

8166

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

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 ASSEM-
BLY, 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] NOT A
13 NEW MOTOR VEHICLE DEALER OR A QUALIFIED MOTOR VEHICLE DEALER AND who
14 sold [two hundred] FIFTY motor vehicles or fewer in the previous calen-
15 dar year, shall obtain and continue in effect a surety bond in an amount
16 of [ten] TWENTY thousand dollars executed by a surety company authorized
17 to transact business in the state by the department of financial
18 services of the state. As a condition of obtaining a registration
19 certificate pursuant to this section, every dealer applicant, who IS NOT
20 A NEW MOTOR VEHICLE DEALER OR A QUALIFIED MOTOR VEHICLE DEALER AND WHO
21 sold more than [two hundred] FIFTY motor vehicles in the previous calen-
22 dar year shall obtain and continue in effect a surety bond in an amount
23 of [twenty-five] ONE HUNDRED thousand dollars executed by a surety
24 company authorized to transact business in the state by the department
25 of financial services of the state. The bonds shall be approved as to

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

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1 form by the commissioner and shall be conditioned on the new motor vehi-
2 cle dealer's, qualified dealer's, and dealer's: payment of all valid
3 bank drafts, including checks, drawn by such dealer for the purchase of
4 motor vehicles; transfer of good title to each motor vehicle such dealer
5 sells; safekeeping of all customer deposits related to the sale of a
6 motor vehicle between the time of receipt of such customer deposit and
7 the transfer of good title to the vehicle to the customer; payment for
8 all fines imposed upon the new motor vehicle dealer, qualified dealer,
9 or dealer by the commissioner pursuant to the provisions of this chap-
10 ter; and such dealer's repayment of any overcharges of a customer by
11 such dealer for the vehicle registration and titling charges payable to
12 the commissioner for registering and titling the sold vehicle.

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

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