

SENATE BILL 96

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R4

2003 Regular Session  
3r0064

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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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A BILL ENTITLED

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.

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

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

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

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

- 4 (i) 1 to 500 vehicles ..... \$50,000;
- 5 (ii) 501 to 1,000 vehicles..... \$75,000;
- 6 (iii) 1,001 to 2,500 vehicles..... \$100,000; and
- 7 (iv) Over 2,500 vehicles.....\$300,000.

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

- 14 (i) 1 to 250 vehicles ..... \$15,000;
- 15 (ii) 251 to 500 vehicles..... \$25,000;
- 16 (iii) 501 to 1,000 vehicles..... \$35,000;
- 17 (iv) 1,001 to 2,500 vehicles.....\$50,000; and
- 18 (v) Over 2,500 vehicles.....\$150,000.

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

- 20 (i) Applies for a license to deal in the sale of new or used [motor]  
21 vehicles; and
- 22 (ii) Was not licensed to sell [motor] vehicles during the preceding  
23 license year.

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

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

- 30 (i) For an applicant for a license to deal in the sale of new motor  
31 vehicles, \$50,000; or
- 32 (ii) For an applicant for a license to deal in the sale of EITHER used  
33 vehicles OR TRAILERS OR SEMITRAILERS OVER 15 FEET IN LENGTH, \$15,000.

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

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