

AN ACT

ENTITLED, An Act to increase the bond requirements for certain vehicle dealers.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

Section 1. That § 32-6B-7 be amended to read as follows:

32-6B-7. Before any license is issued, the applicant shall deliver to the department a good and sufficient surety bond, executed by the applicant as principal and by a surety company qualified to do business in the state as surety. The bond shall be for an amount based upon the type of license applied for, as follows:

- (1) Vehicle dealer's license -- \$25,000;
- (2) Used vehicle dealer's license -- \$25,000;
- (3) Motorcycle dealer's license -- \$5,000;
- (4) Trailer dealer's license -- \$10,000 for trailers weighing 2,000 pounds or more; or
- (5) Emergency vehicle dealer's license -- \$10,000.

The bond shall be to the department and in favor of any customer who suffers any loss that may be occasioned by reason of the failure of title or by reason of any fraudulent misrepresentation or breaches of warranty as to freedom from liens. The bond shall be for the license period, and a new bond or a proper continuation certificate shall be delivered to the department at the beginning of each license period. Any surety company that pays a claim against the bond of a licensee shall notify the department, in writing, that it has paid such a claim. Any surety company that cancels the bond of a licensee shall notify the department, in writing, of the cancellation, giving the reason for that cancellation. If a claim is made to the department against the bond, which claim is based upon a final judgment of a court of record of this state, the dealer shall execute an additional bond for the amount necessary to maintain the security at the original level.

Section 2. That § 32-6C-4 be amended to read as follows:

32-6C-4. Before any license may be issued, the applicant shall deliver to the department, a surety bond in the amount of five thousand dollars, executed by the applicant as principal and by a surety company qualified to do business in the state as surety. The bond shall be to the department and in favor of any customer who suffers any loss that may be occasioned by reason of the failure of title or by reason of any fraudulent misrepresentation or breach of warranty as to freedom from liens. The bond shall be for the license period, and a new bond or a proper continuation certificate shall be delivered to the department at the beginning of each license period. Any surety company that pays a claim against the bond of a licensee shall notify the department, in writing, that it has paid such a claim and shall state the reason and the amount of the claim. Any surety company that cancels the bond of a licensee shall notify the department, in writing, of the cancellation, giving the reason for that cancellation. If a claim is made to the department against the bond, which claim is based upon a final judgment of a court record of this state, the dealer shall execute an additional bond for the amount necessary to maintain such security at the original level.

Section 3. That § 32-7B-6 be amended to read as follows:

32-7B-6. Before any license may be issued, the applicant shall deliver to the department, a surety bond in the amount of twenty thousand dollars, executed by the applicant as principal and by a surety company qualified to do business in the state as surety. If the applicant has multiple dealer licenses, one bond may cover all dealer licenses. The bond shall be of the amount to cover bonding requirements under each license. The bond shall be to the department and in favor of any customer who suffers any loss that may be occasioned by reason of the failure of title or by reason of any fraudulent misrepresentation or breach of warranty as to freedom from liens. The bond shall be for the license period, and a new bond or a proper continuation certificate shall be delivered to the department prior to the bond's expiration. Any surety company that pays a claim against the bond of a licensee shall notify the department, in writing, that it has paid such a claim and shall state the

reason and the amount of the claim. Any surety company that cancels the bond of a licensee shall notify the department, in writing, of the cancellation, giving the reason for that cancellation. If a claim is made to the department against the bond, which claim is based upon a final judgment of a court of record of this state, the dealer shall execute an additional bond for the amount necessary to maintain such security at the original level.

Section 4. That § 32-7A-5 be amended to read as follows:

32-7A-5. No license as provided in § 32-7A-3 may be issued to anyone, until the applicant executes a bond issued by a company licensed to do business in this state, as surety in the amount of twenty-five thousand dollars. The bond shall be payable to the Department of Revenue and Regulation for the use and benefit of any purchaser or holder of lien to pay any loss, damages, and expenses resulting from the failure of any title for any fraudulent misrepresentation or breach of warranty as to freedom from a lien. If any claim is made to the department against such bond, which claim is based upon a final judgment of a court of record of this state, the dealer shall execute an additional bond for the amount necessary to maintain the security at the original level.

Section 5. That chapter 32-6B be amended by adding thereto a NEW SECTION to read as follows:

To implement any increase in the amount of a dealer bond, a dealer, upon renewal of a bond or upon annual renewal of a dealer license, whichever comes first, shall deliver to the department an original bond or a bond rider that is issued by the surety company showing the new bond amount.

Section 6. That chapter 32-6C be amended by adding thereto a NEW SECTION to read as follows:

To implement any increase in the amount of a dealer bond, a dealer, upon renewal of a bond or upon annual renewal of a dealer license, whichever comes first, shall deliver to the department an original bond or a bond rider that is issued by the surety company showing the new bond amount.

Section 7. That chapter 32-7A be amended by adding thereto a NEW SECTION to read as follows:

To implement any increase in the amount of a dealer bond, a dealer, upon renewal of a bond or upon annual renewal of a dealer license, whichever comes first, shall deliver to the department an original bond or a bond rider that is issued by the surety company showing the new bond amount.

Section 8. That chapter 32-7B be amended by adding thereto a NEW SECTION to read as follows:

To implement any increase in the amount of a dealer bond, a dealer, upon renewal of a bond or upon annual renewal of a dealer license, whichever comes first, shall deliver to the department an original bond or a bond rider that is issued by the surety company showing the new bond amount.

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I certify that the attached Act
originated in the

SENATE as Bill No. 78

Secretary of the Senate

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President of the Senate

Attest:

Secretary of the Senate

Speaker of the House

Attest:

Chief Clerk

Senate Bill No. 78

File No. _____

Chapter No. _____

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Received at this Executive Office
this _____ day of _____ ,

20____ at _____ M.

By _____
for the Governor

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The attached Act is hereby
approved this _____ day of
_____, A.D., 20____

Governor

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STATE OF SOUTH DAKOTA,
ss.

Office of the Secretary of State

Filed _____, 20____
at _____ o'clock __ M.

Secretary of State

By _____
Asst. Secretary of State