

State of Arizona
House of Representatives
Fifty-second Legislature
Second Regular Session
2016

CHAPTER 263
HOUSE BILL 2535

AN ACT

AMENDING SECTIONS 6-126, 28-101, 28-370, 28-453, 28-2008, 28-2009, 28-2011, 28-2012, 28-2013, 28-2051, 28-2052, 28-2053, 28-2055, 28-2058, 28-2059, 28-2060, 28-2061, 28-2063, 28-2064, 28-2065, 28-2091, 28-2094, 28-2095, 28-2097, 28-2131, 28-2132, 28-2133, 28-2134, 28-2135, 28-2136, 28-2137, 28-2162, 28-2165, 28-3511, 28-3512, 28-3514, 28-4302, 28-4335, 28-4361, 28-4403, 28-4409, 28-4410, 28-4412, 28-4421, 28-4423, 28-4533, 28-4547, 28-4594, 28-5101, 28-5111, 44-281, 44-282, 44-294 AND 47-9311, ARIZONA REVISED STATUTES; RELATING TO MOTOR VEHICLES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 6-126, Arizona Revised Statutes, is amended to
3 read:
4 6-126. Application fees for financial institutions and
5 enterprises
6 A. The following nonrefundable fees are payable to the department with
7 the filing of the following applications:
8 1. To apply for a banking permit, five thousand dollars.
9 2. To apply for an amendment to a banking or savings and loan
10 association permit, one thousand dollars.
11 3. To establish each banking branch office, seven hundred fifty
12 dollars.
13 4. To move a banking office to other than an established office of a
14 bank, one thousand dollars.
15 5. To apply for a savings and loan association permit, five thousand
16 dollars.
17 6. To establish each savings and loan association branch office, one
18 thousand five hundred dollars.
19 7. To move an office of a savings and loan association to other than
20 an established office, one thousand dollars.
21 8. To organize and establish a credit union, one hundred dollars.
22 9. To establish each credit union branch or to move a credit union
23 office to other than an established office of a credit union, two hundred
24 fifty dollars.
25 10. To organize and establish any other financial institutions for
26 which an application or investigation fee is not otherwise provided by law,
27 two thousand five hundred dollars.
28 11. To acquire control of a financial institution, other than a
29 consumer lender, five thousand dollars.
30 12. To apply for a trust company license, five thousand dollars.
31 13. To apply for a commercial mortgage banker, mortgage banker, escrow
32 agent or consumer lender license, one thousand five hundred dollars.
33 14. To apply for a mortgage broker, commercial mortgage broker, sales
34 finance company or debt management company license, eight hundred dollars.
35 15. To apply for a collection agency license, one thousand five
36 hundred dollars.
37 16. To apply for a deferred presentment company license, one thousand
38 dollars.
39 ~~17. To apply for a motor vehicle dealer license, three hundred~~
40 ~~dollars.~~
41 ~~18.~~ 17. To apply for a branch office of an escrow agent, consumer
42 lender, commercial mortgage banker, mortgage banker, trust company, money
43 transmitter, collection agency or deferred presentment company, five hundred
44 dollars.

- 1 ~~19.~~ 18. To apply for a branch office of a mortgage broker, commercial
2 mortgage broker, debt management company or sales finance company, two
3 hundred fifty dollars.
- 4 ~~20.~~ 19. To apply for approval of the articles of incorporation of a
5 business development corporation, five hundred dollars.
- 6 ~~21.~~ 20. To apply for approval for the merger or consolidation of two
7 or more financial institutions, five thousand dollars per institution.
- 8 ~~22.~~ 21. To apply for approval to convert from a national bank or
9 federal savings and loan charter to a state chartered institution, five
10 thousand dollars.
- 11 ~~23.~~ 22. To apply for approval to convert from a federal credit union
12 to a state chartered credit union, one thousand dollars.
- 13 ~~24.~~ 23. To apply for approval to merge or consolidate two or more
14 credit unions, five hundred dollars per credit union.
- 15 ~~25.~~ 24. To move an established office of an enterprise to other than
16 an established office, fifty dollars.
- 17 ~~26.~~ 25. To issue a duplicate or replace a lost enterprise's license,
18 one hundred dollars.
- 19 ~~27.~~ 26. To change a responsible person on a mortgage broker's,
20 commercial mortgage broker's, commercial mortgage banker's or a mortgage
21 banker's license, two hundred fifty dollars.
- 22 ~~28.~~ 27. To change an active manager on a collection agency license or
23 a manager of a money transmitter branch office license, two hundred fifty
24 dollars.
- 25 ~~29.~~ 28. To change the licensee name on a financial institution or
26 enterprise license, not more than two hundred fifty dollars.
- 27 ~~30.~~ 29. To apply for a money transmitter license, one thousand five
28 hundred dollars plus twenty-five dollars for each branch office and
29 authorized delegate to a maximum of four thousand five hundred dollars.
- 30 ~~31.~~ 30. To acquire control of any money transmitter or controlling
31 person pursuant to chapter 12 of this title, two thousand five hundred
32 dollars.
- 33 ~~32.~~ 31. To receive the following publications:
34 (a) Quarterly bank and savings and loan statement of condition, not
35 more than ten dollars per copy.
36 (b) Monthly summary of actions report, not more than five dollars per
37 copy.
38 (c) A list of licensees, a monthly pending actions report and all
39 other in-house prepared reports or listings made available to the public, not
40 more than one dollar per page.
- 41 ~~33.~~ 32. To apply for a loan originator license, an amount to be
42 determined by the superintendent.
- 43 ~~34.~~ 33. To apply for a loan originator license transfer, an amount to
44 be determined by the superintendent.
- 45 ~~35.~~ 34. To apply for a conversion from a mortgage banker license to a
46 mortgage broker license, an amount to be determined by the superintendent.

1 B. On issuance of a license or permit for a financial institution or
2 enterprise, the superintendent shall collect the first year's annual
3 assessment or renewal fee for the financial institution or enterprise
4 prorated according to the number of quarters remaining until the date of the
5 next annual assessment or renewal.

