



2018

Commercial Surety State Legislative Report





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Status of the States

Most of the states have adjourned their 2018 sessions. Sessions that go on until year's end are Massachusetts, Michigan, New Jersey, Ohio, Pennsylvania, and the District of Columbia.

Forty-six states began Fiscal Year 2019 on July 1, 2018. Alabama, Michigan, New York, and Texas have fiscal years that begin in September or October. All 50 states have enacted budgets for FY 2019 with 16 of these states having enacted a biennial budget during their 2017 legislative session. Several states had heated battles over the budget and some also needed one or more special sessions to finish the budget. Massachusetts was the only state to complete its budget after the fiscal year began.

Colorado, Delaware, Georgia, Iowa, Kentucky, Massachusetts, Mississippi, and Missouri enacted spending packages for infrastructure this year.

The Surety & Fidelity Association of America (SFAA) has a legislative affiliation with the American Insurance Association (AIA). Together, we address surety and fidelity legislation in the states. SFAA sets a limited number of priority issues each year for which we affirmatively seek to have legislation introduced to amend existing state law. Much of the work together, however, is addressing bills that others have introduced that impact surety and fidelity bonds. The following is a summary of the commercial surety bills that were introduced in 2018 that SFAA and AIA addressed.

Key Commercial Surety Issues in 2018

The following is a summary of the key bills we worked on and some trends SFAA saw in the 2018 legislation. SFAA members can find the latest new bond opportunities on the SFAA website at <http://www.surety.org/group/BondOps>.

STATES SCRUTINIZE OCCUPATIONAL LICENSES

In the 2018 state legislative sessions, occupational licensing provisions from the American Legislative Exchange Council's (ALEC) model legislation were in play. The Occupational Licensing Defense Act would require the government to use the least restrictive means of furthering government interests and public safety. The Model Act contains a definition of "least restrictive regulation" that includes market competition, voluntary compliance, third party rating, private certification, civil lawsuits, deceptive trade practices, mandatory disclosures, voluntary bonding and insurance, and inspections as less restrictive than mandatory bonding and insurance, registration, certification, and licensure. Registration could include bonding.

The Occupational Board Reform Act restores antitrust immunity to the state license boards if the boards are actively supervised by the state. The Collateral Consequences Reduction Act would allow license applicants with a criminal history to petition a state license board for a determination of whether the individual's criminal record will prevent them from obtaining a license. The applicant can appeal an adverse decision from the board.

--Enactments. **Nebraska** enacted a new law that requires the state to use the least restrictive form of regulation under which licensure will be required only if other less restrictive methods are not effective. **Missouri** and **Louisiana** enacted laws to review occupational licensing based on the model of the American Legislative Exchange Council (ALEC). Louisiana now requires that 20% of the agencies involved in licensing must be reviewed every five years. Louisiana also created a commission to review all state licensing boards controlled by active market participants. The new law also requires the agencies to use the least restrictive form of regulation necessary to protect consumers and contains the ALEC definition that makes insurance and bonding one of the more restrictive forms of regulation. The new Missouri law also requires the least restrictive form of regulation be applied, but it lists bonds and insurance as one of the least restrictive regulations. The new law also allows residents of Missouri who have an occupational license from another state to waive some requirements for licensing in Missouri. Fees, surety bonds, and proof of insurance cannot be waived.

Arizona has prohibited counties, cities, and towns from imposing any new occupational licensing requirements on a trade or profession without following a new procedure for adopting them and the licensing requirement is necessary to protect the health, safety, or welfare of the public. The new law requires cities and towns to hold at least one public hearing on a proposed occupational licensing requirement and provide a public notice that explains the issue.

Oklahoma created the Occupational Licensing Advisory Commission (Commission) to conduct a review of each occupational or professional licensing act in this state at least every four years. The Commission must report its findings to the legislature and may recommend whether the license requirement should be maintained, modified, or repealed. The Commission must develop a four-year schedule for when every existing licensing law will be reviewed.

Helping those with criminal backgrounds obtain occupational licenses got the most traction in the state legislatures this year. A new law in **Delaware** prohibits license boards from considering a conviction over ten years old if the applicant has a clean record and reduces the waiting period from five to two years that an applicant may petition for a conviction waiver. In

Indiana, all licensing boards are required by year's end to list all crimes that would disqualify applicants for a license, exclude arrest records that did not result in conviction, and eliminate vague terms regarding the applicant's character that give the license board unfettered discretion. **Nebraska's** new law also addresses this issue. Legislation on this issue also has been enacted in **Tennessee**.

--Still Pending. SFAA is working with the Ohio Insurance Institute to amend a recent bill introduction that requires using the least restrictive form of regulation for occupational licenses to protect consumers and follows the ALEC model in that bonding or insurance, registration, certification, and licensing would be considered more restrictive. The bill also requires that 20% of the occupational licenses be reviewed annually. We are looking at **Ohio** as possibly creating a precedent for amending such legislation in the future.

Michigan has a pending bill that follows the ALEC model in that it would establish procedures for determining whether an occupational regulation is the least restrictive form of regulation to protect consumers. Bonding or insurance would be considered among the more restrictive forms of regulation. The Michigan Law Review Commission (Commission) would be charged with reviewing new legislation that would create or amend an occupational regulation. The Commission also would have to review 20% of existing occupational regulations annually to create a five-year review process to review all such regulations.

--Dead. The Governor of **South Dakota** sought legislation that would have created an interstate compact under which licensees in good standing in their state could get a temporary (18 month) license in another state. The bill established procedures for states participating in the compact to grant reciprocity through this temporary licensing system.

New Hampshire considered legislation this year based on the ALEC model that would have required the State to use the least restrictive form of regulation to protect consumers. Voluntary bonding and insurance would have been among the lesser restrictive regulations, and mandatory bonding or insurance, registration, certification, and licensing would have been considered more restrictive. The bill would have created the Occupational Regulation Review Commission (Commission) to review existing occupational licensing requirements on a five-year cycle. New Hampshire also considered a bill to require the Office of Professional Licensure and Certification to review occupational and professional licensing requirements using the standards that the bill would have established.

Legislation in **Kansas** concerning criminal backgrounds and occupational licensing failed to pass. **New Hampshire's** legislation also would have addressed granting licenses to persons with criminal convictions.

LICENSE & PERMIT BONDS

Contractors' License Bonds

--Enactments. **South Carolina** enacted a new law to allow general contractors and mechanical contractors to post a license bond equal to two times the amount of the required net worth for the contractor instead of meeting the existing law's financial statement requirements. SFAA and

AIA worked with the bill sponsor to achieve a workable bond amount. State regulators wanted a bond amount ten times the current net worth requirement and agreed to five times the amount at one point. SFAA wanted a dollar for dollar bond amount. We also were successful in having provisions removed that would have required the surety to have an "A" rating from A.M. Best.

--To Governor. **California** legislation would revise the license bond requirement for contractors to eliminate the option to provide a certificate of deposit in lieu of a surety bond. Other forms of cash still would be permitted. Originally, the bill provided that only a surety bond could be posted.

--Still Pending. In **Ohio**, a bill would eliminate the authorization for municipalities to require specialty contractors, who must be licensed at the state level, to register with the municipality and post a bond. A bond is not required in connection with a state license for contractors. The bill also would prohibit political subdivisions from requiring licenses for any profession that already is required to obtain a state license.

--Dead. A bill failed in **Minnesota** this year that would have repealed the licensing laws for residential building contractors, residential remodelers, residential roofers, manufactured home installer, which would have eliminated the corresponding license bond requirements and a contractor recovery fund. The bill also would have eliminated the license bond required for sign contractors. **New York** considered requiring master plumbers to be licensed and certification for mechanical tradespersons. Master plumbers and mechanical tradespersons would have had to post a \$25,000 surety bond, workers' compensation insurance, and/or liability insurance.

Motor Vehicle Dealers

--Enactments. **Missouri** increased the amount of the license bond required for new motor vehicle franchise dealers, used motor vehicle dealers, powersport dealers, wholesale motor vehicle dealers, trailer dealers, or boat dealers from \$25,000 to \$50,000. **South Carolina** now requires a South Carolina dealer who conducts an auction of investment grade or collector motor vehicles for not more than three days in a year to post a \$1 million surety bond.

A new law in **Louisiana** revises the claims requirements for used motor vehicle dealer license bonds so that the Louisiana Used Motor Vehicle Commission (Commission) has the sole and exclusive authority to administer any claims against these bonds including instituting or intervening in legal actions to obtain payments, or to prevent payment of an unauthorized claim. The Commission will be entitled to an award of reasonable attorney's fees and court costs if it institutes or intervenes in a legal action for claims against the bond and prevails, which the surety, the dealer, or both must pay. The bond is payable to the State through the Commission for attorneys' fees and court costs under existing law.

Mortgage Brokers, Loan Originators and Mortgage Servicers

--Enactments. **New Jersey** enacted a new law to require non-profit entities employing mortgage loan originators to register and post a minimum \$25,000 bond to cover their loan origination activities.

Real Estate Appraisal Management Companies

--Enactments. **Alaska** and **South Carolina** enacted license bond laws for real estate appraisal management companies. In Alaska, the Board of Certified Real Estate Appraisers will determine the bond amount, which is capped at \$50,000. In South Carolina, a \$50,000 bond may be posted in lieu of providing financial information.

--Still Pending. **District of Columbia** is considering a bill to require real estate appraisal management companies to register. The Department of Consumer and Regulatory Affairs could require the company to post a surety bond for not more than \$25,000.

--Dead. **Massachusetts** would have required real estate appraisal management companies to be licensed and post a surety bond other security in an amount that the Board of Real Estate Appraisers determined.

Money Transmitters and Virtual Currency Businesses

--Enactments. **Illinois** revised the bond amount required for money transmitters, which had to be equal to \$100,000 or an amount equal to the daily average of outstanding payment instruments for the preceding 12 months or operational history, whichever is greater, under prior law. The new law requires the bond to be equal to \$50,000 or 1% of all Illinois based activity, whichever is greater. The bond is capped at not more than \$2 million under existing law.

--Dead. **Hawaii** and **Nebraska** bills would have required virtual currency businesses to be licensed and post a surety bond or other security in an amount based on the nature and the extent of the licensee's virtual currency business model.

Massachusetts and **South Carolina** considered legislation that would have revised the bond amount for money transmitters. Massachusetts would have based its bond amount on the number of business locations instead of the volume of money transmissions. South Carolina would have based the bond amount on the money transmitter's business volume rather than the number of business locations.

Financial Services Providers

--Enactments. **Connecticut** changed the law for the license bond requirements for mortgage lenders, correspondent lenders, mortgage brokers, debt adjusters, and debt negotiators to expand the authority of the Banking Commissioner (Commissioner) to make claims on the bond for any restitution imposed for a violation of the applicable law and for any unpaid assessment for funding the Department of Banking (Department) and the State Banking Fund (Fund). The new law also provides for the cancellation of these license bonds through an electronic notice in the Nationwide Mortgage Licensing System and Registry with 30 days' notice.

--Dead. A bill failed in **Massachusetts** that would have required certain license bonds to be approved by the Banking Commissioner instead of the State Treasurer, including the license bond requirement for debt collectors, sellers of checks and money orders, and money transmitters for foreign transactions. The bill also would have allowed for the submission of "other acceptable bond documentation." SFAA believes that the change was sought to allow for

the electronic submission of the bond form, but we explained concerns that the bill could have led to fraud.

Lenders

--Enactments. Minnesota enacted a law that creates the Property Assessed Clean Energy (PACE) loan program to provide loans for installing energy efficient technology in homes and businesses. Residential PACE loan administrators must be licensed and post a surety bond in an amount ranging from \$100,000 to \$200,000 based on the administrator's volume of PACE loans made in the State in the preceding year.

--Dead. Hawaii, Iowa, and Kentucky considered bills this year that would have required various kinds of pay day lenders to post a license bond. Legislation failed in **Massachusetts** that would have required student loan servicers to be licensed and post a bond in an amount that the Commissioner of Banks (Commissioner) determined.

Public Adjusters

--Enactments. Nebraska now requires public adjusters to be licensed and post a minimum \$20,000 surety bond as a form of financial responsibility.

