

ASSEMBLY BILL NO. 24—COMMITTEE
ON GROWTH AND INFRASTRUCTURE

(ON BEHALF OF THE DEPARTMENT OF MOTOR VEHICLES)

PREFILED NOVEMBER 16, 2018

Referred to Committee on Growth and Infrastructure

SUMMARY—Revises provisions governing the requirements for posting of security bonds by motor vehicle-related industries and activities. (BDR 43-229)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: Yes.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to security bonds; limiting the type of bonds that will be accepted by the Department of Motor Vehicles as a form of security required to be posted with the Department for certain purposes; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Under existing law a person who is required to provide security to the State with a surety bond or cash payment may, in lieu of such a bond or payment, deposit with the State Treasurer bonds of the United States or of the State of Nevada of an actual market value of not less than the amount of the required surety bond or cash payment. (NRS 100.065) **Section 7** of this bill prohibits the Department of Motor Vehicles from accepting bonds of the United States or of the State of Nevada in lieu of a surety bond or cash payment required to be deposited with the Department as security to the State.

Existing law requires that security be provided to the Department by a person who obtains licensure or registration from the Department as: (1) a manufacturer, rebuilder, distributor, dealer, broker, salesperson or lessor of vehicles; (2) an automobile wrecker; (3) a salvage pool; (4) a garage or garage operator; (5) a body shop; and (6) a manufacturer, lessor or dealer of off-highway vehicles. (NRS 482.346, 487.060, 487.420, 487.563, 487.640, 490.280) **Sections 1-6** of this bill provide that such licensees are not authorized to provide security to the Department by way of bonds of the United States or of the State of Nevada.

Section 8 of this bill provides that this bill becomes effective on October 1, 2019 except that upon passage and approval of this bill, the Department is



authorized to adopt regulations and perform other administrative tasks necessary to carry out the provisions of this bill.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. NRS 482.346 is hereby amended to read as follows:
482.346 1. In lieu of a bond, an applicant may deposit with the Department, under terms prescribed by the Department:

(a) A like amount of lawful money of the United States ; ~~for bonds of the United States or of the State of Nevada of an actual market value of not less than the amount fixed by the Department;]~~
or

(b) A savings certificate of a bank, credit union, savings and loan association or savings bank situated in Nevada, which must indicate an account of an amount equal to the amount of the bond which would otherwise be required by NRS 482.345 and that this amount is unavailable for withdrawal except upon order of the Department. Interest earned on the amount accrues to the account of the applicant.

2. Except as otherwise provided in subsection 3, a deposit made pursuant to subsection 1 may be disbursed by the Director, for good cause shown and after notice and opportunity for hearing, in an amount determined by the Director to compensate a person injured by an action of the licensee, or released upon receipt of:

(a) A court order requiring the Director to release all or a specified portion of the deposit; or

(b) A statement signed by the person or persons under whose name the deposit is made and acknowledged before any person authorized to take acknowledgments in this State, requesting the Director to release the deposit, or a specified portion thereof, and stating the purpose for which the release is requested.

3. A deposit made pursuant to subsection 1 in lieu of a bond required by NRS 482.345 may only be disbursed to compensate a consumer. As used in this subsection, "consumer" has the meaning ascribed to it in NRS 482.345.

4. When a deposit is made pursuant to subsection 1, liability under the deposit is in the amount prescribed by the Department. If the amount of the deposit is reduced or there is an outstanding court judgment for which the licensee is liable under the deposit, the license is automatically suspended. The license must be reinstated if the licensee:

(a) Files an additional bond pursuant to subsection 1 of NRS 482.345;



(b) Restores the deposit with the Department to the original amount required under this section; or

(c) Satisfies the outstanding judgment for which the licensee is liable under the deposit.

5. A deposit made pursuant to subsection 1 may be refunded:

(a) By order of the Director, 3 years after the date the licensee ceases to be licensed by the Department, if the Director is satisfied that there are no outstanding claims against the deposit; or

(b) By order of court, at any time within 3 years after the date the licensee ceases to be licensed by the Department, upon evidence satisfactory to the court that there are no outstanding claims against the deposit.

6. Any money received by the Department pursuant to subsection 1 must be deposited with the State Treasurer for credit to the Motor Vehicle Fund.

