

Introduced by

1 A BILL for an Act create and enact section 39-29.1-04.1, 39-29.1-04.2, and 39-29.1-04.3 of the
2 North Dakota Century Code, relating to the bonding and regulation of low-speed vehicle
3 dealers; to amend and reenact section 39-29.1-04 of the North Dakota Century Code, relating
4 to low-speed vehicle dealers; and to provide a penalty.

5 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

6 **SECTION 1. AMENDMENT.** Section 39-29.1-04 of the North Dakota Century Code is
7 amended and reenacted as follows:

8 **39-29.1-04. Low-speed vehicle dealers dealer license - Penalty.** ~~A low-speed~~
9 ~~vehicle dealer does not need a motor vehicle dealer's license. Upon application and on~~
10 ~~payment of a twenty dollar fee, a low-speed vehicle dealer is entitled to be issued registration~~
11 ~~numbers distinctively marked as dealer's registration numbers. The dealer's numbers may be~~
12 ~~used only on low-speed vehicles owned by the dealership.~~

- 13 1. A person may not engage in, advertise as being, or hold out to the public as
14 engaging in the business of buying, selling, or exchanging low-speed vehicles
15 without a dealer's license. A person who violates this subsection is guilty of a
16 class B misdemeanor.
- 17 2. Application for a dealer's license and renewal license must be made to the director
18 on a form prescribed and furnished by the director. A dealer's license expires on
19 December thirty-first of each year and application for renewal of a dealer's license
20 must be made before the expiration date of the current dealer's license. The
21 application and renewal fee is twenty dollars. An applicant must pay an additional
22 nonrefundable fee of one hundred dollars for the initial inspecting of the application
23 which must accompany the initial application.

- 1 3. Upon licensure, a low-speed vehicle dealer is entitled to be issued registration
2 numbers distinctly marked as the dealer's registration numbers. The dealer's
3 numbers may be used only on low-speed vehicles owned by the dealership.

4 **SECTION 2.** Section 39-29.1-04.1 of the North Dakota Century Code is created and
5 enacted as follows:

6 **39-29.1-04.1. Requirements of dealer.**

- 7 1. A low-speed vehicle dealer must maintain a permanent office and place of
8 business and maintain that person's business records in that location.
9 2. A low-speed vehicle dealer must submit any fees, taxes, and applications for a
10 certificate of title and registration collected on behalf of a customer to the
11 department within fifteen days of the date of sale.

12 **SECTION 3.** Section 39-29.1-04.2 of the North Dakota Century Code is created and
13 enacted as follows:

14 **39-29.1-04.2. Bond and liability insurance required.**

- 15 1. Before the issuance of a low-speed vehicle dealer's license, the applicant for the
16 license and at all times each dealer shall furnish a surety bond in the amount of ten
17 thousand dollars executed by the applicant or dealer as principle and executed by
18 a surety company licensed and qualified to do business within this state. The bond
19 must be conditioned upon the faithful compliance by the dealer that the dealer will
20 comply with all the laws of this state pertaining to the business of dealing in
21 low-speed vehicles and indemnifying any person dealing or transacting business
22 with the dealer with connection with any low-speed vehicle from any loss or
23 damage occasioned by the failure of the dealer to comply with the laws of this state
24 including the furnishing of a proper and valid certificate of title to the vendee within
25 fifteen days of the sale. The aggregate liability of the surety to all persons for all
26 losses or damages may not exceed the amount of the bond. Any third party
27 sustaining injury within the terms of the bond may proceed against the principle
28 and the surety without making the state a party to the proceeding. Any applicant
29 bonded pursuant to the provisions of chapter 39-22 may not be required to furnish
30 the surety bond required by this section if the bond issued pursuant to chapter
31 39-22 is written to include the requirements of this section.

- 1 2. A low-speed vehicle dealer must provide proof to the director of a continuous policy
2 of liability insurance in the minimum amount of one hundred thousand dollars per
3 person and three hundred thousand dollars per accident.

4 **SECTION 3.** Section 39-29.1-04.3 of the North Dakota Century Code is created and
5 enacted as follows:

6 **39-29.1-04.3. Authority of director - Fees.**

- 7 1. The director may prescribe rules not inconsistent with this chapter governing the
8 application for dealer's licenses and the suspension or revocation of a dealer's
9 license. The director may inspect the dealers in this state including any record of
10 any dealer relating to low-speed vehicles.
- 11 2. The director may suspend or revoke any dealer's license for the failure of the
12 licensee to comply with any of the laws of this state governing low-speed vehicle
13 dealers.
- 14 3. Any dealer violating any law of this state governing low-speed vehicle dealer's
15 must be assessed one hundred dollars for the first violation in two years and two
16 hundred dollars for the second violation within two years of the first violation for any
17 particular offense. The director shall suspend the license if a third or subsequent
18 violation of a particular offense occurs within five years of the first violation.
- 19 4. Any fees collected by the director under sections 33-29.1-04 through 39-29.1-04.3
20 must be deposited with the state treasurer in the highway tax distribution fund.