

Introduced by

1 A BILL for an Act to create and enact section 39-22.3-03.1 of the North Dakota Century Code,  
2 relating to a new motorcycle dealer franchise; to amend and reenact sections 39-22.3-01,  
3 39-22.3-02, 39-22.3-03, 39-22.3-04, 39-22.3-05, 39-22.3-06, 39-22.3-08, 39-22.3-09, and  
4 39-22.3-10 of the North Dakota Century Code, relating to motorcycle dealer licensing; to repeal  
5 sections 30-22.3-07, 39-22.3-11, and 39-22.3-12 of the North Dakota Century Code, relating to  
6 penalties and administration; and to provide a penalty.

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

8 **SECTION 1. AMENDMENT.** Section 39-22.3-01 of the North Dakota Century Code is  
9 amended and reenacted as follows:

10 **39-22.3-01. Motorcycle dealer's license - Fees—Additional number plates Penalty.**  
11 ~~It is unlawful for any~~ A person, partnership, corporation, or limited liability company to may not  
12 engage, advertise as being, or hold out to the public as engaging in the business of buying,  
13 selling, or exchanging of motorcycles without ~~possessing~~ a current motorcycle dealer's license.  
14 ~~No person, partnership, corporation, or limited liability company may advertise or hold out to the~~  
15 ~~public as engaging in the buying, selling, or exchanging of motorcycles for resale without~~  
16 ~~possession of a current motorcycle dealer's license. The motorcycle dealer's license fee is~~  
17 ~~twenty five dollars per year and with which must be issued one dealer's plate. Additional~~  
18 ~~dealer's plates are ten dollars each. A dealer plate may be displayed on any motorcycle owned~~  
19 ~~by the dealer. A person violating this section is guilty of a class B misdemeanor.~~

20 **SECTION 2. AMENDMENT.** Section 39-22.3-02 of the North Dakota Century Code is  
21 amended and reenacted as follows:

22 **39-22.3-02. Application required - Fees - Plates - Renewal. No**

23 1. The director may not grant a license ~~may be granted~~ unless a completed  
24 application has been made in the form prescribed by the director.

2. The motorcycle dealer's license fee is twenty-five dollars per year and must be issued one dealer plate. Additional dealer plates are ten dollars each per year. Dealer plates may be used on any motorcycle owned by the dealership and used in the direct functions of demonstrating, buying, or selling a motorcycle. Dealer plates may not be used on service vehicles or vehicles used in other functions of the business, sold units in possession of the purchaser, by family members not residing at the dealer's residence, or by any other person not directly involved in the operation of the dealership. A dealer plate displayed on a motorcycle must be displayed on the rear of the motorcycle.

3. A dealer license issued under this chapter expires on December thirty-first of each year. For a renewal, a dealer shall apply on a form prescribed by the department and with the payment for the dealer license and dealer plate fees required by this chapter. The department may not renew the dealer license of any applicant who has made less than four retail motorcycle sales during the previous year.

4. Any person violating this section must be assessed a one hundred dollar fee by the department for a first violation and a two hundred dollar fee by the department for a second violation within two years of the first violation. The department shall suspend the license of a motorcycle dealer licensed under this chapter if a third or subsequent violation of this section occurs within five years of the first violation.

**SECTION 3. AMENDMENT.** Section 39-22.3-03 of the North Dakota Century Code is amended and reenacted as follows:

**39-22.3-03. ~~Issuance of license—Conditions~~ Established central place of business.** ~~No~~

1. The director may not issue a license ~~may be issued~~ until the applicant furnishes proof satisfactory to the director that the applicant has and will continue to maintain an established central place of business in this state. An established central place of business ~~means~~ is a permanent enclosed building or structure of at least two hundred fifty square feet [23.22 square meters] either owned or leased with a stated periodic rental, at which a permanent business of bartering, trading, and selling of motorcycles, ~~the repair, maintenance, and servicing of motorcycles and the storage of parts and accessories therefor,~~ will be carried out in good faith and

1 ~~not for the purpose of evading this section, and where the business books, records,~~  
2 ~~and files shall be maintained, and does.~~ A central place of business is not mean a  
3 residence, tents, temporary stands, or other temporary quarters, nor permanent  
4 quarters occupied pursuant to any temporary arrangement. ~~Said~~

