

**MOTOR VEHICLE BUSINESS REGULATION**

**ACT AMENDMENTS**

2005 GENERAL SESSION

STATE OF UTAH

**Sponsor: Dan R. Eastman**

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**LONG TITLE**

**General Description:**

This bill modifies the Motor Vehicle Business Regulation Act by amending provisions related to bond requirements for certain dealer, crusher, or body shop licenses.

**Highlighted Provisions:**

This bill:

- ▶ increases the bond amount for a motor vehicle dealer's license from \$50,000 to \$75,000 beginning on July 1, 2006;
- ▶ increases the bond amount for a special equipment dealer's license from \$20,000 to \$75,000 beginning on July 1, 2006;
- ▶ increases the bond amount for a motorcycle, off-highway vehicle, or small trailer's or crusher's license from \$1,000 to \$10,000;
- ▶ increases the bond amount for a body shop's license from \$10,000 to \$20,000;
- ▶ repeals a provision that requires that the bond for certain licenses be conditioned on the dealer doing business without violating certain prohibitions;
- ▶ provides that the bond for certain licenses shall be conditioned on the dealer doing business without violating the provision that requires a dealer to submit or deliver a certificate of title or manufacturer's certificate of origin;
- ▶ provides that the surety or principal of a bond shall notify the administrator of the Motor Vehicle Enforcement Division if a claim on the bond is successfully prosecuted or settled against the surety or the principal; and
- ▶ makes technical changes.

**Monies Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill takes effect on July 1, 2005.

**Utah Code Sections Affected:**

AMENDS:

**41-3-205**, as last amended by Chapter 157, Laws of Utah 2003

*Be it enacted by the Legislature of the state of Utah:*

Section 1. Section **41-3-205** is amended to read:

**41-3-205. Licenses -- Bonds required -- Maximum liability -- Action against surety -- Loss of bond.**

(1) (a) Before a dealer's, special equipment dealer's, crusher's, or body shop's license is issued, the applicant shall file with the administrator a corporate surety bond in the amount of:

(i) \$50,000 until June 30, 2006, and \$75,000 on or after July 1, 2006, for a motor vehicle dealer's license;

(ii) \$20,000 until June 30, 2006, and \$75,000 on or after July 1, 2006, for a special equipment dealer's license;

(iii) [~~\$1,000~~] \$10,000 for a motorcycle, off-highway vehicle, or small trailer dealer's or crusher's license; or

(iv) [~~\$10,000~~] \$20,000 for a body shop's license.

(b) The corporate surety shall be licensed to do business within the state and have a rating of at least B+ by the A.M. Best Company.

(c) The form of the bond:

(i) shall be approved by the attorney general;

(ii) shall be conditioned upon the applicant's conducting business as a dealer without:

(A) fraud[;];

(B) fraudulent representation[; or without violating Section 41-3-210; and]; or

(C) violating Subsection 41-3-301(1) which requires a dealer to submit or deliver a

certificate of title or manufacturer's certificate of origin; and

(iii) may be continuous in form.

(d) The total aggregate liability on the bond to all persons making claims, regardless of the number of claimants or the number of years a bond remains in force, may not exceed the amount of the bond.

(2) (a) A cause of action under Subsection (1) may not be maintained against a surety unless:

~~[(a)]~~ (i) a claim is filed in writing with the administrator within one year after the cause of action arose; and

~~[(b)]~~ (ii) the action is commenced within two years after the claim was filed with the administrator.

(b) The surety or principal shall notify the administrator if a claim on the bond is successfully prosecuted or settled against the surety or principal.

(3) A person making a claim on the bond shall be awarded attorneys' fees in cases successfully prosecuted or settled against the surety or principal if the bond has not been depleted.

(4) (a) (i) If a dealer, body shop, or crusher loses possession of the bond required by this chapter, the dealer, body shop, or crusher license is automatically suspended.

(ii) All licenses, pocket cards, temporary permits, and special plates issued to the licensee shall be immediately returned to the administrator.

(b) A dealer, body shop, or crusher may not continue to use or permit to be used licenses, pocket cards, temporary permits, or special plates until the required bond is on file with the administrator and the license has been reinstated.

(5) A representative or consignee of a dealer is not required to file a bond if the dealer for whom the representative or consignee acts fully complies with the provisions of this chapter.

**Section 2. Effective date.**

This bill takes effect on July 1, 2005.