

Introduced by

1 A BILL for an Act to create and enact sections 39-29.1-04.1, 39-29.1-04.2, and 39-29.1-04.3 of  
2 the 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, advertise as being, or hold out to the public as engaging  
14 in the business of buying, selling, or exchanging low-speed vehicles without a  
15 dealer's license. A person who violates this subsection is guilty of a class B  
16 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 March thirty-first of each odd-numbered year and application for renewal of a  
20 dealer's license must be made before the expiration date of the current dealer's  
21 license. The application fee is twenty dollars and the renewal fee is twenty dollars.  
22 An applicant must pay an additional nonrefundable inspection fee of one hundred  
23 dollars, which must accompany the initial application.

- 1           3.   Upon licensure, a low-speed vehicle dealer is entitled to be issued a dealer plate  
2                   distinctly marked with the dealer's license number. A dealer plate may be used  
3                   only on low-speed vehicles owned by the dealership. Additional dealer plates are  
4                   twenty dollars each per license period.

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

7           **39-29.1-04.1. Requirements of dealer.**

- 8           1.   A low-speed vehicle dealer shall maintain a permanent office and place of  
9                   business in this state and shall maintain in that location that dealer's business  
10                  records relating to the sale of low-speed vehicles in this state.  
11           2.   A low-speed vehicle dealer shall submit any state fees, taxes, and applications  
12                  collected on behalf of a customer to the department within thirty days of the date of  
13                  sale. The director may waive a violation of this subsection for good cause.

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

16          **39-29.1-04.2. Bond and liability insurance required.**

- 17          1.   Before the issuance of a low-speed vehicle dealer's license, the applicant for the  
18                  license and at all times each dealer shall furnish a surety bond in the amount of ten  
19                  thousand dollars executed by the applicant or dealer as principal and executed by  
20                  a surety company licensed and qualified to do business within this state. The bond  
21                  must be conditioned upon the faithful compliance by the dealer that the dealer will  
22                  comply with all the laws of this state pertaining to the business of dealing in  
23                  low-speed vehicles and indemnifying any person dealing or transacting business  
24                  with the dealer in connection with any low-speed vehicle from any loss or damage  
25                  occasioned by the failure of the dealer to comply with the laws of this state. The  
26                  aggregate liability of the surety to all persons for all losses or damages may not  
27                  exceed the amount of the bond. Any third party sustaining injury within the terms  
28                  of the bond may proceed against the principal and the surety without making the  
29                  state a party to the proceeding.  
30          2.   The surety may cancel the bond as to future liability by giving notice by registered  
31                  mail addressed to the principal at the address stated in the bond and to the

department. Thirty days after the mailing of a notice, the cancellation is effective and the bond is void as to any subsequent liability. The surety remains liable subject to all the terms, conditions, and provisions of the bond for acts covered by the bond up to the effective date of the cancellation.

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

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

**39-29.1-04.3. Suspension or revocation of license - Fees.**

1. The director may adopt rules governing the suspension or revocation of a dealer's license. The director may inspect a dealer's place of business in this state and any record of a dealer relating to a low-speed vehicle.
2. The director may suspend or revoke any dealer's license for the failure of the licensee to comply with any law of this state or rule adopted by the director governing low-speed vehicle dealers.
3. Any dealer violating any law of this state governing low-speed vehicle dealers must be assessed one hundred dollars for the first violation in two years and two hundred dollars for a second similar violation within two years of the first violation. The director shall suspend the license if a third or subsequent similar violation occurs within five years of the first violation.
4. The director shall deposit any fees collected under sections 39-29.1-04 through 39-29.1-04.3 with the state treasurer in the state highway fund.