

Stricken language would be deleted from and underlined language would be added to present law.

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As Engrossed: H3/13/13
A Bill

HOUSE BILL 1537

By: Representatives Rice, Wren, Dale, Ratliff, Hickerson, Eubanks, D. Douglas, Hammer, Payton, Miller

For An Act To Be Entitled

AN ACT TO REGULATE THE SALE OF SALVAGE VEHICLES; TO
REQUIRE DISCLOSURE OF A SALVAGE VEHICLE ON A
CERTIFICATE OF TITLE; AND FOR OTHER PURPOSES.

Subtitle

THE SALVAGE VEHICLE CONSUMER SAFETY AND
DISCLOSURE ACT.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code § 23-112-602, concerning definitions of the used motor vehicle buyers protection law, is amended to add an additional subdivision to read as follows:

(14) "Salvage auction" means the wholesale exchange or sale of wrecked, salvaged, damaged, or water-damaged motor vehicles using an auction format; and

(15) "Salvage vehicle" means a motor vehicle, regardless of the age of the vehicle, that is:

(A) Water-damaged; or

(B) Sustains any other damage in an amount equal to or exceeding seventy percent (70%) of its average retail value as determined under criteria established by rule of the Office of Motor Vehicle.

(16) "Water-damaged" means a vehicle damaged by water that has:

(A) Saturated or contaminated an electronic or electrical system necessary for the safe and reliable operation of the vehicle; or

(B) Risen to the point that it covers the sill and enters the passenger compartment.



SECTION 2. Arkansas Code Title 23, Chapter 112, Subchapter 6 is amended to add additional sections to read as follows:

23-112-618. Licensing requirements for salvage auction buyers — Penalty.

(a)(1) Except as provided in subdivision (a)(2) of this section, on and after January 1, 2014, the title of a salvage vehicle sold at a salvage auction shall not be transferred or assigned knowingly by the owner, manager, or person in charge of a salvage auction to anyone other than:

(A) A new motor vehicle dealer licensed under § 23-112-301;

(B) A used motor vehicle dealer licensed under § 23-112-607; or

(C) A person licensed under § 27-14-2001.

(2) A person may purchase no more than two (2) salvage vehicles a year at a salvage auction under this section.

(3) A violation of subdivision (a)(1) of this section shall be assessed a penalty not to exceed one thousand dollars (\$1,000).

(b)(1) The owner, manager, or person in charge of a salvage auction and a buyer shall report the specifics of the sale of a salvage vehicle at a salvage auction to the National Motor Vehicle Title Information System pursuant to 49 U.S.C. §§ 30501 – 30505, as it existed on January 1, 2013.

(2) The owner, manager, or person in charge of a salvage auction shall report to the Department of Arkansas State Police a sale of a salvage vehicle to a person that is not licensed as a new motor vehicle dealer under § 23-112-301, licensed as a used motor vehicle dealer under § 23-112-607, or licensed under § 27-14-2001.

(3) The owner, manager, or person in charge of a salvage auction shall not sell a salvage vehicle to a person under subdivision (a)(2) of this section if the Department of Arkansas State Police has notified the owner of a salvage auction in writing that the person has met or exceeded the limit of two (2) salvage vehicles a year.

(c)(1) The owner, manager, or person in charge of a salvage auction shall keep a register of a sale of salvage vehicles for five (5) years from the date of the sale.

(2) The register shall include the following:

- (A) The salvage vehicle information, including the:
 - (i) Make;
 - (ii) Model;
 - (iii) Year;
 - (iv) Body style;
 - (v) Vehicle identification number;
 - (vi) Copy of the front and back of the title filled out to the buyer; and
 - (vii) Copy of any necessary reassignment forms filled out to the buyer;
- (B) The seller's name and address; and
- (C) The buyer's:
 - (i) Name and address;
 - (ii) Motor vehicle dealer's license number; and
 - (iii) Reporting identification for the National Motor Vehicle Title Information System.