Sec. 2. NRS 487.060 is hereby amended to read as follows:

487.060 1. No license may be issued to an automobile wrecker until the automobile wrecker has procured and filed with the Department a good and sufficient bond in the amount of \$50,000, with a corporate surety thereon licensed to do business in the State of Nevada, approved as to form by the Attorney General, and conditioned that the applicant conducts business as a wrecker without fraud or fraudulent representation, and without violation of the provisions of NRS 487.047 to 487.200, inclusive, or 487.710 to 487.890, inclusive. The Department may, by agreement with any automobile wrecker who has been licensed for 5 years or more by the Department or a department of motor vehicles in another state, reduce the amount of the bond of the wrecker, if the business of that wrecker has been conducted satisfactorily for the preceding 5 years, but no bond may be in an amount less than \$5,000. The Department shall make the necessary investigation to determine whether a wrecker licensed in another state has conducted its business satisfactorily.

2. The bond may be continuous in form and the total aggregate liability on the bond must be limited to the payment of the total amount of the bond.

3. The bond must provide that any person injured by the action of the automobile wrecker in violation of any of the provisions of NRS 487.047 to 487.200, inclusive, or 487.710 to 487.890, inclusive, may apply to the Director for compensation from the bond. The Director, for good cause shown and after notice and opportunity for hearing, may determine the amount of compensation and the person to whom it is to be paid. The surety shall then make the payment.



4. In lieu of a bond an automobile wrecker may deposit with the Department, under the terms prescribed by the Department:

(a) A like amount of *lawful* money ~~for bonds~~ of the United States ; ~~for of the State of Nevada of an actual market value of not less than the amount fixed by the Department;~~ or

(b) A savings certificate of a bank, credit union, savings and loan association or savings bank situated in Nevada, which must indicate an account of an amount equal to the amount of the bond which would otherwise be required by this section and that this amount is unavailable for withdrawal except upon order of the Department. Interest earned on the certificate accrues to the account of the applicant.

5. A deposit made pursuant to subsection 4 may be disbursed by the Director, for good cause shown and after notice and opportunity for hearing, in an amount determined by the Director to compensate a person injured by an action of the licensee, or released upon receipt of:

(a) A court order requiring the Director to release all or a specified portion of the deposit; or

(b) A statement signed by the person in whose name the deposit is made and acknowledged before any person authorized to take acknowledgments in this State, requesting the Director to release the deposit, or a specified portion thereof, and stating the purpose for which the release is requested.

6. When a deposit is made pursuant to subsection 4, liability under the deposit is in the amount prescribed by the Department. If the amount of the deposit is reduced or there is an outstanding judgment for which the licensee is liable under the deposit, the license is automatically suspended. The license must be reinstated if the licensee:

(a) Files an additional bond pursuant to subsection 1;

(b) Restores the deposit with the Department to the original amount required under this section; or

(c) Satisfies the outstanding judgment for which he or she is liable under the deposit.

7. A deposit made pursuant to subsection 4 may be refunded:

(a) By order of the Director, 3 years after the date the licensee ceases to be licensed by the Department, if the Director is satisfied that there are no outstanding claims against the deposit; or

(b) By order of court, at any time within 3 years after the date the licensee ceases to be licensed by the Department, upon evidence satisfactory to the court that there are no outstanding claims against the deposit.



8. Any money received by the Department pursuant to subsection 4 must be deposited with the State Treasurer for credit to the Motor Vehicle Fund.

Sec. 3. NRS 487.420 is hereby amended to read as follows:

487.420 1. No applicant may be granted a license to operate a salvage pool until he or she has procured and filed with the Department a good and sufficient bond in the amount of \$50,000, with a corporate surety thereon licensed to do business in the State of Nevada, approved as to form by the Attorney General, and conditioned that the applicant conducts business as an operator of a salvage pool without fraud or fraudulent representation, and without violation of the provisions of NRS 487.400 to 487.510, inclusive. The Department may, by agreement with any operator of a salvage pool who has been licensed by the Department for 5 years or more, allow a reduction in the amount of his or her bond, if his or her business has been conducted satisfactorily for the preceding 5 years, but no bond may be in an amount less than \$5,000.

