

SENATE BILL 41

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R7

1999 Regular Session
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(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

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 9, 1999

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; 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:

1

Article - Transportation

2 13-113.

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

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

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

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

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

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

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

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

22 (ii) [On request of the transferee, and subject to § 15-114 of this
23 article, send] SEND the transferee's completed application and all taxes and fees
24 required for titling the vehicle, together with every other document required by §
25 13-104 of this subtitle, to the Administration.

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

29 [15-114.

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

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

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

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

8 (2) If a licensee does not participate in the payment bond program
 9 established under this section, the licensee shall send the Administration funds and
 10 any documents required under § 13-113 of this article to the Administration within
 11 10 days after the date of delivery of the vehicle.]

12 15-308.

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

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

18 (1) For a licensee who is licensed to deal only in trailers or semitrailers
 19 15 feet or less in length, or only in boat trailers of any size -- [\$1,000; and] \$5,000;

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

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

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

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

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

31 (I) 1 TO 250 VEHICLES -- \$15,000;

32 (II) 251 TO 500 VEHICLES -- \$25,000; AND

33 ~~(H)~~ (III) OVER 500 VEHICLES -- ~~\$50,000~~ \$35,000.

34 15-604.

35 (a) This section does not apply to:

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

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

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

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

10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
11 effect ~~October~~ June 1, 1999 and shall be applicable to all ~~surety bonds filed with the~~
12 ~~Motor Vehicle Administration~~ licenses issued or renewed after September 30 May 31,
13 1999.