Other License & Permit Bonds

--Enactments. Maryland now requires consumer reporting agencies to register and post a surety bond or irrevocable letter of credit in an amount not more than \$1 million that will be determined by regulations. SFAA suggested changes to the legislation to address the scope, obligation, and duration of the bond term, but our comments were not implemented in the bill. We are seeking to address these issues in the regulations to implement the new law.

Idaho consolidated the laws for barber schools and cosmetology schools so that both will be required to post a \$20,000 bond. Previously, the bond amount for cosmetology schools was \$25,000. **Kentucky** revised the license bond requirements for waste haulers to provide that the bond amount will be determined by regulations. Prior law required a \$2,000 bond. **Missouri** now requires promoters of boxing, sparring, wrestling, kickboxing, full-contact karate, and mixed martial arts to post a \$25,000 license bond or irrevocable letter of credit to guarantee the payment of all state athletic taxes and fees and the contestants and officials' expenses. **South Carolina** changed the bond amount required for insurance benefit plan administrators, who previously had to post a \$75,000 license bond. The new law provides that this is the amount required for new license applicants. Administrators renewing their license must post a bond in an amount based on the total premiums handled in the State. **Tennessee** now may require permit applicants for installing a small wireless facility to provide a surety bond in connection with deploying infrastructure in the right of way. **West Virginia** will require gaming facilities that operate sports lottery wagering to obtain a separate license for this activity and post a surety bond in an amount that the West Virginia Lottery Commission will determine. **Rhode Island** eliminated the license bond requirements for manufacturers, rectifiers, and wholesalers of alcoholic beverages. SFAA believes that sureties may not have responded to this bond requirement due to the broad scope of the legal compliance obligation.

Michigan revised the permit bond requirements for performing work on a right-of-way for a county road so that a county road commission may only require one bond or other form of

security. The bond or other security may not be for more than \$20,000, unless the county's population exceeds 250,000, in which case the bond cannot be for more than \$40,000.

--Dead. **Connecticut** considered bill that would have required electric suppliers to post a license bond or other security in connection with providing direct billing and collection services for all components of electric service. **Georgia** would have required trauma scene waste management service providers to be licensed and post a \$25,000 surety bond. **Hawaii** would have required third party administrators (TPA) to be licensed and post a surety bond in an amount not less than \$300,000. **Iowa** would have required entities operating or conducting sports betting to be licensed and meet the existing bond requirement for gambling games. **Maryland** would have required credit repair businesses to be licensed and post a bond based on the amount of fees charged. **New York** would have required debt collection agencies to be licensed and post a surety bond or other security in an amount based on the number of persons the licensee employs. **Oklahoma** would have subjected promoters of entertainment wrestling events to the existing permit bond requirements for sports promoters. **Tennessee** would have authorized the Racing Commission to require a license bond or other security in connection with conducting horse races. **Wisconsin** would have required consignment motor vehicle dealers to be licensed and post a minimum \$500,000 bond or irrevocable letter of credit.

COURT BONDS

Appeal Bonds

--Enactments. **Maryland** enacted a law so that the current \$100 million cap on an appeal bond for civil actions will not apply to judgments for an action pertaining to an offshore oil or gas spill resulting from an offshore drilling operation. **Kansas** capped the amount of the appeal bond required in civil cases at not more than \$25 million. Under existing law, the appeal bond amount required can be reduced if it will create an undue burden on the appellant and the new law creates a rebuttable presumption that an appellant will suffer an undue hardship in certain cases.

Fiduciary Bonds

--Enactments. **Maine** revised the \$2,500 bond requirement for registers of probate (except in Cumberland County where the bond must be for \$10,000), to allow them to obtain the bond through an existing public sector self-funded risk pool. Maine law already authorizes these risk pools to provide surety and fidelity coverage. Conservators now may obtain an alternative asset-protection arrangement in lieu of the existing requirement to furnish a bond or a pledge of security. The bond requirement for conservators in estates valued in excess of \$25,000 has been eliminated. The new law eliminates the existing exemption from the bond requirement for spouses and persons who already have posted a bond that also will cover their duties as a conservator, however, existing law grants the court the authority to waive the bond. These changes adopt the Uniform Probate Code.

Vermont revised the bond required for the administrator of an estate so that the Probate Court will determine if sureties are required. Prior law provided that one or more sureties are required. The new law specifies that the bond is for the benefit of all interested persons, except where a bond is to be taken to the adverse party. Two or more persons serving as joint administrators or executors of an estate now may post a bond without sureties. The new law revises the conditions of the administrator or executor's bond so that the inventory for the estate would be due in 60

days rather than 30 days. The new law eliminates the position of a residuary legatee to serve as an administrator. With the elimination of this position, the bond requirement has been eliminated as well.

Uniform Trust Code

--Enactments. Colorado enacted the Uniform Trust Code. The new law shifts the authority to determine the bond requirements to the court rather than the terms of the trust, a beneficiary of the trust, or by the court.

--Dead. A bill to adopt the Uniform Trust Code in **Connecticut** failed to pass.

Notary Bonds

--Enactments. West Virginia repealed the bond requirement for notaries public. Under prior law, a notary had to post a bond or its functional equivalent for \$1,000 or provide evidence of coverage under an insurance policy. **Illinois** now requires a surety for a notary bond to notify the Secretary of State when there is a claim on or payment from the bond as a result of the notary's breach of his or her duties. The notice must specify whether payment was made and the circumstances which led to the claim.

--To Mayor. A bill in the **District of Columbia** would revise the law for notaries public to require a bond or its "functional equivalent." The bond would have to be for \$2,000 or the amount that the Mayor prescribes through regulations.

--Dead. Kentucky considered legislation revising the existing notary public laws that would have required a \$1,000 surety bond. **Missouri** considered a bill that would have required sureties to report all claims on notary bonds to the Secretary of State. The surety's liability only would have been for damages that result from the notary's negligence, intentional violation of law, or official misconduct in relation to a notarization during the bond term. The surety's aggregate liability would have been limited to the bond amount.

PUBLIC OFFICIAL BONDS

As states face pressure from budget issues, there is pressure to eliminate individual public official bond requirements for certain public officials. States are increasingly considering the use of crime insurance in lieu of bonds. SFAA explains the difference between the surety bonds and fidelity bonds so that legislators can make a better-informed decision.

--Enactments. Colorado now allows any public official or employee who is required to post a surety bond under existing law to obtain crime insurance instead, except for the State Treasurer. The option for state and county public officials to use personal sureties to secure their bonds was eliminated. The bond requirements for municipal officials, including the municipal treasurer and a municipal board of trustees also were eliminated.

Illinois increased the bond amount required for the State Treasurer from \$1 million to \$10 million. The bond secures the faithful performance of the State Treasurer's duties for the College Savings Pool. The bond now must be provided by at least one surety instead of two or more

sureties. SFAA raised concerns about the amount of the bond and whether all State Treasurers would qualify for this bond. In response, the bill was amended to permit more than one surety.

Georgia increased the amount of the surety bond required for probate court judges from \$25,000 to \$100,000. **South Dakota** eliminated the bond that was required for mayors and commissioners of first and second-class municipalities to secure the faithful performance of the duties of office and the proper handling of the municipality's money and property.

--Dead. **Missouri** again considered legislation this year to require the Commissioner of Administration (Commissioner) to obtain a blanket bond or crime insurance policy instead of individual bonds for state compensated employees in the judiciary. The Commissioner could have required officers, employees, or agents of the State to post an individual bond if they have responsibility for or access to any of the State's money or property and are not otherwise required to post a bond. The bill would have allowed the Commissioner to assume the risk in lieu of obtaining bonds.

SFAA and AIA defeated legislation in **New Hampshire** that would have permitted private citizens of the State to make claims on the bonds required for state officials, clerks, and employees to seek indemnity against losses resulting from the official or employee's failure to perform their duties or from an official or an employee's fraudulent act or omission. The bill would have depleted or diluted the current protections that public official bonds provide to state and local governmental units. The cost of the bonds would substantially increase, and the bonds may not be widely available.

MISCELLANEOUS BONDS

Pre-need Funeral and Cemetery Bonds

--Enactments. **North Carolina** revised the \$50,000 license bond required in from pre-need funeral establishments if the licensee is newly licensed after January 1, 2008, or a license has lapsed after this date to reduce the term that the bond must be in place. The new law permits a cash deposit to be posted in lieu of the bond.

--Dead. Legislation failed again in **Illinois** that provided that the requirement for pre-need cemetery contract sellers to have a pre-construction trust fund or a performance bond only would have applied to contracts entered into prior to the enactment of the bill. Instead, the purchaser would have had the option to deposit funds into a local banking institution of the purchaser's choosing, deposit funds into a trust program that the seller operates, or other means offered by the seller.

School Bonds

--Enactments. **Colorado** changed bond requirement for private occupational schools and private degree-granting schools, which currently must post a bond equal to an estimate of the maximum amount of unearned, prepaid tuition for a school term with a minimum of \$5,000. The bond currently must facilitate a transfer or provide tuition and fee reimbursement for students if the school closes. The Department of Higher Education (Department) now may make a claim on the bond for reimbursement for the administrative costs associated with the school's closure.

Similarly, **Tennessee** revised the bond requirement for postsecondary educational institutions so that it now is conditioned to pay an amount that the Tennessee Higher Education Commission (Commission) assesses for the administrative costs associated with maintaining academic records when an institution closes. This is in addition to the existing condition to indemnify against losses for violations of the law and to secure the payment of judgments.

A new law in **Maryland** provides that the Higher Education Commission must require private career schools and for-profit institutions of higher education that operate in the State to furnish an additional performance bond or irrevocable letter of credit that covers their total non-Title IV adjusted gross student tuition liability. **New Hampshire** revised the bond amount required for post-secondary career schools, which had to be equal to 10% of the school's gross tuition and cannot be less than \$10,000 under prior law. The bond now must be in an amount that is sufficient to reimburse the tuition of any student contract which cannot be fulfilled. The minimum bond amount still is \$10,000.

Professional Employer Organizations

--**Enactments.** **Massachusetts** and **Missouri** enacted laws to require Professional Employer Organizations (PEO) to maintain a positive working capital. If the PEO or the group fails to do this, then it may provide a surety bond or other security in an amount sufficient to make up the deficiency. In Missouri, the bond amount also must include an additional \$100,000, while in Massachusetts, the bond amount must include an additional \$250,000.

Other Miscellaneous Bonds

--**Enactments.** **Oregon** enacted a new law to require any person to post a minimum \$20,000 surety bond prior to making, altering, repairing, transporting, storing, performing services for, supplying materials for or performing labor in connection with a motor vehicle if they are not a franchised motor vehicle dealership, do not have a towing certificate, or are not filing a lien against an abandoned vehicle.

Alabama revised the bond requirement manufacturers and dealers of a mobile home, trailer coach, travel trailer, or a house trailer located in the state who issue temporary licenses and tags to require a \$25,000 bond instead of posting a \$5,000 bond or demonstrating a net worth of \$25,000. Manufacturers and dealers of semitrailers or trailers, utility trailers, boats, and boat trailers also now are subject to the bond requirement. **Colorado** will require the Department of Revenue to establish regulations authorizing private providers to register interstate commercial vehicles in an expedited registration program. The regulations must include a requirement to post a surety bond or other security. **Kentucky** repealed the bond required for a motor carrier or heavy equipment motor carrier that the Transportation Cabinet has determined to be at risk for nonpayment of its highway use taxes. **Maryland** increased the amount of the bond required of a title service agent from \$25,000 to \$50,000. **Minnesota** has authorized the Commissioner of the Department of Natural Resources (Commissioner) to accept other forms of security to be posted in lieu of the performance bond for leasing state forest land. The Commissioner also now may require a bond or other security in connection with leases of state land for removing or storing certain natural materials.

--Vetoed. **Minnesota's** legislature passed a bill that would have revised the bond requirement for new post-secondary education institutions with conditional approval to grant degrees to require them to post a bond equal to 10% of the net revenue from tuition and fees in the registered institution's prior fiscal year with a minimum amount of \$10,000. Under current law, a bond or irrevocable letter of credit in an amount ranging from \$10,000 to \$250,000 only is required when the institution fails to meet minimum financial standards from the U.S. Department of Education. The Governor vetoed the bill for policy reasons unrelated to the bond requirement.