6 C. The following annual renewal fees shall be paid each year:

7 1. For an escrow agent, or trust company, one thousand dollars plus
8 two hundred fifty dollars for each branch office.

9 2. For a debt management company or sales finance company, five
10 hundred dollars plus two hundred dollars for each branch office.

11 3. For a collection agency, six hundred dollars plus two hundred
12 dollars for each branch office.

13 ~~4. For a motor vehicle dealer, one hundred fifty dollars.~~

14 ~~5.~~ 4. For an inactive mortgage broker or commercial mortgage broker,
15 two hundred fifty dollars.

16 ~~6.~~ 5. For a mortgage banker that negotiates or closes in the
17 aggregate one hundred loans or less in the immediately preceding calendar
18 year, seven hundred fifty dollars, and for a mortgage banker that negotiates
19 or closes in the aggregate over one hundred loans in the immediately
20 preceding calendar year, one thousand two hundred fifty dollars. In
21 addition, a mortgage banker shall pay two hundred fifty dollars for each
22 branch office.

23 ~~7.~~ 6. For a commercial mortgage banker, one thousand two hundred
24 fifty dollars. In addition, a commercial mortgage banker shall pay two
25 hundred fifty dollars for each branch office.

26 ~~8.~~ 7. For a mortgage broker or commercial mortgage broker that
27 negotiates or closes in the aggregate fifty loans or less in the immediately
28 preceding calendar year, two hundred fifty dollars and for a mortgage broker
29 or commercial mortgage broker that negotiates or closes in the aggregate more
30 than fifty loans in the immediately preceding calendar year, five hundred
31 dollars. In addition, a mortgage broker or commercial mortgage broker shall
32 pay two hundred dollars for each branch office.

33 ~~9.~~ 8. For a consumer lender, one thousand dollars plus two hundred
34 dollars for each branch office.

35 ~~10.~~ 9. For a money transmitter, five hundred dollars plus twenty-five
36 dollars for each branch office and each authorized delegate to a maximum of
37 two thousand five hundred dollars.

38 ~~11.~~ 10. For a deferred presentment company, four hundred dollars. In
39 addition, a deferred presentment company shall pay two hundred dollars for
40 each branch office.

41 ~~12.~~ 11. For a loan originator, an amount to be determined by the
42 superintendent.

43 ~~13.~~ 12. For an inactive status loan originator, an amount to be
44 determined by the superintendent.

45 D. The license, renewal or branch office permit fee for a premium
46 finance company for each calendar year or part thereof shall not be less than

1 one hundred dollars or more than three hundred dollars as set by the
2 superintendent. If the license is issued or the branch office is opened
3 after June 30 in any year, the fees shall not be less than fifty dollars or
4 more than one hundred fifty dollars for that year.

5 Sec. 2. Section 28-101, Arizona Revised Statutes, is amended to read:
6 28-101. Definitions

7 In this title, unless the context otherwise requires:

8 1. "Alcohol" means any substance containing any form of alcohol,
9 including ethanol, methanol, propynol and isopropynol.

10 2. "Alcohol concentration" if expressed as a percentage means either:

11 (a) The number of grams of alcohol per one hundred milliliters of
12 blood.

13 (b) The number of grams of alcohol per two hundred ten liters of
14 breath.

15 3. "All-terrain vehicle" means either of the following:

16 (a) A motor vehicle that satisfies all of the following:

17 (i) Is designed primarily for recreational nonhighway all-terrain
18 travel.

19 (ii) Is fifty or fewer inches in width.

20 (iii) Has an unladen weight of one thousand two hundred pounds or
21 less.

22 (iv) Travels on three or more nonhighway tires.

23 (v) Is operated on a public highway.

24 (b) A recreational off-highway vehicle that satisfies all of the
25 following:

26 (i) Is designed primarily for recreational nonhighway all-terrain
27 travel.

28 (ii) Is sixty-five or fewer inches in width.

29 (iii) Has an unladen weight of one thousand eight hundred pounds or
30 less.

31 (iv) Travels on four or more nonhighway tires.

32 4. "Authorized emergency vehicle" means any of the following:

33 (a) A fire department vehicle.

34 (b) A police vehicle.

35 (c) An ambulance or emergency vehicle of a municipal department or
36 public service corporation that is designated or authorized by the department
37 or a local authority.

38 (d) Any other ambulance, fire truck or rescue vehicle that is
39 authorized by the department in its sole discretion and that meets liability
40 insurance requirements prescribed by the department.

41 5. "Autocycle" means a three-wheeled motorcycle on which the driver
42 and passengers ride in a completely enclosed seating area that is equipped
43 with a roll cage, safety belts for each occupant and antilock brakes and that
44 is designed to be controlled with a steering wheel and pedals.

45 6. "Aviation fuel" means all flammable liquids composed of a mixture
46 of selected hydrocarbons expressly manufactured and blended for the purpose

1 of effectively and efficiently operating an internal combustion engine for
2 use in an aircraft but does not include fuel for jet or turbine powered
3 aircraft.

4 7. "Bicycle" means a device, including a racing wheelchair, that is
5 propelled by human power and on which a person may ride and that has either:

6 (a) Two tandem wheels, either of which is more than sixteen inches in
7 diameter.

8 (b) Three wheels in contact with the ground, any of which is more than
9 sixteen inches in diameter.

10 8. "Board" means the transportation board.

11 9. "Bus" means a motor vehicle designed for carrying sixteen or more
12 passengers, including the driver.

13 10. "Business district" means the territory contiguous to and
14 including a highway if there are buildings in use for business or industrial
15 purposes within any six hundred feet along the highway, including hotels,
16 banks or office buildings, railroad stations and public buildings that occupy
17 at least three hundred feet of frontage on one side or three hundred feet
18 collectively on both sides of the highway.

