

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

State of Arkansas
95th General Assembly
Regular Session, 2025

As Engrossed: S4/8/25

A Bill

HOUSE BILL 1688

By: Representative Cavanaugh

By: Senator Stone

For An Act To Be Entitled

AN ACT TO AMEND ARKANSAS LAW CONCERNING THE USE OF A
DEALER'S EXTRA LICENSE PLATE; AND FOR OTHER PURPOSES.

Subtitle

TO AMEND ARKANSAS LAW CONCERNING THE USE
OF A DEALER'S EXTRA LICENSE PLATE.

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

SECTION 1. Arkansas Code § 27-14-1704 is amended to read as follows:
27-14-1704. Dealer's extra license plates.

(a) Each dealer as defined in § 27-14-601(a)(6) shall furnish the Secretary of the Department of Finance and Administration with a list of each ~~manager, sales manager, and salesperson~~ user authorized under this section to operate ~~a motor vehicle~~ one (1) or more new or used motor vehicles to which a dealer's extra license plate issued to the dealer has been or will be attached:

(1) Upon initial application for dealer's extra license plates as provided in § 27-14-1702; and

(2) Upon renewal of dealer's extra license plates as provided in § 27-14-1703.

(b)(1) The dealer's extra license plate may be used only by the dealer, ~~manager, or salesperson~~ and the owners, officers, managers, or salespersons of the dealer and only for the following authorized purposes:

~~(1)(A)~~ (1)(A) To drive to and from work;

~~(2)(B)~~ (2)(B) For business or personal trips inside or outside the dealer's county of residence;



~~(3)~~(C) To transport the vehicle; ~~or~~

~~(4)~~(D) To demonstrate the vehicle;

(E) To drive the vehicle in community related events, including without limitation parades, car shows, festivals, fairs, trade shows, and school or university events; or

(F) To comply with a manufacturer's terms of dealership sales and service agreements.

(2) "Manager" under subdivision (b)(1) of this section includes without limitation a regional manager, a division manager, a department manager, and a sales manager.

(c) Neither the dealer's extra license plate issued under this section nor the dealer's master plate issued under § 27-14-601(a)(6) shall be used for purposes of allowing a prospective buyer to test drive a vehicle unless the dealer, ~~manager, or salesperson~~ or an owner, officer, manager, or salesperson of the dealer is present in the vehicle.

(d) In addition to any other penalty prescribed by this chapter, any dealer, ~~manager, salesperson, or employee~~ or owner, officer, manager, or salesperson of a dealer who pleads guilty or nolo contendere to or who is found guilty of the misuse of a dealer's extra license plate or dealer's master plate or of allowing anyone else to misuse a dealer's extra license plate or dealer's master plate shall be fined not more than two hundred fifty dollars (\$250) for the first offense, not more than five hundred dollars (\$500) for the second offense, and not more than one thousand dollars (\$1,000) for the third and subsequent offenses.

(e)(1)(A) In addition to any other penalty prescribed by this chapter, the secretary may suspend some or all of the dealer's extra license plates issued to a dealer if the secretary determines that the dealer ~~or any manager, sales manager, or salesperson~~ or an owner, officer, manager, or salesperson of the dealer either misused a dealer's extra license plate or allowed the use of a dealer's extra license plate by a person who is not authorized by this section to use a dealer's extra license plate.

(B) A suspension of the dealer's extra license plates under this section does not require that the dealer's master license plate be suspended.

(C) The secretary shall:

(i) Notify the dealer in writing of a suspension of

the dealer's extra license plates that is authorized under this section; and

(ii) Provide information regarding the misuse or unauthorized use upon which the suspension was based in the notice.

(D) The dealer's extra license plates shall be suspended for:

(i) Six (6) months for the first misuse or unauthorized use of the dealer's extra license plates; or

(ii) One (1) year for any subsequent misuse or unauthorized use.

(2)(A) Any dealer who desires a hearing on the suspension shall notify the secretary in writing within twenty (20) days after receipt of the notice of suspension.

(B) A hearing officer appointed by the secretary shall schedule a hearing in an office of the Revenue Division of the Department of Finance and Administration in the county of the dealer's principal place of business, unless the secretary and the dealer agree to another location for the hearing or agree that the hearing shall be held by telephone.

(C) Hearings conducted under this section shall be subject to the Arkansas Administrative Procedure Act, § 25-15-201 et seq.

(D) The hearing officer shall render his or her decision in writing to modify, reverse, or affirm the suspension of the dealer's extra license plates based upon the evidence presented at the hearing and shall serve a copy of the decision on the dealer.

(3)(A)(i) If the decision sustains, in whole or in part, the suspension of the dealer's extra license plates, the dealer may file suit within thirty (30) days of receipt of the decision in the Pulaski County Circuit Court or the circuit court of the county of the dealer's principal place of business.

(ii) The dealer shall serve a copy of the petition on the secretary.

(iii) The appeal will not operate as a stay of the order of suspension that will remain in effect and be terminated only in the event a decision reversing the suspension is issued by the circuit court.

(B) An appeal from the circuit court shall be in accordance with the laws governing appeals.

(f) Any and all uses of a new or used motor vehicle for sale to which

a dealer's extra license plate has been attached, including without limitation use by persons authorized under subdivision (b)(1) of this section and use by persons not authorized under subdivision (b)(1) of this section, shall not constitute a withdrawal from stock and are otherwise exempt from the Arkansas gross receipts tax levied by the Arkansas Gross Receipts Act of 1941, § 26-52-101 et seq., and the Arkansas compensating use tax levied by the Arkansas Compensating Tax Act of 1949, § 26-53-101 et seq.

/s/Cavanaugh