

A-Engrossed
Senate Bill 974

Ordered by the Senate April 21
Including Senate Amendments dated April 21

Sponsored by COMMITTEE ON BUSINESS AND TRANSPORTATION (at the request of Oregon Vehicle Dealer Association)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Prohibits persons other than retail customers of vehicle dealer from making claim against vehicle dealer under certain circumstances.

Prohibits Department of Transportation from issuing vehicle dealer certificate that authorizes person to deal exclusively in motorcycles.

A BILL FOR AN ACT

Relating to vehicle dealers; creating new provisions; and amending ORS 822.020 and 822.030.

Be It Enacted by the People of the State of Oregon:

SECTION 1. ORS 822.030 is amended to read:

822.030. (1) A bond or letter of credit required to qualify for a vehicle dealer certificate under ORS 822.020 or to qualify for renewal of a certificate under ORS 822.040 must comply with all of the following:

(a) The bond shall have a corporate surety licensed to do business within this state. A letter of credit shall be an irrevocable letter of credit issued by an insured institution, as defined in ORS 706.008. The surety or institution shall notify the Department of Transportation if the bond or letter of credit is canceled for any reason. The surety or institution shall continue to be liable under the bond or letter of credit until the department receives the notice required by this paragraph, or until the cancellation date specified in the notice, whichever is later.

(b) The bond or letter of credit shall be executed to the State of Oregon.

(c) Except as otherwise provided in this paragraph, the bond or letter of credit shall be in the following sum:

(A) If the applicant is seeking a certificate to be a dealer exclusively in motorcycles, mopeds, Class I all-terrain vehicles or snowmobiles or any combination of those vehicles, the bond or letter of credit shall be for [*\$2,000*] **\$10,000**.

(B) Except as provided in subparagraph (A) of this paragraph, if the applicant is seeking a certificate to be a vehicle dealer, the bond or letter of credit shall be for [*\$40,000*] **\$50,000** for each year the certificate is valid.

(d) The bond or letter of credit described in this subsection shall be approved as to form by the Attorney General.

(e) The bond or letter of credit must be conditioned that the person issued the certificate shall conduct business as a vehicle dealer without fraud or fraudulent representation and without violat-

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 ing any provisions of the vehicle code relating to vehicle registration, vehicle permits, the transfer
2 or alteration of vehicles or the regulation of vehicle dealers.

3 (f) The bond or letter of credit must be filed and held in the office of the department.

4 (g) The vehicle dealer shall purchase a bond or letter of credit under this subsection annually
5 on or before each anniversary of the issuance of the vehicle dealer's certificate.

6 (2) Any person shall have a right of action against a vehicle dealer, against the surety on the
7 vehicle dealer's bond and against the letter of credit in the person's own name if the person suffers
8 any loss or damage by reason of the vehicle dealer's fraud, fraudulent representations or violations
9 of provisions of the vehicle code relating to:

10 (a) Vehicle registration;

11 (b) Vehicle permits;

12 (c) The transfer or alteration of vehicles; or

13 (d) The regulation of vehicle dealers.

14 (3) Notwithstanding subsection (2) of this section, *[the]* **\$10,000 is the** maximum amount available
15 under a bond **or letter of credit** described in subsection (1)(c)(B) of this section for the payment
16 of claims *[by]* **to** persons other than retail customers of the dealer *[is \$20,000]*. **Persons other than**
17 **retail customers may only make a claim under subsection (2) of this section if:**

18 (a) **The person has a bond or letter of credit in the amount of \$10,000 or more under this**
19 **section; or**

20 (b) **The person is licensed or certified as a vehicle dealer in another jurisdiction and has**
21 **a bond or letter of credit in the amount of \$10,000 or more and a vehicle dealer in this state**
22 **is permitted to file a claim in the other jurisdiction under a substantially similar law in the**
23 **other jurisdiction.**

24 (4) **Notwithstanding subsections (2) and (3) of this section, a person other than a retail**
25 **customer of the dealer may not make a claim relating to a vehicle described in subsection**
26 **(1)(c)(A) of this section against a vehicle dealer, against the surety on the vehicle dealer's**
27 **bond or against the letter of credit.**

28 *[(4)]* (5) If the certificate of a vehicle dealer is not renewed or is voluntarily or involuntarily
29 canceled, the sureties on the bond and the issuer of the letter of credit are relieved from liability
30 that accrues after the department cancels the certificate.

31 **SECTION 2. Section 3 of this 2017 Act is added to and made a part of the Oregon Vehicle**
32 **Code.**

33 **SECTION 3. The Department of Transportation may not issue a vehicle dealer certificate**
34 **authorizing a person to deal exclusively in motorcycles.**

35 **SECTION 4. Section 3 of this 2017 Act applies to new vehicle dealer certificates issued**
36 **on or after the effective date of this 2017 Act and does not apply to a person who holds a**
37 **vehicle dealer certificate to deal exclusively in motorcycles as of the day immediately pre-**
38 **ceding the effective date of this 2017 Act.**

39 **SECTION 5. ORS 822.020 is amended to read:**

40 822.020. Except as provided in ORS 822.035 (8) **and section 3 of this 2017 Act**, the Department
41 of Transportation shall issue a vehicle dealer certificate to any person if the person meets all of the
42 following requirements:

43 (1) The person must complete the application for a dealer certificate described under ORS
44 822.025.

45 (2) The person must deliver to the department a bond or letter of credit that meets the re-

1 requirements under ORS 822.030.

2 (3) The person must deliver to the department a certificate of insurance that meets the re-
3 requirements established by ORS 822.033.

4 (4) The person must pay the fee required under ORS 822.700 for issuance of a vehicle dealer
5 certificate.

6 (5) The person must certify completion of the precertification education and test requirements
7 of ORS 822.027 (1)(a) if the person is a dealer subject to the education and test requirements.

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