19 11. "CERTIFICATE OF OWNERSHIP" MEANS A PAPER OR AN ELECTRONIC RECORD
20 THAT IS ISSUED IN ANOTHER STATE OR A FOREIGN JURISDICTION AND THAT INDICATES
21 OWNERSHIP OF A VEHICLE.

22 12. "CERTIFICATE OF TITLE" MEANS A PAPER DOCUMENT OR AN ELECTRONIC
23 RECORD THAT IS ISSUED BY THE DEPARTMENT AND THAT INDICATES OWNERSHIP OF A
24 VEHICLE.

25 ~~11-~~ 13. "Combination of vehicles" means a truck or truck tractor and
26 semitrailer and any trailer that it tows but does not include a forklift
27 designed for the purpose of loading or unloading the truck, trailer or
28 semitrailer.

29 ~~12-~~ 14. "Controlled substance" means a substance so classified under
30 section 102(6) of the controlled substances act (21 United States Code
31 section 802(6)) and includes all substances listed in schedules I through V
32 of 21 Code of Federal Regulations part 1308.

33 ~~13-~~ 15. "Conviction" means:

34 (a) An unvacated adjudication of guilt or a determination that a
35 person violated or failed to comply with the law in a court of original
36 jurisdiction or by an authorized administrative tribunal.

37 (b) An unvacated forfeiture of bail or collateral deposited to secure
38 the person's appearance in court.

39 (c) A plea of guilty or no contest accepted by the court.

40 (d) The payment of a fine or court costs.

41 ~~14-~~ 16. "County highway" means a public road that is constructed and
42 maintained by a county.

43 ~~15-~~ 17. "Dealer" means a person who is engaged in the business of
44 buying, selling or exchanging motor vehicles, trailers or semitrailers and
45 who has an established place of business AND HAS PAID FEES PURSUANT TO
46 SECTION 28-4302.

1 ~~16.~~ 18. "Department" means the department of transportation acting
2 directly or through its duly authorized officers and agents.
3 ~~17.~~ 19. "Digital network or software application" has the same
4 meaning prescribed in section 28-9551.
5 ~~18.~~ 20. "Director" means the director of the department of
6 transportation.
7 ~~19.~~ 21. "Drive" means to operate or be in actual physical control of
8 a motor vehicle.
9 ~~20.~~ 22. "Driver" means a person who drives or is in actual physical
10 control of a vehicle.
11 ~~21.~~ 23. "Driver license" means a license that is issued by a state to
12 an individual and that authorizes the individual to drive a motor vehicle.
13 ~~22.~~ 24. "Electric personal assistive mobility device" means a
14 self-balancing two nontandem wheeled device with an electric propulsion
15 system that limits the maximum speed of the device to fifteen miles per hour
16 or less and that is designed to transport only one person.
17 ~~23.~~ 25. "Farm" means any lands primarily used for agriculture
18 production.
19 ~~24.~~ 26. "Farm tractor" means a motor vehicle designed and used
20 primarily as a farm implement for drawing implements of husbandry.
21 ~~25.~~ 27. "Foreign vehicle" means a motor vehicle, trailer or
22 semitrailer that is brought into this state other than in the ordinary course
23 of business by or through a manufacturer or dealer and that has not been
24 registered in this state.
25 ~~26.~~ 28. "Golf cart" means a motor vehicle that has not less than
26 three wheels in contact with the ground, that has an unladen weight of less
27 than one thousand eight hundred pounds, that is designed to be and is
28 operated at not more than twenty-five miles per hour and that is designed to
29 carry not more than four persons including the driver.
30 ~~27.~~ 29. "Hazardous material" means a material, and its mixtures or
31 solutions, that the United States department of transportation determines
32 under 49 Code of Federal Regulations is, or any quantity of a material listed
33 as a select agent or toxin under 42 Code of Federal Regulations part 73 that
34 is, capable of posing an unreasonable risk to health, safety and property if
35 transported in commerce and that is required to be placarded or marked as
36 required by the department's safety rules prescribed pursuant to chapter 14
37 of this title.
38 ~~28.~~ 30. "Implement of husbandry" means a vehicle designed primarily
39 for agricultural purposes and used exclusively in the conduct of agricultural
40 operations, including an implement or vehicle whether self-propelled or
41 otherwise that meets both of the following conditions:
42 (a) Is used solely for agricultural purposes including the preparation
43 or harvesting of cotton, alfalfa, grains and other farm crops.
44 (b) Is only incidentally operated or moved on a highway whether as a
45 trailer or self-propelled unit. For the purposes of this subdivision,
46 "incidentally operated or moved on a highway" means travel between a farm and

1 another part of the same farm, from one farm to another farm or between a
2 farm and a place of repair, supply or storage.

3 ~~29.~~ 31. "Limousine" means a motor vehicle providing prearranged
4 ground transportation service for an individual passenger, or a group of
5 passengers, that is arranged in advance or is operated on a regular route or
6 between specified points and includes ground transportation under a contract
7 or agreement for services that includes a fixed rate or time and is provided
8 in a motor vehicle with a seating capacity not exceeding fifteen passengers
9 including the driver.

10 ~~30.~~ 32. "Livery vehicle" means a motor vehicle that:

11 (a) Has a seating capacity not exceeding fifteen passengers including
12 the driver.

13 (b) Provides passenger services for a fare determined by a flat rate
14 or flat hourly rate between geographic zones or within a geographic area.

15 (c) Is available for hire on an exclusive or shared ride basis.

16 (d) May do any of the following:

17 (i) Operate on a regular route or between specified places.

18 (ii) Offer prearranged ground transportation service as defined in
19 section 28-141.

20 (iii) Offer on demand ground transportation service pursuant to a
21 contract with a public airport, licensed business entity or organization.

22 ~~31.~~ 33. "Local authority" means any county, municipal or other local
23 board or body exercising jurisdiction over highways under the constitution
24 and laws of this state.

25 ~~32.~~ 34. "Manufacturer" means a person engaged in the business of
26 manufacturing motor vehicles, trailers or semitrailers.