2. The bond may be continuous in form and the total aggregate liability on the bond must be limited to the payment of the total amount of the bond.

3. The bond must provide that any person injured by the action of the operator of the salvage pool in violation of any of the provisions of NRS 487.400 to 487.510, inclusive, may apply to the Director for compensation from the bond. The Director, for good cause shown and after notice and opportunity for hearing, may determine the amount of compensation and the person to whom it is to be paid. The surety shall then make the payment.

4. In lieu of a bond an operator of a salvage pool may deposit with the Department, under the terms prescribed by the Department:

(a) A like amount of *lawful* money ~~{for bonds}~~ of the United States ; ~~{for of the State of Nevada of an actual market value of not less than the amount fixed by the Department;}~~ or

(b) A savings certificate of a bank, credit union, savings and loan association or savings bank situated in Nevada, which must indicate an account of an amount equal to the amount of the bond which would otherwise be required by this section and that this amount is unavailable for withdrawal except upon order of the Department. Interest earned on the certificate accrues to the account of the applicant.

5. A deposit made pursuant to subsection 4 may be disbursed by the Director, for good cause shown and after notice and opportunity for hearing, in an amount determined by the Director to compensate a person injured by an action of the licensee, or released upon receipt of:



(a) A court order requiring the Director to release all or a specified portion of the deposit; or

(b) A statement signed by the person under whose name the deposit is made and acknowledged before any person authorized to take acknowledgments in this State, requesting the Director to release the deposit, or a specified portion thereof, and stating the purpose for which the release is requested.

6. When a deposit is made pursuant to subsection 4, liability under the deposit is in the amount prescribed by the Department. If the amount of the deposit is reduced or there is an outstanding judgment of a court for which the licensee is liable under the deposit, the license is automatically suspended. The license must be reinstated if the licensee:

(a) Files an additional bond pursuant to subsection 1;

(b) Restores the deposit with the Department to the original amount required under this section; or

(c) Satisfies the outstanding judgment for which the licensee is liable under the deposit.

7. A deposit made pursuant to subsection 4 may be refunded:

(a) By order of the Director, 3 years after the date the licensee ceases to be licensed by the Department, if the Director is satisfied that there are no outstanding claims against the deposit; or

(b) By order of court, at any time within 3 years after the date the licensee ceases to be licensed by the Department, upon evidence satisfactory to the court that there are no outstanding claims against the deposit.

8. Any money received by the Department pursuant to subsection 4 must be deposited with the State Treasurer for credit to the Motor Vehicle Fund.

Sec. 4. NRS 487.563 is hereby amended to read as follows:

487.563 1. Each person who submits an application for registration pursuant to the provisions of NRS 487.560 shall file with the Department a bond in the amount of \$5,000, with a corporate surety for the bond that is licensed to do business in this State. The form of the bond must be approved by the Attorney General and be conditioned upon whether the applicant conducts business as an owner or operator of a garage without fraud or fraudulent representation and in compliance with the provisions of NRS 487.530 to 487.690, inclusive.

2. The bond must be continuous in form and the total aggregate liability on the bond must be limited to the payment of the total amount of the bond.

3. The bond must provide that any person injured by the action of the garage operator may:



(a) Apply to the Director for compensation from the bond. The Director, for good cause shown and after notice and opportunity for hearing, may determine the amount of compensation and the person to whom it is to be paid. The surety shall then make payment.

(b) Present to the Director an order of a court requiring the Director to pay to the person an amount of compensation from the bond. The Director shall inform the surety, and the surety shall then make payment.

4. In lieu of a bond required to be filed pursuant to the provisions of subsection 1, a person may deposit with the Department, pursuant to the terms prescribed by the Department:

(a) A like amount of *lawful* money ~~[or bonds]~~ of the United States ; ~~[or of the State of Nevada of an actual market value of not less than the amount fixed by the Department;]~~ or

(b) A savings certificate of a bank, savings and loan association or savings bank located in this State, which must indicate an account of an amount equal to the amount of the bond that would otherwise be required pursuant to this section and that the amount is unavailable for withdrawal except upon order of the Department. Interest earned on the certificate accrues to the account of the applicant.