--Dead. **Hawaii** considered a bill to require health clubs to post a surety bond, irrevocable letter of credit, or certificate of deposit in an amount not less than \$100,000. The bill exempted certain health clubs from the bond requirement based on their fee collection requirements. **Hawaii** looked into revising the amount required for a protest bond or cash deposit for protesting a contract award exceeding \$1 million. A cap of \$25,000, a cap of \$10 million, or the elimination of the cap completely was considered.

Maryland considered legislation to require foreign labor contractor to post a surety bond or other security if the foreign labor contractor violates certain laws. SFAA wrote to the bill sponsors to address the bill's adverse selection issues and recommended that the bond requirement apply to all foreign labor contractors. A **Kentucky** bill would have repealed the wage bond required for employers engaged in construction work, or the severance, preparation, or transportation of minerals. **New Hampshire** legislation would have required nongovernmental registering trailer agents to post a surety bond with the Department of Safety and also be covered under a blanket position bond that is required under existing law for municipal officials.

TAX BONDS

--Enactments. **Alabama** requires retailers applying for a sales tax license after January 1, 2020, to post a \$25,000 surety bond for two years to secure the collection and remittance of the sales tax and compliance with the applicable laws and regulations. **Georgia's** new law provides that entities seeking a sales and use tax exemption for high-technology data center equipment may be required to post a bond for an amount not to exceed \$20 million. **Missouri** revised the requirement for retail licensees to post a tax bond or other security so that the Director of Revenue has discretion to require it instead of a mandatory requirement.

--Dead. **Delaware** legislation would have required jet fuel suppliers be licensed and to post a surety bond in an amount ranging from \$5,000 to \$200,000.

RECLAMATION BONDS

--Enactments. **Hawaii, Missouri, and Oklahoma** enacted a law to allow a state or local government to enter into agreements with a wireless infrastructure provider for the construction of small wireless facilities. Bonding or other security may be required for a permit for such facilities in an amount based on the number of facilities. The bond must secure the removal of an abandoned or improperly maintained facility, restoration of the right-of-way, or the recoupment of unpaid rates or fees.

Georgia increased the maximum bond amount required for a permit to drill an oil or gas well from \$50,000 to \$100,000. **Kentucky** eliminated the Energy and Environment Cabinet's authority to allow surface coal mining and reclamation permit applicants to submit their own reclamation bonds without separate sureties in lieu of the performance bond required under existing law. **Tennessee** requires an applicant for a permit for the construction, operation, or expansion of the wind energy facility to establish financial security in the amount of 100% of the estimate of the total cost to decommission and remove the wind energy facility. Surety bonds or other security will be accepted to meet this requirement. **Tennessee** now requires owners or operators of surface coal mining operations to furnish a performance bond equal to \$500 per acre of disturbed land in connection with an exploration permit. For coal mining and reclamation operations, a performance bond or other security is required for at least \$10,000.

California revised the existing law that requires operators of oil and gas wells located in submerged lands under ocean waters in the State to provide a bond to cover the operations and to cover the costs of plugging and abandoning of the wells. The State Oil and Gas Supervisor must evaluate and estimate the costs for decommissioning offshore oil and gas wells and develop a schedule to increase the bond amounts or other financial assurance that the operator provides to ensure sufficient funds are available for decommissioning. The State Lands Commission also may seek additional bonding or other financial assurance to cover the infrastructure at the site.

--Still Pending. **Pennsylvania** has pending companion bills to rewrite the law for conventional oil and gas wells. Currently, a surety bond or other security is required to obtain a permit for the wells in an amount based on the depth of the well and the number of wells that are in operation. The bill provides that the bond amount would have to be for \$2,500 per well for at least two years. The bond amount then would be subject to adjustment by the Environmental Quality Board based on the projected well plugging costs.

SUBDIVISION BONDS

--Enactments. **Wisconsin** revised the existing law for the subdivision bond that a town or a municipality may require from a subdivider. A surety bond or letter of credit equal to 120% of the estimated total cost to complete the required public improvements for the subdivision is accepted under existing law. The subdivider's contractor now may provide a performance bond to meet this requirement, so long as the town or municipality is included as an additional obligee on the bond. The new law also establishes standards under which the town or municipality must accept the bond. The new law requires a developer to post another bond or a letter of credit to defer paying any impact fees for a development when the total fees exceed \$75,000.

--Dead. **North Carolina** considered legislation to revise the requirements for the bond or other security that a developer may furnish under existing law to secure the completion of improvements in a subdivision. Developers could have furnished one bond or other form of security to cover all of the development requirements that are related to the same project instead of multiple bonds or security instruments to cover each portion of the project. The bill also would have limited the persons who could have made claims on the bond or security.

OF GENERAL INTEREST

Commercial Lines Modernization

This year, AIA again has made a significant effort to enact commercial lines modernization legislation to exempt these lines from the rate and form filing requirements. Surety and fidelity are among the lines for which AIA seeks an exemption from the rate and form filing requirements. SFAA files fidelity forms, rules, and loss costs and surety rules and loss costs in accordance with state filing requirements so that the bills that include exemptions for these lines benefit SFAA and its members.

--Enacted. West Virginia exempted several commercial insurance lines from the rate and rule filing requirements, including surety and fidelity. Under current law, rates and rules are filed under a file and use system with a 30-day waiting period.

Missouri exempted commercial insurance rates from the existing law's rate filing requirements, except for the following lines of business: workers' compensation; medical malpractice liability; farm property and liability; any coverage issued by an assigned risk or residual market plan; and any specific policy or bond required for self-insured workers' compensation plans.

New Hampshire eliminated the 30-day waiting period for the approval of certain commercial insurance policy forms, including fidelity forms, and instead provides that these forms only would be filed for informational purposes. Under current law, rates for commercial insurance policies are not subject to a 30-day waiting period and only have to be filed for informational purposes. The insurance department requested the bill.

Maryland, Missouri, and Tennessee also enacted reforms to the filing requirements for large commercial policy holders.

--Dead. Massachusetts and New York considered legislation to exempt commercial specialty lines of insurance from the existing law's rate and form filing requirements, including surety and fidelity.

Captive Insurers

--Enactments. Kansas amended the existing law concerning captive insurers to prohibit captives from writing surety. Prior law was silent on whether these entities can write this line of business.

Looking Ahead to 2019

All 50 states and the District of Columbia will meet in 2019.

In November 2018, there will be 36 gubernatorial seats up for election, with nine Democrats in the Governor's office and 26 Republicans. In 19 states, an incumbent is running for re-election and in 17 states there are open races largely due to term limits. Any change in the governor can result in a new insurance commissioner in states in which the governor appoints the commissioner. States with insurance commissioners running for election are California, Georgia, and Oklahoma.

There are 99 chambers among the 50 state legislatures. Nebraska is a unicameral state. In 2018, 87 of the 99 chambers will be up for re-election. New Jersey and Virginia had their elections in November 2017. Some states do not conduct elections in even-numbered years or have only one of two chambers running in 2018.

In **California**, a ballot initiative would repeal the transportation funding law enacted in 2017, which included a significant gas tax and vehicle fee increase. However, two ballot measures passed in June that require the revenue from these tax increases to be used for transportation-related purposes only and exempts the revenue from the state appropriations limit. California voters also approved \$4 billion in general obligation bonds in June for parks, environmental, water, and flood protection projects and will decide on an additional \$4 billion for housing programs for veterans in November. **Colorado** also has two initiatives on the ballot for transportation funding resulting from a transportation bill enacted this year that requires voter approval. One ballot measure would provide for \$3.5 billion in bonds for statewide transportation projects to be paid out of the general fund, but without a tax increase. The other measure in Colorado would authorize \$6 billion in bonds to fund transportation projects and would raise the state sales tax rate to fund the measure. **Maine** has several ballot measures for November for various kinds of infrastructure projects for approximately \$200 million in funding. **New Jersey** voters will decide on a measure to authorize \$500 million in general obligation bonds for grants for various kinds of school infrastructure projects. **New Mexico** will vote on nearly \$150 million in bonds for school infrastructure projects and just over an additional \$10 million in bonds for senior citizen facilities. **Connecticut** has a ballot measure to prohibit the use of transportation funds for any other spending and **Utah** will decide on a nonbinding measure to express support for the legislature to pass a gas tax increase of 10 cents per gallon to fund local road construction and maintenance.

With states still facing fiscal challenges, the insurance industry's tax credits and preferences can be vulnerable, including the premium tax offset against state corporate taxes, premium taxes in lieu of other state taxes and the regional home office tax credit. In addition, state fiscal problems create the climate for a review of surety bonds as a cost in the budget. This year, we were able to hold off most of these challenges.

2018 STATE ENACTMENTS IN COMMERCIAL SURETY

ALABAMA

Effective Date: Enacted bills become effective upon enactment, or as provided in the bill. Specified effective dates have been provided in the bill summaries.

License Bonds

[HB 151](#)

Enacted: 04/04/2018

Effective: 04/04/2018

HB 151 requires retailers applying for an initial sales tax license and retailers renewing an expired or cancelled sales tax license after January 1, 2020, to post a \$25,000 surety bond to

secure the collection and remittance of the sales tax and compliance with the applicable laws and regulations. The bond will be required for a two-year period. After two years, the bond only will be required for retailers that fail to collect and remit the sales tax. Retailers that are part of a related company or are members of a controlled group that have been compliant with the licensing laws are exempt from the bond requirement.

Miscellaneous Bonds

[HB 204](#)

Enacted: 03/15/2018

Effective: See Summary

HB 204 establishes procedures for declaring a dog to be dangerous or a nuisance in the unincorporated areas of Chilton County. The new law requires the owners of such dogs to register the animal and provide insurance or a surety bond for at least \$100,000 to cover the dog's medical or veterinary costs resulting from any future dangerous actions of the dog. The new law will become effective a local constitutional amendment is adopted for Chilton County to authorize the legislature to regulate dangerous dogs in the unincorporated areas of the county.

[SB 232](#)

Enacted: 03/08/2018

Effective: 06/01/2018

SB 232 requires the owners of a dog that is deemed dangerous, but has not caused serious physical injury or death to a person, to post a \$100,000 bond in connection with registering the dog with the county or municipal government. The bond must cover damages from dog bites, injuries, or death that the dog caused.

[SB 293](#)

Enacted: 03/26/2018

Effective: 03/26/2018

SB 293 revises the bond requirement manufacturers and dealers of a mobile home, trailer coach, travel trailer, or a house trailer located in the state who issue temporary licenses and tags by requiring a \$25,000 bond. Prior law required the manufacturer to post a minimum \$5,000 bond or demonstrate a net worth of \$25,000. The new law subjects manufacturers and dealers of semitrailers or trailers, utility trailers, boats, and boat trailers to the bond requirement. If the manufacturer or dealer already is bonded under another law, no additional bond is required.

Public Official Bonds

[HB 131](#)

Enacted: 02/22/2018

Effective: 02/22/2018

HB 131 increases the bond amount required under existing law for the chief examiner for the Department of Examiners of Public Accounts from \$25,000 to \$100,000 and the bond amount required for assistant and deputy examiners from \$3,000 to \$50,000.

Reclamation Bonds

[SB 48](#)

Enacted: 03/08/2018

Effective: 03/08/2018

SB 48 revises the financial assurance requirements for a centralized waste treatment facility to specify that if the performance bond or other security is forfeited, it must be used for closing the facility in compliance with the applicable regulations and to pay the costs of any required remediation.

ALASKA

Effective Date: Enacted bills become effective 90 days after enactment. Emergency measures become effective upon enactment or as provided in the bill. Specified effective dates have been provided in the bill summaries.

License Bonds

[SB 155](#)

Enacted: 07/24/2018

Effective: 01/01/2019

SB 155 requires real estate appraisal management companies to register and post a surety bond in an amount that the Board of Certified Real Estate Appraisers will determine. The maximum bond amount is \$50,000.

ARIZONA

Effective Date: Enacted bills became effective on the 91 days after adjournment, which was June 13, 2018, or as provided in the act. Specified effective dates are provided in the bill summary.