27 ~~33.~~ 35. "Moped" means a bicycle that is equipped with a helper motor
28 if the vehicle has a maximum piston displacement of fifty cubic centimeters
29 or less, a brake horsepower of one and one-half or less and a maximum speed
30 of twenty-five miles per hour or less on a flat surface with less than a one
31 percent grade.

32 ~~34.~~ 36. "Motor driven cycle" means a motorcycle, including every
33 motor scooter, with a motor that produces not more than five horsepower.

34 ~~35.~~ 37. "Motor vehicle":

35 (a) Means either:

36 (i) A self-propelled vehicle.

37 (ii) For the purposes of the laws relating to the imposition of a tax
38 on motor vehicle fuel, a vehicle that is operated on the highways of this
39 state and that is propelled by the use of motor vehicle fuel.

40 (b) Does not include a motorized wheelchair, an electric personal
41 assistive mobility device or a motorized skateboard. For the purposes of
42 this subdivision:

43 (i) "Motorized skateboard" means a self-propelled device that has a
44 motor, a deck on which a person may ride and at least two tandem wheels in
45 contact with the ground.

1 (ii) "Motorized wheelchair" means a self-propelled wheelchair that is
2 used by a person for mobility.

3 ~~36-~~ 38. "Motor vehicle fuel" includes all products that are commonly
4 or commercially known or sold as gasoline, including casinghead gasoline,
5 natural gasoline and all flammable liquids, and that are composed of a
6 mixture of selected hydrocarbons expressly manufactured and blended for the
7 purpose of effectively and efficiently operating internal combustion engines.
8 Motor vehicle fuel does not include inflammable liquids that are specifically
9 manufactured for racing motor vehicles and that are distributed for and used
10 by racing motor vehicles at a racetrack, use fuel as defined in section
11 28-5601, aviation fuel, fuel for jet or turbine powered aircraft or the
12 mixture created at the interface of two different substances being
13 transported through a pipeline, commonly known as transmix.

14 ~~37-~~ 39. "Motorcycle" means a motor vehicle that has a seat or saddle
15 for the use of the rider and that is designed to travel on not more than
16 three wheels in contact with the ground but excludes a tractor and a moped.

17 ~~38-~~ 40. "Motorized quadricycle" means a self-propelled motor vehicle
18 to which all of the following apply:

19 (a) The vehicle is self-propelled by an emission-free electric motor
20 and may include pedals operated by the passengers.

21 (b) The vehicle has at least four wheels in contact with the ground.

22 (c) The vehicle seats at least eight passengers, including the driver.

23 (d) The vehicle is operable on a flat surface using solely the
24 electric motor without assistance from the pedals or passengers.

25 (e) The vehicle is a commercial motor vehicle as defined in section
26 28-5201.

27 (f) The vehicle is licensed by the department ~~of weights and measures~~
28 to operate as a limousine pursuant to section 28-9503.

29 (g) The vehicle is manufactured by a motor vehicle manufacturer that
30 is licensed pursuant to chapter 10 of this title.

31 (h) The vehicle complies with the definition and standards for
32 low-speed vehicles set forth in federal motor vehicle safety standard 500 and
33 49 Code of Federal Regulations ~~section~~ SECTIONS 571.3(b) and 571.500,
34 respectively.

35 ~~39-~~ 41. "Neighborhood electric vehicle" means a self-propelled
36 electrically powered motor vehicle to which all of the following apply:

37 (a) The vehicle is emission free.

38 (b) The vehicle has at least four wheels in contact with the ground.

39 (c) The vehicle complies with the definition and standards for low
40 speed vehicles set forth in federal motor vehicle safety standard 500 and 49
41 Code of Federal Regulations sections 571.3(b) and 571.500, respectively.

42 ~~40-~~ 42. "Nonresident" means a person who is not a resident of this
43 state as defined in section 28-2001.

44 ~~41-~~ 43. "Off-road recreational motor vehicle" means a motor vehicle
45 that is designed primarily for recreational nonhighway all-terrain travel and
46 that is not operated on a public highway. Off-road recreational motor

1 vehicle does not mean a motor vehicle used for construction, building trade,
2 mining or agricultural purposes.

3 ~~42.~~ 44. "Operator" means a person who drives a motor vehicle on a
4 highway, who is in actual physical control of a motor vehicle on a highway or
5 who is exercising control over or steering a vehicle being towed by a motor
6 vehicle.

7 ~~43.~~ 45. "Owner" means:

8 (a) A person who holds the legal title of a vehicle.

9 (b) If a vehicle is the subject of an agreement for the conditional
10 sale or lease with the right of purchase on performance of the conditions
11 stated in the agreement and with an immediate right of possession vested in
12 the conditional vendee or lessee, the conditional vendee or lessee.

13 (c) If a mortgagor of a vehicle is entitled to possession of the
14 vehicle, the mortgagor.

15 ~~44.~~ 46. "Pedestrian" means any person afoot. A person who uses an
16 electric personal assistive mobility device or a manual or motorized
17 wheelchair is considered a pedestrian unless the manual wheelchair qualifies
18 as a bicycle. For the purposes of this paragraph, "motorized wheelchair"
19 means a self-propelled wheelchair that is used by a person for mobility.

20 ~~45.~~ 47. "Power sweeper" means an implement, with or without motive
21 power, that is only incidentally operated or moved on a street or highway and
22 that is designed for the removal of debris, dirt, gravel, litter or sand
23 whether by broom, vacuum or regenerative air system from asphaltic concrete
24 or cement concrete surfaces, including parking lots, highways, streets and
25 warehouses, and a vehicle on which the implement is permanently mounted.

26 ~~46.~~ 48. "Public transit" means the transportation of passengers on
27 scheduled routes by means of a conveyance on an individual passenger
28 fare-paying basis excluding transportation by a sightseeing bus, school bus
29 or taxi or a vehicle not operated on a scheduled route basis.