5. A deposit made pursuant to subsection 4 may be disbursed by the Director, for good cause shown and after notice and opportunity for hearing, in an amount determined by the Director to compensate a person injured by an action of the garage operator or released upon receipt of:

(a) An order of a court requiring the Director to release all or a specified portion of the deposit; or

(b) A statement signed by the person under whose name the deposit is made and acknowledged before any person authorized to take acknowledgments in this State, requesting that the Director release the deposit, or a specified portion thereof, and stating the purpose for which the release is requested.

6. If a person fails to comply with an order of a court that relates to the repair of a motor vehicle, or fails to pay or otherwise discharge any final judgment rendered and entered against the person or any court order issued and arising out of the repair of a motor vehicle in the operation of a garage, the Department shall revoke or refuse to renew the certificate of registration of the person who failed to comply with the order or satisfy the judgment.

7. The Department may reinstate or renew a certificate of registration that is revoked pursuant to the provisions of subsection 6 if the person whose certificate of registration is revoked complies with the order of the court.



8. A garage operator whose registration has been revoked pursuant to the provisions of subsection 6 shall furnish to the Department a bond in the amount specified in subsection 1 before the reinstatement of his or her registration.

Sec. 5. NRS 487.640 is hereby amended to read as follows:

487.640 1. No license may be issued to an operator of a body shop until the operator procures and files with the Department a good and sufficient bond in the amount of \$10,000, with a corporate surety thereon licensed to do business in the State of Nevada, approved as to form by the Attorney General, and conditioned that the applicant shall conduct business as an operator of a body shop without fraud or fraudulent representation, and in compliance with the provisions of NRS 487.530 to 487.690, inclusive. The Department may, by agreement with any operator of a body shop who has been licensed by the Department for 5 years or more, allow a reduction in the amount of the bond of the operator, if the business of the operator has been conducted satisfactorily for the preceding 5 years, but no bond may be in an amount less than \$1,000.

2. The bond may be continuous in form and the total aggregate liability on the bond must be limited to the payment of the total amount of the bond.

3. The bond must provide that any person injured by the action of the operator of the body shop in violation of any of the provisions of NRS 487.530 to 487.690, inclusive, may apply to the Director for compensation from the bond. The Director, for good cause shown and after notice and opportunity for hearing, may determine the amount of compensation and the person to whom it is to be paid. The surety shall then make the payment.

4. In lieu of a bond an operator of a body shop may deposit with the Department, under the terms prescribed by the Department:

(a) A like amount of *lawful* money ~~for bonds~~ of the United States ; ~~for of the State of Nevada of an actual market value of not less than the amount fixed by the Department;~~ or

(b) A savings certificate of a bank, credit union, savings and loan association or savings bank situated in Nevada, which must indicate an account of an amount equal to the amount of the bond which would otherwise be required by this section and that this amount is unavailable for withdrawal except upon order of the Department. Interest earned on the certificate accrues to the account of the applicant.

5. A deposit made pursuant to subsection 4 may be disbursed by the Director, for good cause shown and after notice and opportunity for hearing, in an amount determined by the Director to compensate a person injured by an action of the licensee, or released upon receipt of:



(a) An order of a court requiring the Director to release all or a specified portion of the deposit; or

(b) A statement signed by the person under whose name the deposit is made and acknowledged before any person authorized to take acknowledgments in this State, requesting the Director to release the deposit, or a specified portion thereof, and stating the purpose for which the release is requested.

6. When a deposit is made pursuant to subsection 4, liability under the deposit is in the amount prescribed by the Department. If the amount of the deposit is reduced or there is an outstanding judgment of a court for which the licensee is liable under the deposit, the license is automatically suspended. The license must be reinstated if the licensee:

(a) Files an additional bond pursuant to subsection 1;

(b) Restores the deposit with the Department to the original amount required under this section; or

(c) Satisfies the outstanding judgment for which he or she is liable under the deposit.

7. A deposit made pursuant to subsection 4 may be refunded:

(a) By order of the Director, 3 years after the date the licensee ceases to be licensed by the Department, if the Director is satisfied that there are no outstanding claims against the deposit; or

(b) By order of court, at any time within 3 years after the date the licensee ceases to be licensed by the Department, upon evidence satisfactory to the court that there are no outstanding claims against the deposit.