5 2. The central place of business may consist of several buildings, or structures, but  
6 ~~no~~ any building or structure may not be located beyond one thousand feet [304.8  
7 meters] from any other buildings building or structures structure of said the central  
8 place of business. Such central place of business must be located within the state  
9 of North Dakota. The licensee must be permitted to use unimproved lots and  
10 premises for sales, storage, or display of motorcycles. The central place of  
11 business must be located on property zoned or otherwise approved for this  
12 purpose by the appropriate zoning authority. The central place of business must  
13 be adequately heated and lighted so as to be comfortable for customers and  
14 employees and be equipped with standard office equipment necessary for  
15 conducting the business. The central place of business must have a telephone  
16 publicly listed in the name of the dealership, be open to the public during normal  
17 business hours, and have a sign. The sign must be at least thirty-two square feet  
18 [2.97 square meters] in size, contain the name of the dealership, and be clearly  
19 visible from the street. A business sign approved by a motorcycle manufacturer  
20 may be used in lieu of the sign requirements of this section.

21 3. All records related to the business, including titles or other documents showing  
22 ownership of the motorcycles, must be kept and maintained at the central place of  
23 business.

24 4. If the licensee desires to move from the central place of business occupied when  
25 the license was granted to a new location, the licensee must obtain permission  
26 from the director. The licensee shall furnish proof satisfactory to the director that  
27 the premises to which the licensee proposes to move conforms with the  
28 requirements of this section.

29 5. A nonrefundable fee of ~~fifty~~ one hundred dollars ~~will~~ must be charged for each  
30 inspection and must accompany each initial application for a motorcycle dealer's  
31 license.

6. Any person violating this section must be assessed a one hundred dollar fee by the department for a first violation and a two hundred dollar fee by the department for a second violation within two years of the first violation. The department shall suspend the license of a motorcycle dealer licensed under this chapter if a third or subsequent violation of this section occurs within five years of the first violation.

**SECTION 4.** Section 39-22.3-03.1 of the North Dakota Century Code is created and enacted as follows:

**39-22.3-03.1. Application for new motorcycle dealer license - Franchise required -**

**Penalty.**

1. In the case of an application for a new motorcycle dealer license, the applicant shall furnish proof satisfactory to the director that the applicant has a dealer agreement or franchise in effect with a manufacturer or distributor of the new motorcycle in which the dealer proposes to deal. A new motorcycle dealer license entitles the holder to deal in both used motorcycles and in those new motorcycles only for which the dealer has a dealer agreement or franchise in effect with a manufacturer or distributor. A used motorcycle dealer license entitles the holder to deal solely in used motorcycles.
2. New motorcycle dealers who have been issued surrounding communities as a part of their dealer area of responsibility may be issued additional new motorcycle dealer licenses if the manufacturer provides the department written approval of additional sites for display and sale of motorcycles. Applicants for additional new motorcycle dealer licenses must meet all of the requirements of this chapter.
3. If a motorcycle dealer purchases or holds for sale a new motorcycle for which the dealer does not have a dealer agreement or franchise in effect with a manufacturer or distributor, the new motorcycle becomes, at the time of purchase or possession, subject to the registration provisions of chapter 39-04, the title registration provisions of chapter 39-05, and the motor vehicle excise tax provisions of chapter 57-40.3.
4. Any person violating this section must be assessed a two hundred fifty dollar fee by the department for a first violation and a five hundred dollar fee by the department for a second violation within two years of the first violation. The department must

suspend the license of a motorcycle dealer licensed under this chapter if a third or subsequent violation of this section occurs within five years of the first violation.

**SECTION 5. AMENDMENT.** Section 39-22.3-04 of the North Dakota Century Code is amended and reenacted as follows:

**39-22.3-04. Grounds for denial, suspension, cancellation, or revocation of dealer's license.** The director may deny an application for a dealer's license or suspend, revoke, or cancel ~~such~~ a license after it has been granted for any of the following reasons:

1. For any material misstatement by an applicant in the application for the license.
2. For any willful failure to comply with the provisions of this chapter or with any rule adopted by the director.
3. For knowingly permitting any salesperson to sell or exchange, or offer or attempt to sell or exchange any motorcycle except for the licensed motorcycle dealer by whom the salesperson is employed, or to offer, transfer, or assign any sale or exchange that they may have negotiated to any other dealer.
4. For having violated any law relating to the sale, distribution, or financing of motorcycles.
5. For having ceased to have an established place of business ~~as herein defined~~.