30 ~~47.~~ 49. "Reconstructed vehicle" means a vehicle that has been
31 assembled or constructed largely by means of essential parts, new or used,
32 derived from vehicles or makes of vehicles of various names, models and types
33 or that, if originally otherwise constructed, has been materially altered by
34 the removal of essential parts or by the addition or substitution of
35 essential parts, new or used, derived from other vehicles or makes of
36 vehicles. For the purposes of this paragraph, "essential parts" means
37 integral and body parts, the removal, alteration or substitution of which
38 will tend to conceal the identity or substantially alter the appearance of
39 the vehicle.

40 ~~48.~~ 50. "Residence district" means the territory contiguous to and
41 including a highway not comprising a business district if the property on the
42 highway for a distance of three hundred feet or more is in the main improved
43 with residences or residences and buildings in use for business.

44 ~~49.~~ 51. "Right-of-way" when used within the context of the regulation
45 of the movement of traffic on a highway means the privilege of the immediate
46 use of the highway. Right-of-way when used within the context of the real

1 property on which transportation facilities and appurtenances to the
2 facilities are constructed or maintained means the lands or interest in lands
3 within the right-of-way boundaries.

4 ~~50.~~ 52. "School bus" means a motor vehicle that is designed for
5 carrying more than ten passengers and that is either:

6 (a) Owned by any public or governmental agency or other institution
7 and operated for the transportation of children to or from home or school on
8 a regularly scheduled basis.

9 (b) Privately owned and operated for compensation for the
10 transportation of children to or from home or school on a regularly scheduled
11 basis.

12 ~~51.~~ 53. "Semitrailer" means a vehicle that is with or without motive
13 power, other than a pole trailer, that is designed for carrying persons or
14 property and for being drawn by a motor vehicle and that is constructed so
15 that some part of its weight and that of its load rests on or is carried by
16 another vehicle. For the purposes of this paragraph, "pole trailer" has the
17 same meaning prescribed in section 28-601.

18 ~~52.~~ 54. "State" means a state of the United States and the District
19 of Columbia.

20 ~~53.~~ 55. "State highway" means a state route or portion of a state
21 route that is accepted and designated by the board as a state highway and
22 that is maintained by the state.

23 ~~54.~~ 56. "State route" means a right-of-way whether actually used as a
24 highway or not that is designated by the board as a location for the
25 construction of a state highway.

26 ~~55.~~ 57. "Street" or "highway" means the entire width between the
27 boundary lines of every way if a part of the way is open to the use of the
28 public for purposes of vehicular travel.

29 ~~56.~~ 58. "Taxi" means a motor vehicle that has a seating capacity not
30 exceeding fifteen passengers, including the driver, that is registered as a
31 taxi in this state or any other state, that provides passenger services and
32 that:

33 (a) Does not primarily operate on a regular route or between specified
34 places.

35 (b) Offers local transportation for a fare determined on the basis of
36 the distance traveled or prearranged ground transportation service as defined
37 in section 28-141 for a predetermined fare.

38 59. "TITLE TRANSFER FORM" MEANS A PAPER OR AN ELECTRONIC FORM THAT IS
39 PRESCRIBED BY THE DEPARTMENT FOR THE PURPOSE OF TRANSFERRING A CERTIFICATE OF
40 TITLE FROM ONE OWNER TO ANOTHER OWNER.

41 ~~57.~~ 60. "Traffic survival school" means a school that offers
42 educational sessions to drivers who are required to attend and successfully
43 complete educational sessions pursuant to this title that are designed to
44 improve the safety and habits of drivers and that are approved by the
45 department.

1 (a) Notarized if it is witnessed by the director or an officer, agent
2 or employee of the department designated by the director.

3 (b) NOTARIZED IF IT IS INVOLVING A TOTAL LOSS VEHICLE SETTLEMENT AND
4 AN INSURANCE COMPANY THAT IS LICENSED PURSUANT TO TITLE 20 SUBMITS IT
5 ELECTRONICALLY TO THE DEPARTMENT IN A MANNER APPROVED BY THE DIRECTOR.

6 ~~(b)~~ (c) Witnessed if it is notarized.

7 C. For the purposes of this section, "agent" includes a motor vehicle
8 dealer, ~~a title service company or any other~~ OR A third party authorized
9 pursuant to this title.

10 Sec. 4. Section 28-453, Arizona Revised Statutes, is amended to read:

11 28-453. Electronic transfer of information

12 The department may accept electronic communication, transfer or receipt
13 of any abstract, affidavit, application information, copy, form, order,
14 report, record or other information prescribed in this title ~~in accordance~~
15 ~~with rules adopted by the director.~~

16 Sec. 5. Section 28-2008, Arizona Revised Statutes, is amended to read:

17 28-2008. Duplicate certificate of title, permit, registration
18 card or license plates

19 A. If a ~~certificate of title,~~ permit, registration card or license
20 plate is lost or mutilated or becomes illegible, the person entitled to the
21 ~~certificate,~~ permit, card or plate shall immediately apply for and obtain a
22 duplicate or substitute ~~certificate,~~ permit, card or plate by furnishing
23 information satisfactory to the department.

24 B. IF A PAPER CERTIFICATE OF TITLE IS LOST OR MUTILATED OR BECOMES
25 ILLEGIBLE, THE PERSON ENTITLED TO THE CERTIFICATE OF TITLE MAY APPLY FOR A
26 DUPLICATE OR SUBSTITUTE CERTIFICATE OF TITLE BY FURNISHING INFORMATION
27 SATISFACTORY TO THE DEPARTMENT. THE DEPARTMENT MAY IMPLEMENT PROCEDURES
28 RELATED TO THE ISSUANCE OF A DUPLICATE PAPER CERTIFICATE OF TITLE.

29 Sec. 6. Section 28-2009, Arizona Revised Statutes, is amended to read:

30 28-2009. Certificate of title; validity

31 The certificate of title is valid for the life of the vehicle as long
32 as the vehicle is owned by the original holder of the title, unless it has
33 been replaced ~~by a duplicate certificate of title~~ pursuant to section
34 28-2008.

