

SENATE BILL 41

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R7

1999 Regular Session
9lr0126

(PRE-FILED)

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

Requested: July 27, 1998

Introduced and read first time: January 13, 1999

Assigned to: Judicial Proceedings

A BILL ENTITLED

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; providing for the application of this Act; and generally relating
7 to bond requirements under the motor vehicle laws.

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

13 BY repealing
14 Article - Transportation
15 Section 15-114
16 Annotated Code of Maryland
17 (1998 Replacement Volume and 1998 Supplement)

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

20 **Article - Transportation**

21 13-113.

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

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

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

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

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

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

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

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

15 (ii) [On request of the transferee, and subject to § 15-114 of this
16 article, send] SEND the transferee's completed application and all taxes and fees
17 required for titling the vehicle, together with every other document required by §
18 13-104 of this subtitle, to the Administration.

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

22 [15-114.

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

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

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

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

35 (2) If a licensee does not participate in the payment bond program
36 established under this section, the licensee shall send the Administration funds and

1 any documents required under § 13-113 of this article to the Administration within
2 10 days after the date of delivery of the vehicle.]

3 15-308.

4 (a) After the Administration notifies an applicant of the approval of an
5 application and before the Administration issues a license, the applicant shall file
6 with the Administration a surety bond in the form and with the surety that the
7 Administration approves.

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

9 (1) For a licensee who is licensed to deal only in trailers or semitrailers
10 15 feet or less in length, or only in boat trailers of any size -- [\$1,000; and] \$5,000;

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

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

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

17 (II) OVER 500 VEHICLES -- \$100,000; AND

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

22 (I) 1 TO 500 VEHICLES -- \$25,000; AND

23 (II) OVER 500 VEHICLES -- \$50,000.

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 1, 1999 and shall be applicable to all surety bonds filed with the Motor
3 Vehicle Administration after September 30, 1999.