Occupational Licensing Reform

[HB 2532](#)

Enacted: 05/16/2018

Effective: 06/13/2018

HB 2532 prohibits counties, cities, and towns from imposing any new occupational licensing requirements on a trade or profession without following a new procedure for adopting them and the licensing requirement is necessary to protect the health, safety, or welfare of the public. The new law requires cities and towns to hold at least one public hearing on a proposed occupational licensing requirement and provide a public notice that explains the issue. Under the new law, all existing county, city, or town occupational licensing requirements will expire five years after the new law takes effect. A city or town now must follow the public hearing process to renew any existing license requirements. Licensing requirements for structured sober living homes, adult services and businesses, and public airports will be exempt from the new occupational licensing law. While many states considering occupational licensing reform bills have used model

legislation from the American Legislative Exchange Council (ALEC), this new law did not use it.

Miscellaneous Bonds

[HB 2168](#)

Enacted: 03/27/2018

Effective: 08/03/2018

HB 2168 increases the amount of a bond or deposit that a landlord for a mobile home park may require in connection with the removal of the mobile home from \$1,000 to \$2,500. The bond or deposit is required if the party responsible for removing the mobile home is not licensed by the Arizona Department of Housing or the Registrar of Contractors.

[HB 1381](#)

Enacted: 04/05/2018

Effective: 08/03/2018

SB 1381 revises the security requirements for service contracts so that a mechanical reimbursement insurance policy could be posted in lieu of the surety bond or securities that may be posted under current law. The new law eliminates the option to post cash to secure these contracts.

[SB 1140](#)

Enacted: 05/16/2018

Effective: 08/03/2018

SB 1140 requires applicants for a license to provide video service to comply with all generally applicable, nondiscriminatory local laws, which includes requirements for performance bonds, security fund, indemnification or similar requirements that apply to the use and occupation of any highway.

ARKANSAS

Budget Session Only in 2018.

CALIFORNIA

Effective Date: Enacted bills become effective on January 1, 2019, or as specified in the act. Specified effective dates are provided in the bill summary.

License Bonds

[AB 38](#)

Enacted: 09/14/2018

Effective: 01/01/2019

AB 38 provides that the license bond required under current law for student loan servicers may be required to be submitted electronically.

[AB 3126](#)

To Governor

AB 3126 would revise the existing license bond requirement for contractors to eliminate the option to provide a certificate of deposit in lieu of a surety bond. The bill only would permit contractors to furnish a surety bond, lawful money, or a cashier's check. The bill provides that this would not affect the lien and completion bond, bond equivalents, or joint control that home improvement contractors can furnish in lieu of performance and payment bonds, which are subject to approval by the Registrar of Contractors.

Reclamation Bonds

[SB 1147](#)

Enacted: 09/20/2018

Effective: 01/01/2019

SB 1147 revises the existing law, which requires operators of oil and gas wells located in submerged lands under ocean waters in the State to provide a bond to cover the operations and to cover the costs of plugging and abandoning of the wells. The new law requires the State Oil and Gas Supervisor to evaluate and estimate the costs for decommissioning offshore oil and gas wells under its jurisdiction and develop a schedule to increase the bond amounts or other financial assurance that the operator provides to ensure sufficient funds are available to the State to decommission a well if necessary. The State Lands Commission also may seek additional bonding or other financial assurance to cover the infrastructure at the site. The legislative findings note that two oil companies in the State recently experienced bankruptcies, leaving at least \$100 million in decommissioning and cleanup costs and the bonds for two sites likely are inadequate.

Public Official Bonds

[AB 2050](#)

To Governor

AB 2050 would authorize the creation of small system water authorities to take over a water system that is noncompliant with the applicable laws and regulations. The bill would require the general manager, secretary, and treasurer, and other employees or assistants of these authorities to post a bond to secure the faithful performance of their duties.

COLORADO

Effective Date: Enacted laws become effective on the date specified in the bill or upon enactment if no date is specified. Specified effective dates are provided in the bill summary.

Miscellaneous Bonds

[HB 1042](#)

Enacted: 06/06/2018
Effective: 08/08/2018

HB 1042 requires the Department of Revenue to establish regulations authorizing private providers to register interstate commercial vehicles in an expedited registration program. The regulations must include a requirement to post a surety bond or other security that secures the reimbursement of any damages caused to the State, its political subdivisions, or the owner of personal property registered through the expedited registration program by an act or omission that the private provider committed.

[SB 177](#)

Enacted: 05/03/2018
Effective: 08/08/2018

SB 177 revises the bond requirement for private occupational schools and private degree-granting schools. Current law requires a bond that must be equal to an estimate of the maximum amount of unearned, prepaid tuition for a school term. The minimum amount is \$5,000. Current law requires the bond to be used to facilitate a transfer or to provide tuition and fee reimbursement for students if the school closes. The new law permits the Department of Higher Education (Department) to make a claim on the bond for reimbursement for the administrative costs associated with the school's closure. If any proceeds from the bond remain after students have been transferred or reimbursed for tuition and fees, the remaining amounts will be retained by the Department as reimbursement for administrative costs associated with the school closure.

Court Bonds

[SB 180](#)

Enacted: 05/02/2018
Effective: 01/01/2019

SB 180 adopts the Uniform Trust Code, which provides that the court now has the authority to determine the bond requirements for trustees. Under prior law, the bond requirements could have been set in the terms of the trust, by petition from a beneficiary of the trust, or by the court.

Public Official Bonds

[HB 1140](#)

Enacted: 03/21/2018
Effective: 08/08/2018

HB 1140 allows any public official or employee who is required to post a surety bond under existing law to obtain crime insurance instead, except for the State Treasurer. The new law eliminates the option for state and county public officials to use personal sureties to secure their bonds. The new law also eliminates surety bond requirements for municipal officials, including the municipal treasurer and a municipal board of trustees. The legislature's summary indicates that these bond requirements are obsolete.

[HB 1138](#)

Enacted: 04/05/2018

Effective: 08/08/2018

HB 1138 eliminates the authority of a district attorney to require deputy district attorneys, chief deputy district attorneys, special deputy district attorneys, and assistant district attorneys to post a bond. The new law eliminates the bond requirement for the officers of the board of trustees for town.

[SB 165](#)

Enacted: 04/02/2018

Effective: 08/08/2018

SB 165 increases the amount of the bond required for public administrators from \$25,000 to \$100,000. The new law also subjects deputy public administrators to the bond requirement. The new law requires the bond to be filed on an annual basis.

CONNECTICUT

Effective Date: Enacted bills became effective on October 1, 2018, or as provided in the bill. Specified effective dates are provided in the bill summary.

License Bonds

[HB 5490](#)

Enacted: 06/14/2018

Effective: 10/01/2018

HB 5490 revises the license bond requirements for mortgage lenders, correspondent lenders, mortgage brokers, debt adjusters, and debt negotiators to permit the Banking Commissioner (Commissioner) to make claims on the bond for any restitution imposed for a violation of the applicable law and for any unpaid assessment for funding the Department of Banking (Department) and the State Banking Fund (Fund). For mortgage servicers, the Commissioner may make claims on the license bond for any unpaid assessment for funding the Department and the Fund in addition to the existing law allowing claims for restitution. For consumer collection agencies, the new law allows the Commissioner to make claims on the bond for restitution in connection with a violation of the law in addition to the existing law allowing claims for civil penalties and any unpaid examination costs for entities subject to an exam. Under existing law, consumers and the Commissioner already can make claims on these bonds so that the bill would expand the kinds of claims that can be made. The new law also provides for the cancellation of license bonds through an electronic notice in the Nationwide Mortgage Licensing System and Registry for mortgage lenders, correspondent lenders and brokers, money transmitters, debt adjusters, debt negotiators, mortgage servicers, and consumer collection agencies. Thirty days' notice is required.

DELAWARE

Effective Date: Enacted bills became effective upon enactment, or as specified in the act. Specified effective dates are provided in the bill summary.

License Bonds

[HB 393](#)

Enacted: 07/23/2018

Effective: 07/23/2018

HB 393 eliminates the requirement for viatical settlement brokers to post a \$250,000 bond or other security in connection with licensure. Prior law required both viatical settlement providers and brokers to meet this requirement.

Court Bonds

[HB 311](#)

Enacted: 06/11/2018

Effective: 06/11/2019

HB 311 eliminated a special court process for cases in which a clinical social worker is charged with working without the required license, which included a requirement for a \$200 appeal bond. With the elimination of this process, the bond was repealed as well.

DISTRICT OF COLUMBIA

Effective Date: Emergency bills become effective immediately upon the Mayor's signature and remain in effect for 90 days. Regular bills take effect following approval by the mayor and a 30-day Congressional review. Temporary bills take effect the same as regular bills, but expire after 225 days of effect. Specified effective dates are provided in the bill summary.

Notary Bonds

[LB 324](#)

To Mayor

LB 324 would revise the current law for notaries public. The bill would require the notary to post a surety bond or its "functional equivalent" to secure the notary's compliance with the applicable law. The bond would have to be for \$2,000 or the amount that the Mayor prescribes through regulations. Current law does not require a notary to be bonded.

FLORIDA

Effective Date: Enacted bills became effective 60 days after adjournment, which was on May 11, 2018, or as specified in the act. Specified effective dates are provided in the bill summary.

License Bonds

[SB 740](#)

Enacted: 03/16/2018

Effective: 07/01/2018

SB 740 provides that the license bond required for liquefied petroleum gas businesses must be payable to the Commissioner of Agriculture instead of the previous requirement that it be payable to the Governor.

Public Official Bonds

[HB 1089](#)

Enacted: 03/23/2018

Effective: 07/01/2018

HB 1089 provides that the East Mulloch Water Control District may require its manager to be bonded.

GEORGIA

Effective Date: Enacted laws became effective on July 1, 2018, unless otherwise specified in the bill. Specified effective dates are provided in the bill summary.

Permit Bond

[HB 205](#)

Enacted: 05/08/2018

Effective: 07/01/2018

HB 205 increases the maximum bond amount required for a permit to drill an oil or gas well from \$50,000 to \$100,000.

Miscellaneous Bonds

[HB 898](#)

Enacted: 05/08/2018

Effective: 07/01/2018

HB 898 repeals the \$25,000 surety bond that was required for a business or its parent company registering a fleet of motor vehicles and did not have an established place of business in the State for at least ten consecutive years.

Tax Bonds

[HB 696](#)

Enacted: 05/07/2018

Effective: 01/01/2019

HB 696 grants purchasers and lessees of high-technology data center equipment that will be incorporated or used in a high-technology data center an exemption from sales and use taxes on

the equipment if the data center meets an investment threshold based on the amount spent in the area where the data center is located and the number of jobs created. The new law provides that those seeking the tax exemption may be required to post a bond for an amount not to exceed \$20 million. The State Revenue Commissioner will determine if the bond will be required and the bond amount. The bond will be forfeited in an amount equal to all taxes and interest that must be repaid if the data center failed to meet the investment threshold within a period of seven years.

Public Official Bonds

[SB 436](#)

Enacted: 05/03/2018

Effective: 07/01/2018

SB 436 increases the amount of the surety bond required for probate court judges from \$25,000 to \$100,000.

Each year, Georgia renews charters for several municipalities. These bills would require the city's officers and employees of this city to post surety or fidelity bonds in the amount and with the conditions that the city council requires. The new laws enacted this year are as follows: [HB 937](#) (City of Reynolds); [HB 618](#) (Skidaway Island); [HB 619](#) (City of Pavo); [HB 626](#) (City of Sharon Springs); [HB 772](#) (City of Camilla); [HB 832](#) (Peachtree Corners); [HB 845](#) (City of Young Harris); [HB 1061](#) (Town of Tarrytown); [SB 263](#) (City of Eagles Landing); and [SB 392](#) (City of Doerun).

HAWAII

Effective Date: Enacted laws became effective as provided in the bill. Specified effective dates are provided in the bill summary.

Permit Bond

[HB 2651](#)

Enacted: 06/21/2018

Effective: 07/01/2018

HB 2651 allows a state or counties to require communication services providers to obtain permits for the construction of small wireless facilities. The state or county may set requirements for bonding, insurance, and indemnification in connection with the permit. The bond amount cannot exceed \$200 per facility. The bond must secure the removal of an abandoned or improperly maintained facility, restoration of the right-of-way, or the recoupment of rates or fees that a provider has not paid in over 12 months, so long as the provider has received reasonable notice of any of the non-compliance and an opportunity to cure.

IDAHO

Effective Date: Enacted laws become effective on passage, unless otherwise specified in the bill. Specified effective dates are provided in the bill summary.