35 Sec. 7. Section 28-2011, Arizona Revised Statutes, is amended to read:

36 28-2011. Vehicle inspections

37 A. The department may conduct the following levels of motor vehicle
38 inspections:

39 1. Level one. A level one inspection consists of matching the public
40 vehicle identification number and a secondary vehicle identification number
41 to the vehicle ownership documents to determine the identity of the vehicle.

42 2. Level two. A level two inspection consists of matching the public
43 vehicle identification number, a secondary vehicle identification number and
44 the confidential vehicle identification number to the vehicle ownership
45 documents to determine the identity of the vehicle.

1 A. A person shall apply to the department on a form prescribed or
2 authorized by the department for a certificate of title to a motor vehicle,
3 trailer or semitrailer. The person shall make the application within fifteen
4 days after the purchase or transfer of the vehicle, trailer or semitrailer
5 except that a licensed motor vehicle dealer shall make the application within
6 thirty days after the purchase or transfer. All transferees shall sign the
7 application, except that one transferee may sign the application if both of
8 the following apply:

9 1. The application is for the purposes of converting an out-of-state
10 certificate of title to a certificate of title issued pursuant to this
11 article.

12 2. The ownership or legal status of the motor vehicle, trailer or
13 semitrailer does not change.

14 B. The application shall contain:

15 1. The transferee's full name and either the driver license number of
16 the transferee or a number assigned by the department.

17 2. The transferee's complete residence address.

18 3. A brief description of the vehicle to be ~~titled~~ ISSUED A
19 CERTIFICATE OF TITLE.

20 4. The name of the manufacturer of the vehicle.

21 5. The serial number of the vehicle.

22 6. The last license plate number if applicable and if known and the
23 state in which the license plate number was issued.

24 7. If the application is for a certificate of title to a new vehicle,
25 the date of sale by the manufacturer or dealer to the person first operating
26 the vehicle.

27 8. If the application is in the name of a lessor:

28 (a) The lessor shown on the application as the owner or transferee.

29 (b) At the option of the lessor, the lessee shown on the application
30 as the registrant.

31 (c) The address of either the lessor or lessee.

32 (d) The signature of the lessor.

33 9. If the application is for a certificate of title to a specially
34 constructed, reconstructed or foreign vehicle, a statement of that fact. For
35 the purposes of this paragraph, "specially constructed vehicle" means a
36 vehicle not originally constructed under a distinctive name, make, model or
37 type by a generally recognized manufacturer of vehicles.

38 10. If an applicant rents or intends to rent the vehicle without a
39 driver, a statement of that fact.

40 11. Other information required by the department.

41 C. Unless subsection B, paragraph 8 of this section applies, on
42 request of an applicant, the department shall allow the applicant to provide
43 on the CERTIFICATE OF title of a motor vehicle, trailer or semitrailer a post
44 office box address that is regularly used by the applicant.

45 D. A person shall submit the following information with an application
46 for a certificate of title:

1 1. To a vehicle previously registered:

2 (a) The odometer mileage disclosure statement prescribed by section
3 28-2058.

4 (b) If the applicant is applying for A CERTIFICATE OF title pursuant
5 to section 28-2060, the applicant's statement of the odometer reading as of
6 the date of application.

7 2. To a new vehicle:

8 (a) A MANUFACTURER'S certificate ~~or electronic title from the~~
9 ~~manufacturer~~ OF ORIGIN showing the date of sale to the dealer or person first
10 receiving the vehicle from the manufacturer. Before the department issues a
11 certificate of title to a new vehicle, a MANUFACTURER'S certificate ~~or~~
12 ~~electronic title from the manufacturer~~ OF ORIGIN shall be surrendered to the
13 department.

14 (b) The name of the dealer or person.

15 (c) A description sufficient to identify the vehicle.

16 (d) A statement certifying that the vehicle was new when sold.

17 (e) If sold through a dealer, a statement by the dealer certifying
18 that the vehicle was new when sold to the applicant.

19 E. The department may request that an applicant who appears in person
20 for a certificate of title of a motor vehicle, trailer or semitrailer
21 satisfactorily complete the vision screening test prescribed by the
22 department.

23 Sec. 11. Section 28-2052, Arizona Revised Statutes, is amended to
24 read:

25 28-2052. Title and registration of foreign vehicles

26 A. Except as provided in subsection E of this section, the owner of a
27 foreign vehicle that has been registered in another state or country and for
28 which an application for a certificate of title is made shall surrender to
29 the department the license plates assigned to the vehicle, the registration
30 card, ~~the certificate of title~~, the certificate of ownership or other
31 evidence of foreign registration and satisfactory evidence of ownership
32 showing that the applicant is the lawful owner or possessor of the vehicle.

33 B. If in the course of interstate operation of a vehicle registered in
34 another state or country it is desirable to retain registration of the
35 vehicle in the other state or country, the applicant need not follow the
36 requirements of subsection A of this section but shall submit evidence of the
37 foreign registration and ownership for inspection. The department shall
38 register the vehicle on a proper showing of evidence of registration but
39 shall not issue a certificate of title for the vehicle.

40 C. The department ~~shall~~ MAY inspect a foreign vehicle before ~~titling~~
41 ISSUING A CERTIFICATE OF TITLE or BEFORE registration, including examination
42 and inspection to establish compliance with section 28-955, under conditions
43 and standards as required by the director of environmental quality. The
44 department may establish procedures to accept vehicle inspections completed
45 in another state.

1 D. Before the department issues a certificate of title to a vehicle
2 imported into this country, the owner shall obtain a certificate of
3 compliance that states that the vehicle meets all federal vehicle equipment
4 and emissions equipment requirements. This subsection does not apply to a
5 golf cart manufactured or modified before June 17, 1998 or neighborhood
6 electric vehicle manufactured or modified before June 17, 1998.

