

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



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

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

1       **Section 1.** NRS 482.346 is hereby amended to read as follows:

2       482.346 1. In lieu of a bond, an applicant may deposit with  
3 the Department, under terms prescribed by the Department:

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

17 487.060 1. No license may be issued to an automobile  
18 wrecker until the automobile wrecker has procured and filed with  
19 the Department a good and sufficient bond in the amount of  
20 \$50,000, with a corporate surety thereon licensed to do business in  
21 the State of Nevada, approved as to form by the Attorney General,  
22 and conditioned that the applicant conducts business as a wrecker  
23 without fraud or fraudulent representation, and without violation of  
24 the provisions of NRS 487.047 to 487.200, inclusive, or 487.710 to  
25 487.890, inclusive. The Department may, by agreement with any  
26 automobile wrecker who has been licensed for 5 years or more by  
27 the Department or a department of motor vehicles in another state,  
28 reduce the amount of the bond of the wrecker, if the business of that  
29 wrecker has been conducted satisfactorily for the preceding 5 years,  
30 but no bond may be in an amount less than \$5,000. The Department  
31 shall make the necessary investigation to determine whether a  
32 wrecker licensed in another state has conducted its business  
33 satisfactorily.

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

31 487.563 1. Each person who submits an application for  
32 registration pursuant to the provisions of NRS 487.560 shall file  
33 with the Department a bond in the amount of \$5,000, with a  
34 corporate surety for the bond that is licensed to do business in this  
35 State. The form of the bond must be approved by the Attorney  
36 General and be conditioned upon whether the applicant conducts  
37 business as an owner or operator of a garage without fraud or  
38 fraudulent representation and in compliance with the provisions of  
39 NRS 487.530 to 487.690, inclusive.

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

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



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

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

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

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

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

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

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

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

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

41 7. The Department may reinstate or renew a certificate of  
42 registration that is revoked pursuant to the provisions of subsection  
43 6 if the person whose certificate of registration is revoked complies  
44 with the order of the court.



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

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

6 487.640 1. No license may be issued to an operator of a body  
7 shop until the operator procures and files with the Department a  
8 good and sufficient bond in the amount of \$10,000, with a corporate  
9 surety thereon licensed to do business in the State of Nevada,  
10 approved as to form by the Attorney General, and conditioned that  
11 the applicant shall conduct business as an operator of a body shop  
12 without fraud or fraudulent representation, and in compliance with  
13 the provisions of NRS 487.530 to 487.690, inclusive. The  
14 Department may, by agreement with any operator of a body shop  
15 who has been licensed by the Department for 5 years or more, allow  
16 a reduction in the amount of the bond of the operator, if the business  
17 of the operator has been conducted satisfactorily for the preceding 5  
18 years, but no bond may be in an amount less than \$1,000.

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

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

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

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

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

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





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

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

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

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

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

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

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

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

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

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

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

31 490.280 1. In lieu of a bond, an applicant may deposit with  
32 the Department, under terms prescribed by the Department:

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

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

44 2. A deposit made pursuant to subsection 1 may be disbursed  
45 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



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

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

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

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

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



