

8166--A

2015-2016 Regular Sessions

I N A S S E M B L Y

June 10, 2015

Introduced by M. of A. CRESPO -- read once and referred to the Committee on Transportation -- recommitted to the Committee on Transportation in accordance with Assembly Rule 3, sec. 2 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the vehicle and traffic law, in relation to surety bond requirements for car dealers

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 Section 1. Paragraphs a and c of subdivision 6-b of section 415 of the
2 vehicle and traffic law, as amended by chapter 7 of the laws of 2000,
3 paragraph a as further amended by section 104 of part A of chapter 62 of
4 the laws of 2011, are amended to read as follows:
5 a. As a condition to obtaining a registration certificate pursuant to
6 this section, every new motor vehicle dealer applicant and every quali-
7 fied dealer applicant shall obtain and continue in effect a surety bond
8 in an amount of fifty thousand dollars executed by a surety company
9 authorized to transact business in the state by the department of finan-
10 cial services of the state. As a condition to obtaining a registration
11 certificate pursuant to this section, every dealer applicant who is
12 applying for a registration certificate in the first instance or who
13 sold [two hundred] FIFTY motor vehicles or fewer in the previous calen-
14 dar year shall obtain and continue in effect a surety bond in an amount
15 of [ten] TWENTY thousand dollars executed by a surety company authorized
16 to transact business in the state by the department of financial
17 services of the state. As a condition of obtaining a registration
18 certificate pursuant to this section, every dealer applicant who sold
19 more than [two hundred] FIFTY motor vehicles in the previous calendar
20 year shall obtain and continue in effect a surety bond in an amount of
21 [twenty-five] ONE HUNDRED thousand dollars executed by a surety company
22 authorized to transact business in the state by the department of finan-

EXPLANATION--Matter in *ITALICS* (underscored) is new; matter in brackets [] is old law to be omitted.

LBD10954-10-6

1 cial services of the state. The bonds shall be approved as to form by
2 the commissioner and shall be conditioned on the new motor vehicle deal-
3 er's, qualified dealer's, and dealer's: payment of all valid bank
4 drafts, including checks, drawn by such dealer for the purchase of motor
5 vehicles; transfer of good title to each motor vehicle such dealer
6 sells; safekeeping of all customer deposits related to the sale of a
7 motor vehicle between the time of receipt of such customer deposit and
8 the transfer of good title to the vehicle to the customer; payment for
9 all fines imposed upon the new motor vehicle dealer, qualified dealer,
10 or dealer by the commissioner pursuant to the provisions of this chap-
11 ter; and such dealer's repayment of any overcharges of a customer by
12 such dealer for the vehicle registration and titling charges payable to
13 the commissioner for registering and titling the sold vehicle. ANY SUCH
14 DEALER WHICH IS BONDED PURSUANT TO THIS SECTION PRIOR TO THE EFFECTIVE
15 DATE OF THE CHAPTER OF THE LAWS OF TWO THOUSAND SIXTEEN WHICH AMENDED
16 THIS PARAGRAPH SHALL BE REQUIRED TO COMPLY WITH THE AMENDMENTS MADE BY
17 SUCH CHAPTER UPON RENEWAL, REPLACEMENT, ALTERATION, OR EXTENSION OF SUCH
18 DEALER'S CURRENT SURETY BOND.

19 c. Any surety issuing a bond pursuant to this subdivision shall be
20 required to provide sixty days' notice to the commissioner prior to the
21 effective date of cancellation OR LAPSE of the bond, AND SHALL PROVIDE
22 ADDITIONAL NOTICE TO THE COMMISSIONER UPON THE DATE OF THE CANCELLATION
23 OR LAPSE OF SUCH BOND. UPON THE CANCELLATION OR LAPSE OF ANY SURETY BOND
24 REQUIRED BY THIS SUBDIVISION, THE COMMISSIONER SHALL, WITHIN FIVE DAYS
25 OF SUCH CANCELLATION OR LAPSE, VERIFY THAT THE DEALER HOLDS A SURETY
26 BOND WHICH MEETS THE REQUIREMENTS OF THIS SUBDIVISION.

27 S 2. This act shall take effect on the one hundred eightieth day after
28 it shall have become a law.