7 E. The department may establish procedures to accept evidence that the
8 certificate of title or certificate of ownership has been voided or destroyed
9 by another state.

10 Sec. 12. Section 28-2053, Arizona Revised Statutes, is amended to
11 read:

12 28-2053. Certificate of title without registration

13 A. The department may ONLY issue a vehicle certificate of title
14 without registration FOR A VEHICLE THAT IS PHYSICALLY PRESENT IN THIS STATE
15 for any of the following reasons:

16 1. The applicant for a certificate of title is a nonresident whose
17 vehicle is not subject to vehicle registration in this state.

18 ~~2. The owner will register the vehicle under article 7 or 8 of this~~
19 ~~chapter.~~

20 ~~3.~~ 2. The applicant certifies that the vehicle was acquired for
21 purposes other than highway use.

22 ~~4.~~ 3. The vehicle was acquired by operation of law.

23 ~~5.~~ 4. The vehicle is an off-road recreational motor vehicle required
24 to be ~~titled~~ ISSUED A CERTIFICATE OF TITLE pursuant to section 28-2061.

25 B. THE DEPARTMENT SHALL ISSUE A CERTIFICATE OF TITLE WITHOUT
26 REGISTRATION FOR EITHER OF THE FOLLOWING REASONS:

27 1. THE OWNER WILL REGISTER THE VEHICLE UNDER ARTICLE 7 OR 8 OF THIS
28 CHAPTER.

29 2. THE VEHICLE IS A TRAILER OR SEMITRAILER THAT WILL BE USED IN
30 INTERSTATE COMMERCE AND THAT IS REGISTERED IN ANOTHER STATE.

31 Sec. 13. Section 28-2055, Arizona Revised Statutes, is amended to
32 read:

33 28-2055. Certificate of title; content requirements; transfer
34 on death provision

35 A. The department or an authorized third party shall ~~print the~~
36 ~~certificate of title, and it shall contain forms for assignment of title or~~
37 ~~interest and warranty by the owner,~~ DO BOTH OF THE FOLLOWING:

38 1. CREATE THE CERTIFICATE OF TITLE with space for notation of liens
39 and encumbrances on the vehicle at the time of transfer. ~~The certificate of~~
40 ~~title shall also contain the odometer mileage disclosure statement pursuant~~
41 ~~to section 28-2058.~~

42 2. PROVIDE FORMS FOR ASSIGNMENT OF TITLE OR INTEREST AND WARRANTY BY
43 THE OWNER THAT CONTAINS THE ODOMETER MILEAGE DISCLOSURE STATEMENT PURSUANT TO
44 SECTION 28-2058.

45 B. At the request of the owner and on payment of a fee prescribed by
46 the department by rule, the certificate of title may contain, by attachment,

1 a transfer on death provision where the owner may designate a beneficiary of
2 the ~~title~~ VEHICLE.

3 C. If a motor vehicle, trailer or semitrailer has been registered in
4 any other state or country, the department shall retain in its records the
5 name of the state or country in which the prior registration took place.

6 ~~D. Except as provided in section 28-2064, the department shall deliver~~
7 ~~or mail the original certificate of title to:~~

8 ~~1. The applicant if there are not any liens or encumbrances on the~~
9 ~~certificate of title.~~

10 ~~2. The holder of the lien or encumbrance first in time on the date of~~
11 ~~the application if there are liens or encumbrances on the certificate of~~
12 ~~title.~~

13 Sec. 14. Section 28-2058, Arizona Revised Statutes, is amended to
14 read:

15 28-2058. Transfer of title; odometer mileage disclosure
16 statement

17 A. When the owner of a registered or unregistered vehicle transfers or
18 assigns the owner's title or interest to the vehicle:

19 1. If the vehicle is registered:

20 (a) The owner shall endorse on the certificate of title ~~to the vehicle~~
21 ~~OR TITLE TRANSFER FORM~~ an assignment with the warranty of title ~~in the form~~
22 ~~printed on the certificate.~~

23 (b) Except as provided in section 28-2094, the owner shall deliver the
24 certificate ~~OF TITLE OR TITLE TRANSFER FORM~~ to the purchaser or transferee at
25 the time of delivery of the vehicle to the purchaser or transferee.

26 (c) The registration of the vehicle expires and the owner shall
27 transfer the license plates, surrender the license plates to the department
28 or an authorized third party or submit an affidavit of license plate
29 destruction within thirty days after the owner transfers or assigns the
30 owner's title or interest in the vehicle.

31 (d) Except as provided in section 28-2091, the acquiring owner shall
32 apply for registration or ~~A CERTIFICATE OF~~ title, or both, within fifteen
33 days after the relinquishing owner transfers or assigns the relinquishing
34 owner's title or interest in the vehicle. The director may prorate the
35 registration period as the director deems necessary to coincide with
36 emissions inspection requirements.

37 (e) Except if the acquiring owner is an insurer who acquires the
38 vehicle pursuant to a claim settlement, the acquiring owner shall display on
39 the vehicle a temporary registration plate, another permit or a valid license
40 plate as prescribed by the department until ownership of the vehicle is
41 transferred in the department's records.

42 2. Regardless of whether or not the vehicle is registered:

43 (a) Except as provided in subsection B of this section, the owner
44 shall deliver to the purchaser or transferee an odometer mileage disclosure
45 statement in a form prescribed by the director.

1 (b) Except as provided in sections 28-2051, 28-2060 and 28-2091, the
2 purchaser or transferee shall present the certificate of title OR TITLE
3 TRANSFER FORM to the department with the required fee within fifteen days
4 after the transfer and:

5 (i) ~~Except as provided in section 28-2064,~~ The department shall issue
6 a new certificate of title.

7 (ii) If required, the purchaser or transferee shall apply for and
8 obtain registration, and the department shall issue new license plates to the
9 purchaser or transferee.

10 B. The odometer disclosure requirement of subsection A of this section
11 does not apply to:

12 1. A motor vehicle that is ten model years of age or older.