License Bonds

[SB 1324](#)

Enacted: 03/22/2018

Effective: 07/01/2018

SB 1324 consolidates the laws for barber schools and cosmetology schools. Under prior law, barber schools had to post a \$20,000 bond and cosmetology schools had to post a \$25,000 bond. The new law requires both barber and cosmetology schools to post a \$20,000 bond.

ILLINOIS

Effective Dates: Enacted bills become effective immediately or on the date specified in the bill. Specified effective dates have been provided in the bill summary.

License Bonds

[HB 4805](#)

Enacted: 07/27/2018

Effective: 07/27/2018

HB 4805 revises the bond amount required for money transmitters, which had to be equal to \$100,000 or an amount equal to the daily average of outstanding payment instruments for the preceding 12 months or operational history, whichever is greater, under prior law. The new law requires the bond to be equal to \$50,000 or 1% of all Illinois based activity, whichever is greater. The bond is capped at not more than \$2 million under existing law. (07/30)

Public Official Bonds

[HB 4751](#)

Enacted: 08/17/2018

Effective: 08/17/2018

HB 4751 increases the bond amount required for the State Treasurer from \$1 million to \$10 million. The bond is required to secure the faithful performance of the State Treasurer's duties for the College Savings Pool. The new law requires the bond to be provided by at least one surety instead of two or more sureties.

[HB 5197](#)

Enacted: 07/31/2018

Effective: 07/31/2018

HB 5197 creates a foreign fire insurance board for the Chicago Fire Department. The treasurer for this board must post a bond to secure the faithful performance of his or her duties.

Notary Bonds

[SB 3443](#)

Enacted: 08/10/2018

Effective: 01/01/2019

SB 3443 requires a surety that issued a bond for a notary to notify the Secretary of State when there is a claim on or payment from the notary's surety bond as a result of the notary's breach of his or her duties. The notice must specify whether payment was made and the circumstances which led to the claim.

INDIANA

Effective Date: Enacted bills in this report became effective on July 1, 2018, or as provided in the bill. Specified effective dates are provided in the bill summary.

Public Official Bonds

[HB 1290](#)

Enacted: 03/21/2018

Effective: 07/01/2018

HB 1290 creates the New Harmony and Wabash River Bridge Authority (Authority). The members of the Authority must post a \$15,000 bond to secure the faithful performance of their duties.

IOWA

Effective Date: Enacted bills became effective on July 1, 2018, unless otherwise specified in the bill. Specified effective dates have been provided in the bill summary.

Miscellaneous Bonds

[HB 2321](#)

Enacted: 04/12/2018

Effective: 07/01/2018

HB 2321 allows the Department of Workforce Development (Department) to require nonprofit organizations that elect to assume liability for reimbursing the Department for unemployment benefits in lieu of contributions to a pension plan to post a bond. The bond amount will be determined by regulation. The Department may adjust the bond amount required as it deems necessary for an organization. The bond secures the organization's payments to the Department and would have to be in place for at least two years.

KANSAS

Effective Date: Enacted laws become effective upon publication in the Kansas Register, in the bound session laws or as provided in the bill. Specified effective dates have been provided in the bill summary.

Captives

[SB 410](#)

Enacted: 04/25/2018

Effective: See Summary

SB 410 amends the existing law concerning captive insurers to prohibit captives from writing surety. Prior law was silent on whether these entities can write this line of business. The new law becomes effective upon publication.

Court Bond

[SB 199](#)

Enacted: 05/14/2018

Effective: See Summary

SB 199 revises the existing law to cap the amount of the appeal bond that is required in civil cases at not more than \$25 million. Under existing law, the appeal bond amount required can be reduced if it will create an undue burden on the appellant. The new law creates a rebuttable presumption that an appellant will suffer an undue hardship when the judgment amount exceeds \$2.5 million, the defendant is a small business, and the judgment is for a claim arising from activities within the appellant's ordinary course of business. The cap on the bond amount will not apply if it is proven that the appellant is likely to purposefully dissipate or divert assets outside of the ordinary course of its business. The new law becomes effective upon publication.

KENTUCKY

Effective Date: Enacted bills became effective 90 days after adjournment, which was on July 14, 2018, or as provided in the bill. Specified effective dates have been provided in the bill summary.

License Bonds

[HB 327](#)

Enacted: 04/10/2018

Effective: 07/01/2019

HB 327 revises the license bond requirements for waste haulers to provide that the bond amount will be determined by regulations. Prior law provided that the bond had to be for \$2,000.

Court Bonds

[HB 487](#)

Enacted: 04/26/2018

Effective: 04/26/2018

HB 487 revises the existing law for appealing a tax case to provide that a supersedeas bond or full payment of the tax is not required to file the petition for appeal. Prior law provided that the appellant may post a bond in connection with the appeal.

[SB 48](#)

Enacted: 03/29/2018

Effective: 07/13/2018

SB 48 eliminates the \$100 surety bond required to be posted in connection with a petition for minors under the age of 18 but over the age of 16 to be married when they are unknown to the clerk. The new law raises the minimum age for marriage to 17 and establishes procedures in family court persons who are 17 years old to obtain permission to marry.

Tax Bond

[HB 277](#)

Enacted: 04/10/2018

Effective: 07/13/2018

HB 277 repeals the bond required for a motor carrier or heavy equipment motor carrier that the Transportation Cabinet has determined to be at risk for nonpayment of its highway use taxes. The bond amount was based on the amount of the carrier's tax liability.

Reclamation Bonds

[HB 261](#)

Enacted: 04/02/2018

Effective: 07/13/2018

HB 261 eliminates the Energy and Environment Cabinet's authority to allow surface coal mining and reclamation permit applicants to submit their own reclamation bonds without separate sureties in lieu of the performance bond required under existing law.

LOUISIANA

Effective Date: Enacted bills became effective on August 1, 2018, or as provided in the bill. Specified effective dates have been provided in the bill summary.

Occupational Licensing Reform

[HB 748](#)

Enacted: 05/30/2018

Effective: 08/01/2018

HB 748 revises the existing law to require the Governor to review not less than 20% of the agencies engaged in regulatory and licensing activities annually. Within five years, the Governor is required to review all of the existing 29 agencies in the State. The new law was enacted as a study because a coalition of associations for professionals opposed this bill as introduced due its potential negative impact on industry credentials and certifications.

[HB 372](#)

Enacted: 05/30/2018

Effective: 05/30/2018

HB 372 creates the Occupational Licensing Review Commission (Commission) to oversee occupational licensing boards that are controlled by active market participants for the occupation

and to review licensing regulations. Any occupational licensing board must submit its regulations to the Commission for review and approval prior to issuing a proposal under the new law. The legislative findings provide that it is a policy of the State to use the least restrictive regulation necessary to protect consumers. The new law defines what the least restrictive regulation is, and bonding and insurance are considered among the more restrictive forms of regulation. The definition of "registration" under the new law provides that it may include bonds and insurance.

[SB 482](#)

Enacted: 05/17/2018

Effective: 05/17/2018

SB 482 exempts licensed mechanical contractors from obtaining an additional license for HVAC and gas fitting work.

License and Permit Bonds

[HB 514](#)

Enacted: 05/23/2018

Effective: 05/23/2018

HB 514 revises the law for claims on used motor vehicle dealer license bonds so that the Louisiana Used Motor Vehicle Commission (Commission) will have the sole and exclusive authority to administer any claims against these bonds including instituting or intervening in legal actions to obtain payments, or to prevent payment of an unauthorized claim. The Commission will be entitled to an award of reasonable attorney's fees and court costs if it institutes or intervenes in a legal action for claims against the bond and prevails, which the surety, the dealer, or both would have to pay. The bond is payable to the State through the Commission for attorneys' fees and court costs under existing law.

[HR 168](#)

Adopted: 05/07/2018

Effective: 05/07/2018

HR 168 requests the Louisiana the Department of Agriculture to study the economic impact of current and potential rules and regulations regarding forest crops, including the permitting and bond requirements. A report on the study's findings is due by February 1, 2019.

Court Bonds

[SB 420](#)

Enacted: 05/11/2018

Effective: 05/11/2018

SB 420 provides that a bond or other security is required in connection with a protest or an appeal of a state tax assessment in an amount equal to the amount of unpaid taxes, interest, and penalties demanded. In lieu of the bond, the taxpayer will be required to deposit the full amount owed under protest or a partial amount owed while the case is pending.

MAINE

Effective Date: Enacted bills became effective 90 days after adjournment, which on July 18, 2018, or as provided in the bill. Specified effective dates have been provided in the bill summary.

Court Bonds

[HB 91](#)

Enacted: 04/20/2018

Effective: 07/01/2018

HB 91 adopts the Uniform Probate Code. The new law revises the \$2,500 bond requirement for registers of probate (except in Cumberland County where the bond must be for \$10,000), to allow them to obtain the bond through an existing public sector self-funded risk pool. Maine law already authorizes these risk pools to provide surety and fidelity coverage. The new law also revises the bond requirement for conservators to allow them to obtain an alternative asset protection arrangement in lieu of the existing requirement to furnish a bond or a pledge of security. The new law eliminates the requirement of a bond for conservators in estates valued in excess of \$25,000. The new law eliminates the existing exemption from the bond requirement for spouses and persons who already have posted a bond that also will cover their duties as a conservator, however, existing law grants the court the authority to waive the bond.

MARYLAND

Effective Date: Enacted laws became effective on June 1, 2018, or as otherwise provided in the bill. Specified effective dates are provided in the bill summary.

Rate Filings

[SB 876/HB 1127](#)

Enacted: 04/24/2018

Effective: 10/01/2018

SB 876/HB 1127 revises the existing law for exempt commercial policyholders to provide that the rates for these policyholders do not need to be filed. The new law reduces the financial thresholds that the policyholder must meet for its net worth from \$5 million to \$2.5 million, from \$10 million to \$5 million for its annual budget for nonprofit corporations, and from \$10 million to \$5 million for its annual revenues or sales to qualify for the exemption.

License Bonds

[HB 848](#)

Enacted: 05/08/2018

Effective: 10/01/2018

HB 848 requires consumer reporting agencies to register and post a surety bond or irrevocable letter of credit in an amount not more than \$1 million that will be determined by regulations. The bond is conditioned on compliance with the applicable laws and regulations. The new law

permits direct actions on the bond, but the surety's aggregate liability is limited to the bond amount. The bond must continue for three years after the bond is canceled, or the agency ceases to be registered for any reason, whichever is later. The new law provides that 90 days' written notice would be required to cancel the bond. SFAA suggested changes to the legislation to address the scope, obligation, and duration of the bond term, but our comments were not implemented in the bill.

[HB 1065](#)

Enacted: 05/08/2018

Effective: 10/01/2018

HB 1065 increases the amount of the bond required of a title service agent from \$25,000 to \$50,000.

Miscellaneous Bond

[HB 1103/SB 795](#)

Enacted: 05/26/2018

Effective: 05/26/2018

HB 1103/SB 795 provides that the Higher Education Commission must require private career schools and for-profit institutions of higher education that operate in the State to furnish a performance bond or irrevocable letter of credit (LOC) that covers their total non-Title IV adjusted gross student tuition liability. The bond or LOC will be required in addition to the bond required in connection with obtaining a certificate of approval or registration to secure the faithful performance of its agreements or contracts with students and to secure its compliance with the applicable law.

Caps on Appeal Bonds

[HB 1456](#)

Enacted: 05/15/2018

Effective: 10/01/2018

HB 1456 provides that the current \$100 million cap on an appeal bond for civil actions will not apply to judgments for an action pertaining to an offshore oil or gas spill resulting from an offshore drilling operation.

MASSACHUSETTS

Effective Date: Enacted bills become effective 90 days after enactment, unless otherwise specified in the bill. Specified effective dates are provided with the bill summary.

Miscellaneous Bonds:

[HB 4732](#)

Enacted: 08/10/2018

Effective: 08/10/2018

HB 4732 requires professional employer organizations (PEO) to post a \$250,000 surety bond and maintain a positive working capital. If the PEO does not have a positive working capital, then it may be required to post a bond or other security in an amount equal to the deficiency, plus \$250,000 to secure the payment of all taxes, wages, benefits or other entitlement due to or with respect to covered employees.