(3) The register shall be made available for inspection by law enforcement officers of the state, county, or municipality during regular business hours on business days at the salvage auction's business location.

23-112-619. Out-of-state motor vehicle dealers authorized to buy motor vehicles at Arkansas salvage auctions – Requirements.

Section 23-112-618 does not prohibit an out-of-state motor vehicle dealer, wrecker, or dismantler from buying a salvage vehicle at a salvage auction in the State of Arkansas if:

(1) The Arkansas Motor Vehicle Commission has entered into a reciprocity agreement with a motor vehicle commission or its equivalent in another state under § 23-112-312 where the out-of-state dealer, wrecker, or dismantler is licensed; and

(2) The out-state motor vehicle dealer, wrecker, or dismantler complies with § 23-112-618(b).

SECTION 3. Arkansas Code § 27-14-713(c)(1)(B), concerning information on the face of a certificate of title, is amended to add an additional subdivision to read as follows:

(v) If a certificate of title is issued for a

salvage vehicle, the following words printed on the front of the certificate of title so as to be clear and conspicuous to the purchaser:

"SALVAGE VEHICLE - NOT FOR RESALE WITHOUT DISCLOSURE. WARNING: A SALVAGE VEHICLE MAY NOT BE SAFE FOR OPERATION. SOME STATES PROHIBIT REGISTRATION OF CERTAIN SALVAGE TITLE VEHICLES, REQUIRE INSPECTIONS BEFORE A VEHICLE MAY BE REGISTERED, OR REQUIRE THIS VEHICLE TO BE PERMANENTLY KNOWN AS A SALVAGE VEHICLE.

SECTION 4. Arkansas Code § 27-14-725(b), concerning vehicle identification verification, is amended to add an additional subdivision to read as follows:

(3) Presents a title or other ownership document from the State of Arkansas for a vehicle purchased from a salvage auction that bears any of the following designations:

(A) Salvage;

(B) Prior salvage;

(C) Damaged;

(D) Prior damaged;

(E) Junked;

(F) Nonrepairable; or

(G) Any other designation that is substantially similar to the designations stated in this subdivision (b)(3).

SECTION 5. Arkansas Code § 27-14-2301(6) and (7), concerning the definitions used in disclosure of damage and repair on a certificate of title, are amended to read as follows:

(6) "Salvage vehicle" means a motor vehicle, regardless of the age of the motor vehicle, that is:

(A) Water-damaged; or

(B) Sustains any other damage in an amount equal to or exceeding seventy percent (70%) of its average retail value as determined under criteria established by rule of the Office of Motor Vehicle; and

(7) "Water-damaged" means ~~damage to a motor vehicle caused by submerging or partially submerging the vehicle in water to the extent that the vehicle was submerged or partially submerged at any water level above the dashboard of the vehicle, regardless of the actual dollar amount of the~~

damage a motor vehicle damaged by water that has:

(A) Saturated or contaminated an electronic or electrical system necessary for the safe and reliable operation of the motor vehicle; or

(B) Risen to the point that it covers the sill and enters the passenger compartment.

SECTION 6. Arkansas Code § 27-14-2302(b), concerning a salvage vehicle certificate of title, is amended to read as follows:

(b) Upon receipt of such a title, ~~there shall be issued~~ a new certificate of title shall be issued with:

(1) the The word "salvage" printed in the remarks section on the face of the certificate of title; and

(2) The following words printed on the front of the certificate of title so as to be clear and conspicuous to the purchaser:

"SALVAGE VEHICLE - NOT FOR RESALE WITHOUT DISCLOSURE. WARNING: A SALVAGE VEHICLE MAY NOT BE SAFE FOR OPERATION. SOME STATES PROHIBIT REGISTRATION OF CERTAIN SALVAGE TITLE VEHICLES, REQUIRE INSPECTIONS BEFORE A VEHICLE MAY BE REGISTERED, OR REQUIRE THIS VEHICLE TO BE PERMANENTLY KNOWN AS A SALVAGE VEHICLE.

/s/Rice