

1993 Senate Bill 265

Date of enactment: **March 17, 1994**  
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# 1993 WISCONSIN ACT 161

AN ACT to amend 218.01 (2) (bb) and 218.01 (2) (h) 2 of the statutes, relating to: motor vehicle dealer letters of credit.

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

**SECTION 1.** 218.01 (2) (bb) of the statutes is amended to read:

218.01 (2) (bb) A motor vehicle dealer or an applicant for a motor vehicle dealer license shall provide and maintain in force a bond or irrevocable letter of credit of not less than \$25,000 or, if the dealer or applicant sells or proposes to sell motorcycles and not other types of motor vehicles, a bond or irrevocable letter of credit of not less than \$5,000. The bond or letter of credit shall be executed in the name of ~~this state~~ the department for the benefit of any person who sustains a loss because of an act of a motor vehicle dealer that constitutes grounds for the suspension or revocation of a license under this section.

**SECTION 2.** 218.01 (2) (h) 2. of the statutes is amended to read:

218.01 (2) (h) 2. Provided the licensor has reasonable cause to doubt the financial responsibility of the applicant or licensee or the compliance by the applicant or

licensee with this section, the licensor may require the applicant or licensee to furnish and maintain a bond in the form, amount and with the sureties it approves, but not less than \$5,000, nor more than \$100,000, conditioned upon the applicant or licensee complying with the statutes applicable to the licensee and as indemnity for any loss sustained by any person by reason of any acts of the licensee constituting grounds for suspension or revocation of the license under this section. The bonds shall be executed in the name of ~~this state~~ the department for the benefit of any aggrieved parties; provided that the aggregate liability of the surety to all such parties shall, in no event, exceed the amount of the bond. The bonding requirements in this subdivision shall not apply to manufacturers, factory branches, and their agents and is in addition to the bond or letter of credit required of a motor vehicle dealer under par. (bb).

**SECTION 3. Initial applicability.** This act first applies to an application for or renewal of a license under section 218.01 of the statutes filed on the effective date of this SECTION.

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