[HB 4640](#)

Enacted: 06/28/2018

Effective: 01/01/2019

HB 4640 requires employers providing a private plan for family and medical leave benefits that the new law requires to post a bond if the employer will self-insure the plan. The Department of Family and Medical Leave will determine the bond amount required.

Public Official Bonds

[HB 4087](#)

Enacted: 02/16/2018

Effective: 02/16/2018

HB 4087 requires the town manager for the Town of Ipswich to be bonded.

MICHIGAN

Effective Date: Enacted bills become effective 90 days after adjournment, unless otherwise specified in the bill. Specified effective dates are provided with the bill summary.

[HB 4471](#)

Effected: 02/06/2018

Effective: 05/07/2018

HB 4471 adopts the Uniform Commercial Real Estate Receivership Act. Receivers will be required to post a surety bond or other security in an amount the court determines to secure the faithful performance of their duties. Claims on the bond must be brought within one year of the date the receiver is discharged.

[HB 5097](#)

Enacted: 04/02/2018

Effective: 07/01/2018

HB 5097 revises the permit bond requirements for performing work on a right-of-way for a county road so that a county road commission may only require one bond or other form of security from a permittee to secure the performance of the conditions of all permits to construct, operate, maintain, or remove a facility or perform any other work in a right-of-way. The new law provides that the bond or other security may not be for more than \$20,000, unless the county's population exceeds 250,000, in which case the bond may not be for more than \$40,000.

MINNESOTA

Effective Date: Enacted bills became effective on August 1, 2018, or as otherwise specified in the bill. Specified effective dates are provided in the bill summary.

License Bonds

[SB 3245](#)

Enacted: 05/19/2018

Effective: 08/01/2018

SB 3245 establishes the Property Assessed Clean Energy (PACE) loan program to provide loans for installing energy efficient technology in homes and businesses. The new law requires residential PACE loan administrators to be licensed and post a surety bond in an amount ranging from \$100,000 to \$200,000 based on the administrator's volume of PACE loans made in the State in the preceding year. For an initial license, the bond must be for \$100,000. The bond secures the administrator's compliance with the applicable law and must be available for the recovery of expenses, fines, and fees that the Commissioner of Commerce levies, for losses incurred by homeowners as a result of a licensee's noncompliance, or a breach of contract for activities under this program.

Miscellaneous Bonds

[SB 3168](#)

Enacted: 05/20/2018

Effective: 05/21/2018

SB 3168 authorizes the Commissioner of the Department of Natural Resources (Commissioner) to accept other forms of security to be posted in lieu of the performance bond for state forest land. The new law also authorizes the Commissioner to require a bond or other security in connection with leases of state land for removing sand, gravel, clay, rock, marl, peat, and black dirt, storing ore, waste materials from mines, or rock and tailings from ore milling plants, roads or railroads, or other uses for the State. The bond will secure the removal of any personal property on the leased lands upon the cancellation or termination of the lease.

School Bond

SB 3656

Vetoed: 05/23/2018

SB 3656 would have revised bond requirement for new post-secondary education institutions with conditional approval to grant degrees to require them to post a bond equal to 10% of the net revenue from tuition and fees in the registered institution's prior fiscal year. The minimum bond amount would have been \$10,000. Under current law, a bond or irrevocable letter of credit in an amount ranging from \$10,000 to \$250,000 only is required when the institution fails to meet minimum financial standards from the U.S. Department of Education. The proposed bond requirement would have been in addition to the existing requirement for schools that do not meet the financial standards. The Governor vetoed the bill for policy reasons unrelated to the bond requirement.

MISSISSIPPI

Effective Dates: Enacted bills become effective 60 days following enactment, or as otherwise specified in the bill. Specified effective dates are provided in the bill summary.

Miscellaneous Bonds

[SB 2001a](#)

Enacted: 08/31/2018

Effective: 09/01/2018

SB 2001a creates the Mississippi State Lottery Corporation (Corporation) to provide for a state lottery system. Lottery retailers must post a bond or letter of credit in an amount based on the retailer's average lottery ticket sales. The Corporation may facilitate the purchase of letters of credit by establishing retailer pools. The Corporation also may require vendors to post a performance bond, letter of credit, or a deposit of securities in an amount it will determine for a contract with the Corporation.

Public Official Bonds

[HB 1525](#)

Enacted: 2/21/2018

Effective: 02/21/2018

HB 1525 requires the trustees of the Scenic Rivers Development Alliance who serve as officers of the board of trustees to post a \$50,000 to secure the faithful performance of their duties.

MISSOURI

Effective Dates: Enacted bills became effective 90 days following adjournment, which was on August 28, 2018.

Rate and Form Filings

[SB 594](#)

Enacted: 06/22/2018

Effective: 08/28/2018

SB 594 exempts commercial policy forms for large commercial policyholders who employ a full-time risk manager or retain a licensed insurance producer to negotiate on its behalf from the form filing requirements in existing law. The new law exempts commercial insurance rates from the existing law's rate filing requirements, except for the following lines of business: workers' compensation; medical malpractice liability; farm property and liability; any coverage issued by an assigned risk or residual market plan; and any specific policy or bond required for self-insured workers' compensation plans. Under current law, commercial property and casualty forms are subject to a use and file system under which they must be filed within ten days of their effective date. Commercial property and casualty rates were filed for information only under prior law.

License and Permit Bonds

[HB 1500/HB 1719](#)

Enacted: 06/01/2018

Effective: 08/28/2018

HB 1500/HB 1719 an occupational licensing reform measure based on a model from the American Legislative Exchange Council (ALEC). The new law requires the State to use the least restrictive type of regulation. In the definition of the least restrictive type of regulation, bonding and insurance is considered the least restrictive among the types of regulations listed, which is a departure from the ALEC model. In addition, the new law provides that for any new regulations of an occupation or profession going forward, when the threat to the general welfare resulting from the practitioner's services is easily predictable, a system of insurance, bonding, or registration must be implemented. Registration also may include bonding. Certification is required when the consumer is disadvantaged in being unable to judge the quality of service being provided. If bonding, insurance, registration, and certification are insufficient, a licensing system may be required.

[SB 840](#)

Enacted: 06/01/2018

Effective: 08/28/2018

SB 840 allows residents of Missouri who are licensed in another state, U.S. territory, or the District of Columbia for a profession or occupation to submit an application to obtain a waiver from certain qualification requirements for the license. The new law provides that requirements to pay fees, post surety bonds, or submit proof of insurance required for the license in Missouri cannot be waived. The licensee may obtain a waiver of the examination, educational, or experience requirements in Missouri from the regulatory entity in charge of that occupation or profession if the other jurisdiction's licensing requirements are substantially similar to or more stringent than Missouri's licensing requirements. The waiver provisions replace existing out-of-state licensing reciprocity provisions in the law for several professions. The waivers do not apply to agencies charged with regulating various medical professionals, veterinarians, engineers, architects, and land surveyors.

[SB 707](#)

Enacted: 07/05/2018

Effective: 08/28/2018

SB 707 increases the amount of the license bond required for new motor vehicle franchise dealers, used motor vehicle dealers, powersport dealers, wholesale motor vehicle dealers, trailer dealers, or boat dealers from \$25,000 to \$50,000.

[HB 1388](#)

Enacted: 06/29/2018

Effective: 08/28/2018

HB 1388 requires promoters of boxing, sparring, wrestling, kickboxing, full-contact karate, and mixed martial arts to post a \$25,000 surety bond or irrevocable letter of credit in connection with licensure. The bond or letter of credit must guarantee the payment of all state athletic taxes and fees to the State and the contestants and officials' expenses.

[HB 1991](#)

Enacted: 06/01/2018

Effective: 01/01/2019

HB 1991 establishes procedures for the State and local governments to issue permits to providers to install small wireless facilities in the right-of-way. The State and local governments may require bonds in connection with the permit if it imposes similar requirements for other permits for right-of-way users. The bond amount may not exceed \$1,500 per facility. If a provider has multiple facilities in one jurisdiction, a single bond may be posted, which is capped at not more than \$75,000. The bond will secure the removal of an abandoned or improperly maintained facility, restoration of the right-of-way, and the recoupment of rates or fees that the provider has not paid in over 12 months. Permit applicants that have at least \$25 million dollars in assets in the State and do not have a history of permitting non-compliance are exempt from providing a bond or insurance under the new law. The State Highways and Transportation Commission is authorized to establish its own indemnification, insurance, and bond requirements for small wireless facility permits that are the same as the requirements it imposes on other users of its right-of-way.

[SB 884](#)

Enacted: 06/01/2018

Effective: 08/28/2018

SB 884 provides that the bond or other security that retail sales licensees post to secure the payment of their tax liability will be required at the discretion of the Director of Revenue instead of being mandatory as provided under prior law.

Miscellaneous Bonds

[HB 1719](#)

Enacted: 06/01/2018

Effective: 08/28/2018

HB 1719 requires a Professional Employer Organization (PEO) or PEO groups to maintain a positive working capital. If the PEO or the group fails to do this, then it may provide a surety bond or other security in an amount sufficient to make up the deficiency, plus \$100,000. The bond secures the PEO's payment of all taxes, wages, benefits, or other entitlements due to or with respect to covered employees. The new law also addresses occupational licensing reform.

Depository Bonds

[SB 769](#)

Enacted: 07/05/2018

Effective: 08/28/2018

SB 769 revises the existing law concerning the kinds of security that a bank or financial institution may provide to secure funds that the State Treasurer deposits with these entities. The law allows the bank or financial institution to post a surety bond, among several forms of security, to meet this requirement. The new law permits the use of brokered or negotiable certificates of deposit that are fully insured either by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund.

MONTANA

Not in session in 2018.

NEBRASKA

Effective Dates: Enacted bills became effective three months following adjournment, which was on July 18, 2018, or as otherwise specified in the bill. Specified effective dates are provided in the bill summary.

License Bonds

[LB 299](#)

Enacted: 04/23/2018

Effective: 07/18/2018

LB 299 provides for occupational licensing reform and defines what is the least restrictive regulation and bonding or insurance requirements will be considered among the more restrictive regulations. The new law also provides that registration may include a bond or insurance requirement. The new law provides that the State must use the least restrictive regulations to protect consumers. The new law requires the standing committees of the legislature to review and analyze 20% of the occupational laws and regulations annually to create a five-year review process. Each committee must provide a report with recommendations on whether the occupational laws and regulations should be terminated, continued, or modified, and the law contains a list of likely outcomes of these reviews. If, for example, the need is to protect consumers from fraud, the recommendation likely will be to strengthen the deceptive practices law. When protection is needed against potential damages from failure of providers to perform under contracts, bonding is the likely recommendation. The committees also must provide information on the occupational boards' members, procedures, budgets, and history of granting licenses, which addresses the issues of state oversight over the state licensing boards. Nebraska was the first state this year to enact a formal review of occupational licenses.

[LB 743](#)

Enacted: 03/21/2018

Effective: 07/19/2018

LB 743 requires public adjusters to be licensed and post a minimum \$20,000 surety bond as a form of financial responsibility.

NEVADA

Not in session in 2018.

NEW HAMPSHIRE

Effective Dates: Enacted bills become effective 60 days after enactment, or as otherwise specified in the bill. Specified effective dates are provided in the bill summary.

Form Filings

[HB 1389](#)

Enacted: 05/25/2018

Effective: 7/24/2018

HB 1389 eliminates the 30-day waiting period for the approval of certain commercial insurance policy forms, including fidelity forms, and instead provides that these forms only need to be filed for informational and auditing purposes. Under current law, rates for commercial insurance policies are not subject to a 30-day waiting period and only have to be filed for informational purposes.

School Bonds

[SB 442](#)

Enacted: 05/30/2018

Effective: 07/29/2018

SB 442 revises the bond amount required for post-secondary career schools, which had to be equal to 10% of the school's gross tuition and cannot be less than \$10,000 under prior law. The new law requires the bond to be in an amount that is sufficient to reimburse the tuition of any student contract which cannot be fulfilled, which must take into account the number of students or potential students to be reimbursed and the expenses for investigating and processing claims. The minimum bond amount still is \$10,000.

Miscellaneous Bonds

[HB 314](#)

Vetoed: 07/02/2018

HB 314 would have established requirements for autonomous vehicles. Entities testing these vehicles in the State would have had to provide the Department of Safety a surety bond or evidence of liability insurance in an amount not less than \$10 million. The Governor vetoed the bill for reasons unrelated to the requirements to post a bond or insurance.

