION MAY NOT BE LESS THAN:

15 (I) FOR AN APPLICANT FOR A LICENSE TO DEAL IN THE SALE OF  
 16 NEW MOTOR VEHICLES, \$50,000; OR

17 (II) FOR AN APPLICANT FOR A LICENSE TO DEAL IN THE SALE OF  
 18 USED VEHICLES, \$15,000.

19 (D) NOTWITHSTANDING SUBSECTION (C) OF THIS SECTION, IF AN APPLICANT  
 20 SEEKS A LICENSE FOR A LOCATION THAT IS OR THAT PREVIOUSLY HAD BEEN  
 21 OPERATED BY A LICENSED DEALER, THE ADMINISTRATION MAY REQUIRE A SURETY  
 22 BOND UNDER SUBSECTION (B)(2) OR (3) OF THIS SECTION BASED ON THE VOLUME OF  
 23 SALES AT THAT LOCATION DURING A PRECEDING LICENSE YEAR.

24 15-604.

25 (a) This section does not apply to:

26 (1) A licensed dealer who is in compliance with the surety bond  
 27 requirement of Subtitle 3 of this title; or

28 (2) A motor club that is in compliance with the surety bond requirement  
 29 of § 26-204 of the Insurance Article.

30 (b) After the Administration notifies an applicant of the approval of an  
 31 application and before the Administration issues a license, the applicant shall file  
 32 with the Administration a surety bond in the form and with the surety that the  
 33 Administration approves.

34 (c) The amount of the surety bond shall be [~~\$10,000~~] \$25,000.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take  
2 effect ~~October~~ June 1, 1999 and shall be applicable to all ~~surety bonds filed with the~~  
3 ~~Motor Vehicle Administration~~ licenses issued or renewed after ~~September 30~~ May 31,  
4 1999.