

5485--B

Cal. No. 1442

2015-2016 Regular Sessions

I N S E N A T E

May 14, 2015

Introduced by Sen. KLEIN -- read twice and ordered printed, and when printed to be committed to the Committee on Transportation -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee -- recommitted to the Committee on Transportation in accordance with Senate Rule 6, sec. 8 -- committee discharged and said bill committed to the Committee on Rules -- reported favorably from said committee, ordered to a third reading, passed by Senate and delivered to the Assembly, recalled, vote reconsidered, restored to third reading, amended and ordered reprinted, retaining its place in the order of third reading

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

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

LBD10954-09-6

1 certificate pursuant to this section, every dealer applicant who sold
2 more than [two hundred] FIFTY motor vehicles in the previous calendar
3 year shall obtain and continue in effect a surety bond in an amount of
4 [twenty-five] ONE HUNDRED thousand dollars executed by a surety company
5 authorized to transact business in the state by the department of finan-
6 cial services of the state. The bonds shall be approved as to form by
7 the commissioner and shall be conditioned on the new motor vehicle deal-
8 er's, qualified dealer's, and dealer's: payment of all valid bank
9 drafts, including checks, drawn by such dealer for the purchase of motor
10 vehicles; transfer of good title to each motor vehicle such dealer
11 sells; safekeeping of all customer deposits related to the sale of a
12 motor vehicle between the time of receipt of such customer deposit and
13 the transfer of good title to the vehicle to the customer; payment for
14 all fines imposed upon the new motor vehicle dealer, qualified dealer,
15 or dealer by the commissioner pursuant to the provisions of this chap-
16 ter; and such dealer's repayment of any overcharges of a customer by
17 such dealer for the vehicle registration and titling charges payable to
18 the commissioner for registering and titling the sold vehicle. ANY SUCH
19 DEALER WHICH IS BONDED PURSUANT TO THIS SECTION PRIOR TO THE EFFECTIVE
20 DATE OF THE CHAPTER OF THE LAWS OF TWO THOUSAND SIXTEEN WHICH AMENDED
21 THIS PARAGRAPH SHALL BE REQUIRED TO COMPLY WITH THE AMENDMENTS MADE BY
22 SUCH CHAPTER UPON RENEWAL, REPLACEMENT, ALTERATION, OR EXTENSION OF SUCH
23 DEALER'S CURRENT SURETY BOND.

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

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