NEW JERSEY

Effective Date: New laws become effective on the July 4th following enactment, as provided in the bill. Specified effective dates are provided in the bill summary.

License Bonds

[AB 2035](#)

Enacted: 08/24/2018

Effective: 11/24/2018

AB 2035 revises the existing law for mortgage lenders to establish requirements for non-profit entities employing mortgage loan originators. These nonprofit entities are not subject to the existing law for residential mortgage lending, but they must register and post a blanket bond for at least \$25,000 to cover its mortgage loan origination activities. The bond runs to the State for the benefit of any person injured by the wrongful act, default, fraud or misrepresentation of any person that the bond covers.

NEW MEXICO

Effective Dates: Enacted bills became effective 90 days after adjournment, which was on May 15, 2018, or as otherwise specified in the bill. Specified effective dates are provided in the bill summary.

Court Bond

[SB 19](#)

Enacted: 02/28/2018

Effective: 07/01/2018

SB 19 adopts the most recent revision of the Uniform Guardianship, Conservatorship and Other Protective Arrangements Act. The new law allows an alternative asset plan in lieu of the he existing bond requirements for conservators. The law currently permits other security in lieu of the bond. The new law provides that the court may not waive the bond requirement if the conservator is a business that is being paid for its service as a conservator. However, a financial institution that possesses and is exercising general trust powers in New Mexico is not required to post a bond. The new law permits direct actions on the bond. According to SFAA's research, New Mexico is the first state to consider and enact this model law.

[SB 101](#)

Enacted: 03/02/2018

Effective: 01/01/2019

SB 101 sets forth the requirements for a directed trust. Unless the terms of the trust set a different requirement, the trust director is subject to the bond requirements under the Uniform Trust Code.

Reclamation Bond

[SB 189](#)

Enacted: 02/28/2018

Effective: 05/16/2018

SB 189 increases the maximum amount of the financial assurance required to secure the proper plugging and abandonment of an oil, gas, or service wells from \$50,000 to \$250,000. Surety bonds are accepted to meet the requirement, among other forms of security.

NEW YORK

Effective Date: Enacted bills become effective as specified in the bill. Please see the bill summary for an effective date of these new laws.

Miscellaneous Bond

Several bills were introduced again this year to set forth requirements for persons seeking the production of a distinctive license plate for various causes and organizations. The bills would require persons seeking the production of these plates to post a \$6,000 surety bond unless a minimum of 200 orders for the plate are received along with the required additional fees for the plate prior to the plate's design, production and issuance. The following bills have been enacted:

[AB 219](#) (State Elks Association); [AB 2620](#) (West Indian American Day Carnival); [AB 5305](#) (Down's Syndrome Awareness); and [AB 7715](#) (September 11, 2001 Remembrance).

[SB 4019](#) (Jamaican bobsled team) has been sent to the Governor.

NORTH CAROLINA

Effective Date: Enacted bills become effective upon enactment, unless otherwise specified in the bill. Specified effective dates are provided in the bill summary.

License and Permit Bonds

[SB 99](#)

Enacted: 06/12/2018

Effective: 07/01/2018

SB 99 eliminates the other forms of security that may be furnished in lieu of a bond for a nonresident alcohol permit. The bond must in an amount not to exceed \$2,000. The legislature voted to override the Governor's veto, which he did for reasons unrelated to the bond requirement.

Miscellaneous Bonds

[HB 529](#)

Enacted: 06/25/2018

Effective: 10/01/2018

HB 529 revises the \$50,000 license bond required in from pre-need funeral establishments if the licensee is newly licensed after January 1, 2008, or a license has lapsed after this date. Under prior law, the bond had to be in place for five years or upon demonstrating that it is solvent, no less than one year from the date the original license is issued. The new law requires the bond to be in place for two years, but the Board of Funeral Service (Board) may require it to be in place

for up to five years. The funeral establishment still may demonstrate its solvency after one year to have the bond requirement removed. If there is a claim paid from the bond, the Board may extend the bond requirement. The new law permits a cash deposit to be posted in lieu of the bond.

[SB 486](#)

Enacted: 06/20/2018

Effective: 06/20/2018

SB 486 revises the requirement for voting system vendors for elections to furnish a bond or letter of credit, which currently secures against damages resulting from defects in the voting system. The new law provides that the bond or letter of credit must be for the amount that the State Board of Elections determines will cover the cost of a new statewide election or \$10 million, whichever is greater. The bond or letter of credit also now must cover any expenses associated with state or federal decertification of the voting system, and to protect against the vendor's insolvency or financial inability to make state or federally mandated modifications or updates to the voting system. The bond or letter of credit also must cover these costs for county elections. The new law requires electronic poll book or ballot duplication system vendors to post a bond or letter of credit to cover damages resulting from defects in the electronic poll book or ballot duplication system, including the costs of conducting a new election. The new law does not specify an amount for this bond. The legislature voted to override the Governor's veto, which he did for reasons unrelated to the bond requirement.

NORTH DAKOTA

Not in session in 2018.

OHIO

Effective Date: Enacted bills become effective 91 days after being filed with the Secretary of State, unless the bill is declared an emergency, in which case the bill becomes effective immediately.

Miscellaneous Bond

[HB 168](#)

Enacted: 07/30/2018

Effective: 10/31/2018

HB 168 revises the bond requirement for trustees of an endowment care trust fund for cemeteries or a pre-need cemetery merchandise and services trust to require them to obtain a fidelity bond or an insurance policy instead of a surety bond or fidelity bond required under existing law.

OKLAHOMA

Effective Date: Enacted bills became effective 90 days after adjournment, which was on August 3, 2018, or as provided in the bill. Specified effective dates are provided in the bill summary.

Occupational Licensing Reform

[SB 1475](#)

Enacted: 05/07/2018

Effective: 07/01/2018

SB 1475 creates the Occupational Licensing Advisory Commission (Commission) to conduct a review of each occupational or professional licensing act in this state at least every four years. The Commission must report its findings to the legislature and may recommend whether the license requirement should be maintained, modified, or repealed. The Commission must develop a four-year schedule for when every existing licensing law will be reviewed. New laws creating a licensing requirement must be reviewed within 90 days of enactment and must be added to the four-year schedule. The Commission must hold at least one public meeting per year at which time public comments will be accepted concerning licensing requirements. While many states considering occupational licensing reform bills have used model legislation from the American Legislative Exchange Council (ALEC), this new law did not use it.

Miscellaneous Bonds

[SB 1388](#)

Enacted: 04/26/2018

Effective: 11/01/2018

SB 1388 allows a state or local government to enter into agreements with a wireless infrastructure provider for the construction of small wireless facilities. The state or local government may set requirements for bonding, insurance, and indemnification in connection with a provider obtaining a permit for a small wireless facility. The bond amount cannot exceed \$1,000 per facility. The bond must secure the removal of an abandoned or improperly maintained facility, restoration of the right-of-way following removal of the facility, or the recoupment of rates or fees that a provider has not paid in over 12 months, so long as the provider has received reasonable notice of any of the non-compliance and an opportunity to cure.

OREGON

Effective Date: Enacted bills become effective on January 1, 2019, or as provided in the bill. Specified effective dates are provided in the bill summary.

Miscellaneous Bond

[HB 4087](#)

Enacted: 04/03/2018

Effective: 01/01/2019

HB 4087 requires any person to post a minimum \$20,000 surety bond prior to making, altering, repairing, transporting, storing, performing services for, supplying materials for or performing labor in connection with a motor vehicle if they are not a franchised motor vehicle dealership, do not have a towing certificate, or are not filing a lien against an abandoned vehicle. The new law prohibits persons from creating, attaching, asserting, or claiming a possessory lien on a motor vehicle for the performance a service that involves making, altering, repairing, transporting,

storing, providing services for, supplying material for or performing labor in connection with a motor vehicle, unless the person is a franchised motor vehicle dealership, holds a towing business certificate, or the lien is against an abandoned vehicle.

PENNSYLVANIA

No Commercial Surety Enactments to Date.

RHODE ISLAND

Effective Date: Enacted bills became effective on July 1, 2018, or as specified in the bill. Specified effective dates are provided in the bill summary.

License Bonds

[HB 8122/SB 3006](#)

Enacted: 07/02/2018

Effective: 07/02/2018

HB 8122/SB 3006 repeals the license bond requirements for manufacturers, rectifiers, and wholesalers of alcoholic beverages. Under prior law, a bond was required in an amount that the Department of Business Regulation determined and was conditioned on compliance with the laws applicable for the licensee's business, that the licensee will not violate various criminal laws, payment of any damages or costs resulting from a violation of these laws, and payment of the license fee. SFAA believes that this was not occupational licensing reform, but rather was a bond that was not widely available due to the scope of the obligation. The repeal of this bond requirement was, however, part of a licensing law reform package, which also addressed requirements for oaths, moral character requirements, and the use of electronic signatures for various occupational licenses. Occupational licensing reform has been a growing trend in the state legislatures this year and Rhode Island focused on addressing specific licensing requirements.

Public Official Bonds

[HB 7281/SB 2242](#)

Enacted: 07/05/2018

Effective: 07/05/2018

HB 7281/SB 2242 requires the treasurer of the Richmond-Carolina Fire District (District) to obtain a bond for at least \$100,000. The new law requires the District's tax collector to have a bond for at least \$50,000. The District's board of directors determine the bond amounts required for these officials. Under prior law, the eligible voters in the district determined the amount required. The new law eliminates the authority of the tax collector to appoint agents, who had to be bonded under prior law.

SOUTH CAROLINA

Effective Date: Enacted bills become effective 20 days after enactment, unless otherwise

specified in the bill. Specified effective dates are provided with the bill summary.

License Bonds

[HB 4612](#)

Enacted: 05/18/2018

Effective: 05/18/2018

HB 4612 provides that general contractors and mechanical contractors may post a surety bond in connection with licensure instead of meeting the existing law's financial statement requirements. The surety bond must be equal to two times the amount of the required net worth for the contractor. SFAA and AIA worked with the bill sponsor to achieve a workable bond amount. State regulators wanted a bond amount ten times the current net worth requirement and agreed to five times the amount at one point. SFAA wanted a dollar for dollar bond amount. The bond is for the benefit of any person who is damaged by the contractor's act or omission that constitutes a breach of construction contract or a contract for furnishing of labor, materials, or professional services for construction, or by any unlawful act or omission that the contractor commits in performing construction. We were successful in having provisions removed that would have required the surety to have an "A" rating from A.M. Best.

[HB 4657](#)

Enacted: 05/18/2018

Effective: 05/18/2018

HB 4657 revises the bond amount required for insurance benefit plan administrators. Current law requires a \$75,000 license bond. The new law provides that this is the amount required for new license applicants. Administrators renewing their license must post a bond in an amount equal to 10% of the total premiums handled or managed in South Carolina for the previous calendar year. The minimum bond amount now is \$75,000 and the maximum bond amount is \$500,000. The new law adds a provision allowing for the bond to be cancelled with 30 days' written notice.

[SB 877](#)

Enacted: 05/15/2018

Effective: 05/15/2018

SB 877 revises the existing law for real estate appraisal management companies to allow them to post a \$50,000 surety bond in lieu of the current requirement to provide financial information. The new law provides that procedures for filing claims against the bond will be established through regulations.

Miscellaneous Bonds

[HB 4795](#)

Enacted: 05/18/2018

Effective: 05/18/2018

HB 4795 provides that a South Carolina dealer who conducts an auction of investment grade or collector motor vehicles for not more than three days in a year must post a \$1 million surety bond.

SOUTH DAKOTA

Effective Date: Enacted bills became effective on July 1, 2018, unless otherwise specified in the bill. Specified effective dates are provided in the bill summary.

License Bonds

[SB 26](#)

Enacted: 02/08/2018

Effective: 07/01/2018

SB 26 revises the bond requirements for grain buyers, which must be in an amount based on the amount of grain purchases that the buyer makes according to the schedule for the bond amount set forth under current law. The new law eliminates the top tier for a Class B grain buyer so that the maximum bond amount would be \$100,000 instead of \$150,000. For a grain buyer with less than three years' experience as a grain buyer, the new law provides that the bond amount will be based on the average actual purchases made by the grain buyer in all of its previous years as a grain buyer or the buyer's projected purchases, whichever is higher. Under prior law, the bond amount was based only on the average of the actual purchases in previous years.