8. Any money received by the Department pursuant to subsection 4 must be deposited with the State Treasurer for credit to the Motor Vehicle Fund.

Sec. 6. NRS 490.280 is hereby amended to read as follows:

490.280 1. In lieu of a bond, an applicant may deposit with the Department, under terms prescribed by the Department:

(a) A like amount of lawful money of the United States ; ~~for bonds of the United States or of the State of Nevada of an actual market value of not less than the amount fixed by the Department;~~ or

(b) A savings certificate of a bank, credit union, savings and loan association or savings bank situated in Nevada, which must indicate an account of an amount equal to the amount of the bond which would otherwise be required by NRS 490.270 and indicate that this amount is unavailable for withdrawal except upon order of the Department. Interest earned on the amount accrues to the account of the applicant.

2. A deposit made pursuant to subsection 1 may be disbursed by the Director, for good cause shown and after notice and



1 opportunity for hearing, in an amount determined by the Director to
2 compensate a person injured by an action of the licensee, or released
3 upon receipt of:

4 (a) A court order requiring the Director to release all or a
5 specified portion of the deposit; or

6 (b) A statement signed by the person or persons under whose
7 name the deposit is made and acknowledged before any person
8 authorized to take acknowledgments in this State requesting the
9 Director to release the deposit, or a specified portion thereof, and
10 stating the purpose for which the release is requested.

11 3. When a deposit is made pursuant to subsection 1, liability
12 under the deposit is in the amount prescribed by the Department. If
13 the amount of the deposit is reduced or there is an outstanding court
14 judgment for which the licensee is liable under the deposit, the
15 license is automatically suspended. The license must be reinstated if
16 the licensee:

17 (a) Files an additional bond pursuant to subsection 1 of
18 NRS 490.270;

19 (b) Restores the deposit with the Department to the original
20 amount required under this section; or

21 (c) Satisfies the outstanding judgment for which the licensee is
22 liable under the deposit.

23 4. A deposit made pursuant to subsection 1 may be refunded:

24 (a) By order of the Director, 3 years after the date the licensee
25 ceases to be licensed by the Department, if the Director is satisfied
26 that there are no outstanding claims against the deposit; or

27 (b) By order of court, at any time within 3 years after the date
28 the licensee ceases to be licensed by the Department, upon evidence
29 satisfactory to the court that there are no outstanding claims against
30 the deposit.

31 5. Any money received by the Department pursuant to
32 subsection 1 must be deposited with the State Treasurer for credit to
33 the Motor Vehicle Fund.

34 **Sec. 7.** NRS 100.065 is hereby amended to read as follows:

35 100.065 1. In lieu of any cash payment or surety bond
36 required as protection for the State of Nevada, the person required to
37 provide the cash payment or surety bond may deposit with the State
38 Treasurer, unless a different custodian is named by specific statute:

39 (a) ~~Bonds~~ *Except as otherwise provided in subsection 4,*
40 *bonds* of the United States or of the State of Nevada of an actual
41 market value of not less than the amount of the required cash
42 payment or surety bond;

43 (b) A letter of credit from a bank, savings bank, credit union or
44 savings and loan association situated in Nevada, which meets the
45 requirements set for that purpose by the State Treasurer; or



(c) A savings certificate, certificate of deposit or investment certificate of a bank, savings bank, credit union or savings and loan association situated in Nevada, which must indicate an account of an amount not less than the amount of the required cash payment or surety bond and, except as otherwise provided by specific statute, that the amount is not available for withdrawal except by direct order of the State Treasurer.

2. Whenever a savings certificate, certificate of deposit or investment certificate is deposited as provided in this section, interest earned on the certificate accrues to the account of the depositor.

3. If a surety bond is provided as protection for the State of Nevada, the bond must be issued by an insurer who is authorized or otherwise allowed under title 57 of NRS to issue such a bond pursuant to title 57 of NRS.

4. The Department of Motor Vehicles shall not accept bonds of the United States or of the State of Nevada in lieu of any cash payment or surety bond required to be deposited with the Department as protection for the State of Nevada.

Sec. 8. This act becomes effective upon passage and approval for the purpose of adopting regulations and performing any other administrative tasks that are necessary to carry out the provisions of this act, and on October 1, 2019, for all other purposes.