**SECTION 6. AMENDMENT.** Section 39-22.3-05 of the North Dakota Century Code is amended and reenacted as follows:

**39-22.3-05. Bond and insurance required.**

1. The license applicant shall furnish a surety bond executed by a surety company, licensed and qualified to do business ~~within the state of North Dakota, which in this state.~~ The bond must run to the state of North Dakota in the amount of ten thousand dollars and be conditioned upon the faithful compliance by said the applicant with all the statutes of the this state of North Dakota, regulating or being applicable to a dealer in motorcycles, and indemnifying any person having a motorcycle transaction with said the dealer from any loss of damage occasioned by the failure of such the dealer to comply with any statutory requirement of such the transaction. The bond must be filed with the director prior to before the issuance of a license and must stay in effect as a condition of licensure. The aggregate liability of the surety of all persons may ~~in no event not~~ not exceed the

amount of the bond. Any third party sustaining injury within the terms of the bond may proceed against the principal and surety without making the state a party of ~~any such~~ to the proceedings.

2. The surety may cancel the bond as to future liability by giving notice by registered 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 motorcycle dealer shall provide proof to the director of a continuous policy of general liability insurance in the minimum of one hundred thousand dollars per person and three hundred thousand dollars per occurrence.

**SECTION 7. AMENDMENT.** Section 39-22.3-06 of the North Dakota Century Code is amended and reenacted as follows:

**39-22.3-06. Disposition of fees.** Fees from registration of dealers and fees collected from dealers found in violation of this chapter must be deposited with the state treasurer and credited to the state highway ~~tax distribution~~ fund.

**SECTION 8. AMENDMENT.** Section 39-22.3-08 of the North Dakota Century Code is amended and reenacted as follows:

**39-22.3-08. Dealers to furnish fees, taxes, and information to director.** ~~All dealers engaged in the sale of motorcycles in this state~~

1. A motorcycle dealer shall furnish the director with ~~such~~ information as to models, specifications, selling prices, and ~~such~~ any other data requested by the director as may be necessary in carrying out the provisions of this chapter.

2. A motorcycle dealer shall submit any state fees, taxes, and applications collected on behalf of a customer to the department within thirty days of the date of sale. The director may waive a violation of this subsection for good cause.

3. Any person violating this section must be assessed a one hundred dollar fee by the department for a first violation and a two hundred dollar fee by the department for a second violation within two years of the first violation. The department shall

1           suspend the license of a motorcycle dealer licensed under this chapter if a third or  
2           subsequent violation of this section occurs within five years of the first violation.

3           **SECTION 9. AMENDMENT.** Section 39-22.3-09 of the North Dakota Century Code is  
4 amended and reenacted as follows:

5           **39-22.3-09. Powers of the director.** The director is responsible for the administration  
6 of this chapter. In addition to other powers provided by law, the director has the following  
7 powers and duties which must be exercised in conformity with this chapter:

- 8           1. To cancel, revoke, or suspend a dealer's license as provided for in this chapter.
- 9           2. To ~~prescribe~~ adopt rules not inconsistent with this chapter governing the  
10           application for ~~a dealer's licenses~~ license and the cancellation or suspension or  
11           revocation of a dealer's license. The department may adopt rules that limit the  
12           number of dealer plates available to an applicant based on the applicant's  
13           motorcycle sales history.
- 14           3. To employ and pay such persons as the director may deem necessary to inspect  
15           dealers in this state, investigate dealers for the information of the director, to  
16           procure evidence in connection with any prosecution or other action to suspend,  
17           revoke, or cancel a dealer's license in relation to any matter in which the director  
18           has any duty to perform.

19           **SECTION 10. AMENDMENT.** Section 39-22.3-10 of the North Dakota Century Code is  
20 amended and reenacted as follows:

21           **39-22.3-10. Examination of books and records.** The director ~~or the director's duly~~  
22 ~~authorized representative~~ may inspect the ~~books, letters, records, and contracts~~ of any licensed  
23 motorcycle dealer relating to any specific complaint made against ~~such~~ the dealer and held to  
24 be in violation of ~~any of the provisions of~~ this title. In addition, the director may inspect the  
25 records of a dealer to verify that fees and applications collected from customers for the  
26 department have been properly remitted to the department.

27           **SECTION 11. REPEAL.** Sections 39-22.3-07, 39-22.3-11, and 39-22.3-12 of the North  
28 Dakota Century Code are repealed.