Public Official Bonds

[HB 1107](#)

Enacted: 03/06/2018

Effective: 07/01/2018

HB 1107 eliminates the bond required for county highway superintendents, which had to be in an amount not less than \$2,000 and not more than \$5,000.

[HB 1169](#)

Enacted: 03/21/2018

Effective: 07/01/2018

HB 1169 eliminates the bond required under existing law for mayors and commissioners of first and second-class municipalities. The bond secured the faithful performance of the duties of office and the proper handling of the municipality's money and property.

TENNESSEE

Effective Date: Enacted laws become effective on enactment or as provided in the bill. Specified effective dates are provided in the bill summary.

Rate and Form Filing

[HB 1795](#)

Enacted: 05/21/2018
Effective: 05/21/2018

SB 1795 reduces the \$250,000 premium threshold required to obtain a filing exemption for policies issued to exempt commercial risk policyholders to \$200,000.

License and Permit Bonds

[HB 2080](#)

Enacted: 04/12/2018
Effective: 07/01/2018

HB 2080 states that it requires animal massage therapists to be certified and post a surety bond, but the new law actually specifies that a \$25,000 liability insurance policy is required.

[HB 2279](#)

Enacted: 04/30/2018
Effective: 06/03/2018

HB 2279 establishes requirements for broadband wireless facility projects. The new law provides that permit applicants for installing a small wireless facility may be required to provide a surety bond in connection with deploying infrastructure in the right of way.

Miscellaneous Bonds

[SB 2294](#)

Enacted: 04/20/2018
Effective: 04/20/2018

SB 2294 revises the bond requirement for postsecondary educational institution so that it now also is conditioned to pay an amount that the Tennessee Higher Education Commission (Commission) assesses for the administrative costs associated with maintaining academic records when an institution closes. This amount will be paid from any remaining funds after any payments are made to the students and enrollees or their parents or guardians. Under existing law, the bond is conditioned to indemnify any student or enrollee or their parents or guardian who have suffered loss or damage as a result of any act or practice that the postsecondary educational institution commits in violation of the law and on payment of any judgment from the Commission or any state court having jurisdiction.

[HB 2423](#)

Enacted: 04/19/2018
Effective: 04/19/2018

HB 2423 revises the bond requirement for receivers for a nuisance property to provide that the bond must secure the performance of the remediation of the nuisance property within nine months of the date of the property is sold at auction.

Reclamation Bonds

[SB 686](#)

Enacted: 04/25/2018

Effective: 04/25/2018

SB 686 requires owners or operators of surface coal mining operations to furnish a performance bond equal to \$500 per acre of disturbed land in connection with an exploration permit. The bond secures the faithful performance of the reclamation requirements. For coal mining and reclamation operations, a performance bond or other security is required to secure compliance with the applicable law and the conditions of the permit. The bond must be for at least \$10,000 and must be sufficient to assure completion of the reclamation plan for the mining operation. Local governments and state agencies are exempt from the permit and bond requirements if they are performing mining operations.

[HB 1731](#)

Enacted: 04/24/2018

Effective: 04/24/2018

HB 1731 requires an applicant for a permit for the construction, operation, or expansion of a wind energy facility to establish financial security in the amount of 100% of the estimate of the total cost to decommission and remove the wind energy facility. Surety bonds or other security will be accepted to meet this requirement.

Court Bonds

[SB 1921](#)

Enacted: 04/18/2018

Effective: 07/01/2018

SB 1921 adopts the Uniform Commercial Real Estate Receivership Act under which receivers must post a surety bond or other security in an amount the court determines to secure the faithful performance of their duties. Claims on the bond must be brought within one year of the date the receiver is discharged.

[SB 1971](#)

Enacted: 05/01/2018

Effective: 07/01/2018

SB 1971 requires a \$200 costs bond to be posted in connection with a process for public officials to contest liens on their real property if the officials claim that the liens lack any legal basis. The petitioner may seek a determination of reasonableness in the chancery court of the county where the document was filed.

Public Official Bonds

[HB 2716](#)

Enacted: 04/25/2018

Effective: See Summary

HB 2716 requires the finance director for Finance Department for Maury County to post a \$100,000 surety bond to secure the faithful performance of the duties of office. The new law is subject to approval from the Maury County legislative body to become effective.

TEXAS

Not in session in 2018.

UTAH

Effective Date: Enacted laws take effect 60 days after adjournment, which was on May 8, 2018, or as provided in the bill. Specified effective dates are provided in the bill summary.

License Bonds

[SB 130](#)

Enacted: 03/23/2018

Effective: 07/01/2019

SB 130 authorizes the sale and use of cannabidiol products, which are medicinal products produced from hemp. The new law requires cannabidiol processors or cannabidiol laboratories to be licensed and post a \$100,000 surety bond or cash conditioned on compliance with the applicable law. The bond is subject to forfeiture if the license is revoked.

Public Official Bonds

[HB 432](#)

Enacted: 03/21/2018

Effective: 07/01/2018

HB 432 authorizes the Utah Beef Council to require its administrators or employees to be bonded to secure the faithful performance of their duties.

VERMONT

Effective Date: Enacted laws became effective on July 1, 2018, or as provided in the bill. Specified effective dates are provided in the bill summary.

Court Bonds

[SB 29](#)

Enacted: 05/30/2018

Effective: 07/01/2018

SB 29 revises the bond required for the administrator of an estate so that the Probate Court will determine if sureties are required. Prior law provided that one or more sureties are required. The new law specifies that the bond is for the benefit of all interested persons, except where a bond is to be taken to the adverse party. The new law permits two or more persons serving as joint

administrators or executors of an estate to post a bond without sureties. The new law revises the conditions of the administrator or executor's bond so that the inventory for the estate would be due in 60 days rather than 30 days. The new law eliminates the position of a residuary legatee to serve as an administrator. With the elimination of this position, the bond requirement has been eliminated as well.

VIRGINIA

Effective Date: Enacted laws became effective either on July 1, 2018, or as provided in the bill. Specified effective dates are provided in the bill summary.

License Bonds

[HB 63](#)

Enacted: 03/09/2018

Effective: 07/01/2018

HB 63 eliminates the option to post a surety bond instead of obtaining liability insurance in connection with licensure for private security firms and private security training schools.

Miscellaneous Bonds

[HB 674/SB 443](#)

Enacted: 02/26/2018

Effective: 07/01/2018

HB 674/SB 443 revises the existing bond and escrow account requirements for developers for time share projects. Under prior law, the developer had to maintain an escrow account and post a surety bond or other security equal to \$25,000 or the total amount of the deposits, whichever is greater. The new law provides that the bond would be optional and only would apply if the time share project has more than 25 units. The new law provides that the developer may post a surety bond or letter of credit (LOC) in lieu of maintaining the escrow account. An individual bond or LOC will be posted if the deposit total is less than \$10,000, otherwise a blanket bond may be furnished in an amount based on the total of the deposits, ranging from \$75,000 to \$1 million. If the amount of the deposits exceeds \$1 million, the bond must be equal to the deposits.

Court Bonds

[HB 850/SB 543](#)

Enacted: 02/26/2018

Effective: 07/01/2018

HB 850/SB 543 authorizes the court to set the bond requirements for a temporary guardian and any temporary conservator for an adult placed under protective services.

Reclamation Bonds

[SB 405/HB 1258](#)

Enacted: 04/18/2018

Effective: 07/01/2018

SB 405/HB 1258 prohibits local authorities from requiring surety bonds or other security to secure the removal of an unused or abandoned wireless facility unless similar requirements are imposed on other permits for other types of commercial development or land uses. The bond or security cannot exceed a reasonable estimate of the direct cost of the facility's removal.

WASHINGTON

No Commercial Surety Enactments in 2018.

WEST VIRGINIA

Effective Date: New laws become effective 90 days after enactment, or as provided in the bill. Specified effective dates are provided in the bill summary.

Rate and Rule Filings

[SB 495](#)

Enacted: 03/27/2018

Effective: 06/10/2018

SB 495 exempts several commercial insurance lines from the rate and rule filing requirements, including surety and fidelity. Under prior law, rates and rules for these lines of business had to be filed under a file and use system with a 30-day waiting period. SFAA has filed loss costs and its rules manual under the prior law's system.

License Bonds

[SB 415](#)

Enacted: 03/10/2018

Effective: 03/03/2018

SB 415 requires gaming facilities that operate sports lottery wagering to obtain a separate license for this activity and post a surety bond in an amount that the West Virginia Lottery Commission will determine. The bond must guarantee that the licensee will make all payments required under the applicable law and regulations.

Notary Bonds

[HB 4207](#)

Enacted: 03/27/2018

Effective: 06/05/2018

HB 4207 repeals the bond requirement for notaries public. Under prior law, a notary had to post a bond or its functional equivalent for \$1,000. In lieu of the bond, the notary could have provided proof that he or she is covered under an insurance policy in the amount of \$1,000 that provides either professional liability, errors and omissions, or commercial general liability coverage.

WISCONSIN

Effective Date: New laws become effective when published in the Milwaukee Sentinel (the official state newspaper), which must be within 10 days of enactment, or as provided in the bill. Specified effective dates are provided in the bill summary.

Subdivision Bonds

[AB 770](#)

Enacted: 04/03/2018

Effective: 04/05/2018

AB 770 revises the existing law for the subdivision bond that a town or a municipality may require from a subdivider. A surety bond or letter of credit equal to 120% of the estimated total cost to complete the required public improvements for the subdivision is accepted as security under existing law. The new law provides that the subdivider's contractor may provide a performance bond to meet this requirement, so long as the governing body of the town or municipality is included as an additional obligee on the bond. Unless the town or municipality demonstrates that a bond form does not sufficiently ensure performance in the event of default, these entities must accept a bond so long as it is consistent with a standard form from a surety company that is on the U.S. Treasury Department's *Circular 570*.

The new law provides that a developer also must post a bond or a letter of credit to defer paying any impact fees for a development if the fees exceed \$75,000. The bond or letter of credit must be in an amount equal to the amount of the unpaid fees. The deferment of the fee payment may be for a period of four years from the date that the building permit is issued, or until six months before the municipality incurs the costs to construct, expand, or improve the public facilities related to the development for which the fee was imposed, whichever occurs earlier.

WYOMING

Effective Date: Enacted laws became effective 90 days after adjournment, which was June 15, 2018, or as provided in the bill. Specified effective dates are provided in the bill summary.

Miscellaneous Bonds

[HB 18](#)

Enacted: 03/10/2018

Effective: 07/01/2018

HB 18 reduces the threshold at which nonresident employers are required to post a bond from \$10,000 per month to \$4,000 per month in wages paid in the State. Prior required the bond to be for \$20,000, plus \$2,000 for each \$120,000 or fraction thereof that the expected wages exceed \$120,000 annually. The new law establishes a new formula for the bond amount based on the amount of wages paid. The minimum bond amount is \$8,000.

[HB 34](#)

Enacted: 03/10/2018

Effective: 07/01/2018

HB 34 eliminates the option for the owner of a mobile home to post a bond to obtain a duplicate certificate of title prior to the end of a waiting period. Under current law, the owner must wait 11 days following the submission of an affidavit for a lost certificate of title for the mobile home. The bond had to be for at least double the value of the mobile home.

[HB 129](#)

Enacted: 03/14/2018

Effective: 07/01/2018

HB 129 establishes requirements to obtain a certificate of title for a glider kit vehicle. The new law provides that the Department of Transportation or a county clerk may require certain documentation as proof of ownership, such as an affidavit for proof of ownership or any surety bond required under existing law for certificates of title.

Reclamation Bonds

[SB 56](#)

Enacted: 03/14/2018

Effective: 07/01/2018

SB 56 authorizes the Environmental Quality Council (Council) to adopt regulations that allow it to accept real property to be posted as a collateral bond without separate surety to meet the existing reclamation bond requirements for mining operations. Prior law only permitted a surety bond from a corporate surety. Such regulations must be consistent with the federal requirements for collateral bonds. The new law provides that the real property must be located in the State, the collateral bond must provide a perfected first lien security interest in the real property in favor of the Department of Environmental Quality, and the protection provided by the collateral bond must be consistent with the objectives and purposes of the applicable law.

