

SB 974-2
(LC 2443)
4/3/17 (HE/ps)

Requested by SENATE COMMITTEE ON BUSINESS AND TRANSPORTATION

**PROPOSED AMENDMENTS TO
SENATE BILL 974**

1 On page 1 of the printed bill, line 2, after “dealers;” delete the rest of the
2 line and insert “creating new provisions; and amending ORS 822.020 and
3 822.030.”.

4 Delete lines 4 through 31 and delete page 2 and insert:

5 **“SECTION 1.** ORS 822.030 is amended to read:

6 “822.030. (1) A bond or letter of credit required to qualify for a vehicle
7 dealer certificate under ORS 822.020 or to qualify for renewal of a certificate
8 under ORS 822.040 must comply with all of the following:

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

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

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

20 “(A) If the applicant is seeking a certificate to be a dealer exclusively in
21 motorcycles, mopeds, Class I all-terrain vehicles or snowmobiles or any

1 combination of those vehicles, the bond or letter of credit shall be for
2 ~~[\$2,000]~~ **\$10,000**.

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

6 “(d) The bond or letter of credit described in this subsection shall be ap-
7 proved as to form by the Attorney General.

8 “(e) The bond or letter of credit must be conditioned that the person is-
9 sued the certificate shall conduct business as a vehicle dealer without fraud
10 or fraudulent representation and without violating any provisions of the ve-
11 hicle code relating to vehicle registration, vehicle permits, the transfer or
12 alteration of vehicles or the regulation of vehicle dealers.

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

15 “(g) The vehicle dealer shall purchase a bond or letter of credit under this
16 subsection annually on or before each anniversary of the issuance of the
17 vehicle dealer’s certificate.

18 “(2) Any person shall have a right of action against a vehicle dealer,
19 against the surety on the vehicle dealer’s bond and against the letter of
20 credit in the person’s own name if the person suffers any loss or damage by
21 reason of the vehicle dealer’s fraud, fraudulent representations or violations
22 of provisions of the vehicle code relating to:

23 “(a) Vehicle registration;

24 “(b) Vehicle permits;

25 “(c) The transfer or alteration of vehicles; or

26 “(d) The regulation of vehicle dealers.

27 “(3) Notwithstanding subsection (2) of this section, *[the]* **\$10,000 is the**
28 maximum amount available under a bond **or letter of credit** described in
29 subsection (1)(c)(B) of this section for the payment of claims *[by]* **to** persons
30 other than retail customers of the dealer *[is \$20,000]*. **Persons other than**

1 retail customers may only make a claim under subsection (2) of this
2 section if:

3 “(a) The person has a bond or letter of credit in the amount of
4 \$10,000 or more under this section; or

5 “(b) The person is licensed or certified as a vehicle dealer in another
6 jurisdiction and has a bond or letter of credit in the amount of \$10,000
7 or more and a vehicle dealer in this state is permitted to file a claim
8 in the other jurisdiction under a substantially similar law in the other
9 jurisdiction.

10 “(4) Notwithstanding subsections (2) and (3) of this section, a person
11 other than a retail customer of the dealer may not make a claim re-
12 lating to a vehicle described in subsection (1)(c)(A) of this section
13 against a vehicle dealer, against the surety on the vehicle dealer’s
14 bond or against the letter of credit.

15 “[4] (5) If the certificate of a vehicle dealer is not renewed or is volun-
16 tarily or involuntarily canceled, the sureties on the bond and the issuer of
17 the letter of credit are relieved from liability that accrues after the depart-
18 ment cancels the certificate.

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

21 **“SECTION 3. The Department of Transportation may not issue a
22 vehicle dealer certificate authorizing a person to deal exclusively in
23 motorcycles.**

24 **“SECTION 4. Section 3 of this 2017 Act applies to new vehicle dealer
25 certificates issued on or after the effective date of this 2017 Act and
26 does not apply to a person who holds a vehicle dealer certificate to deal
27 exclusively in motorcycles as of the day immediately preceding the
28 effective date of this 2017 Act.**

29 **“SECTION 5. ORS 822.020 is amended to read:**

30 **“822.020. Except as provided in ORS 822.035 (8) and section 3 of this 2017**

1 **Act**, the Department of Transportation shall issue a vehicle dealer certificate
2 to any person if the person meets all of the following requirements:

3 “(1) The person must complete the application for a dealer certificate de-
4 scribed under ORS 822.025.

5 “(2) The person must deliver to the department a bond or letter of credit
6 that meets the requirements under ORS 822.030.

7 “(3) The person must deliver to the department a certificate of insurance
8 that meets the requirements established by ORS 822.033.

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

11 “(5) The person must certify completion of the precertification education
12 and test requirements of ORS 822.027 (1)(a) if the person is a dealer subject
13 to the education and test requirements.”.

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