13 2. A motor vehicle that has a gross vehicle weight rating of sixteen
14 thousand pounds or more.

15 3. A vehicle that is not self-propelled.

16 4. A motor vehicle that is sold directly by the manufacturer to an
17 agency of the United States in conformity with contractual specifications.

18 5. A new motor vehicle that is purchased for resale and not for use by
19 the purchaser.

20 Sec. 15. Section 28-2059, Arizona Revised Statutes, is amended to
21 read:

22 28-2059. Obtaining a certificate of title; revocation

23 A. If satisfactory proof of ownership is furnished to the director,
24 the director may issue a certificate of title for a motor vehicle, trailer or
25 semitrailer whether or not a certificate of title has ever been issued for
26 that motor vehicle, trailer or semitrailer.

27 B. If the director determines that an applicant for a certificate of
28 title to a motor vehicle, trailer or semitrailer is not entitled to a
29 certificate of title, the director may refuse to issue a certificate OF TITLE
30 or to register the vehicle. ~~and,~~ After notice and a hearing, the director may
31 revoke a registration already acquired or an outstanding certificate of
32 title. The director shall serve the notice in person or by ~~regular~~ FIRST
33 CLASS mail. Within fifteen days after the date the notice is delivered or
34 mailed, the applicant may request a hearing.

35 Sec. 16. Section 28-2060, Arizona Revised Statutes, is amended to
36 read:

37 28-2060. Transfer of ownership by operation of law

38 A. Except as provided in subsection F of this section, when the title
39 or interest of an owner of a registered vehicle passes to another other than
40 by voluntary transfer, the transferee shall obtain a transfer of registration
41 within thirty days after the passing of the title or interest.

42 B. Within thirty days after passing of the title or interest of an
43 owner of a registered or unregistered vehicle, the transferee of the vehicle
44 shall obtain a new certificate of title on proper application and
45 presentation of the last certificate of title, if available, and such
46 instruments or documents of authority or certified copies of the instruments

1 or documents that are sufficient or required by law to evidence or effect a
2 transfer of title or interest in or to chattels that pass to another other
3 than by voluntary transfer.

4 C. If a motor vehicle has been forfeited to the federal government and
5 is sold at public auction pursuant to federal law, the purchaser at the sale
6 takes title free of any liens or encumbrances if federal law so provides. If
7 a motor vehicle has been forfeited to any local or state government entity,
8 agency or political subdivision or to any federal law enforcement agency
9 after the disposition of all claims under the laws of this state, the order
10 of the court forfeiting the vehicle shall transfer good and sufficient title
11 to the transferee and to any subsequent purchaser or transferee. The
12 purchaser or transferee shall register the motor vehicle within thirty days
13 after the sale or transfer, and the department shall issue a certificate of
14 title to the purchaser or transferee on presentation of the evidence of title
15 without any reference to liens or encumbrances.

16 D. The transferee of a vehicle required to ~~be-titled~~ HAVE A
17 CERTIFICATE OF TITLE and BE registered under section 28-2153 or a mobile home
18 required to ~~be-titled~~ HAVE A CERTIFICATE OF TITLE under section 28-2063 may
19 obtain a transfer of registration to the transferee and a new certificate of
20 title if both of the following occur:

21 1. The title or interest of the owner of the vehicle passes to another
22 either:

23 (a) Through notice and sale under the conditions contained in any
24 security agreement, chattel mortgage, conditional sale or other evidence of
25 lien or under the authority given by statute in cases arising under sections
26 33-1021 and 33-1022 or under section 33-1704.

27 (b) For a mobile home the lien on which is also a lien on real
28 property, through a contract for conveyance of real property, deed of trust
29 or mortgage.

30 2. Satisfactory evidence is presented to the director that the sale of
31 the vehicle was fairly and lawfully conducted in conformity with all
32 requirements of law after due notice to the former owner. In cases arising
33 under section 33-1704, a declaration that is signed by both the seller and
34 the buyer and that sets forth compliance with section 33-1704 constitutes
35 satisfactory evidence, and the director may rely on that declaration.

36 E. Any administrator, executor, trustee or other representative of the
37 owner, a peace officer or a person repossessing a vehicle under the terms of
38 any conditional sales contract, lease, chattel mortgage or other security
39 agreement or a purchaser at a sale foreclosing a lien, or the assignee or
40 legal representative of any such person, may operate a vehicle from the place
41 of repossession or place where it was formerly kept to a garage or place of
42 storage in the county or state where the contract was recorded or where the
43 person repossessing the vehicle resides or to any other garage or place of
44 storage that is not more than seventy-five miles from the place of
45 repossession or place where the vehicle was formerly kept by the owner if
46 either of the following conditions exists:

1 Sec. 18. Section 28-2063, Arizona Revised Statutes, is amended to
2 read:

3 28-2063. Mobile home certificate of title; exceptions; fee

4 A. ~~THE DEPARTMENT SHALL ISSUE A CERTIFICATE OF TITLE FOR~~ a mobile home
5 that is customarily kept in this state ~~shall be titled with the department~~
6 and the fee required under section 28-2003 shall be paid except for:

7 1. A mobile home that is owned and held by a dealer solely for
8 purposes of sale.

9 2. A mobile home that is owned and operated exclusively in the public
10 service by the United States, by this state or by any political subdivision
11 of this state, except that it shall ~~be titled~~ HAVE A CERTIFICATE OF TITLE.

12 3. A mobile home that is permanently affixed, as defined in section
13 ~~33-1501 or~~ 42-15201, and for which an affidavit of affixture has been
14 recorded ~~PURSUANT TO SECTION 33-1501~~. The owner shall surrender the original
15 certificates of title or manufacturer's statements of origin to permanently
16 affixed mobile homes to the department in the manner prescribed by the
17 department. The department shall issue a receipt for the documents
18 surrendered pursuant to this paragraph.

19 B. The issuance of a certificate of title for a mobile home shall be
20 as provided by law for ~~titling~~ THE ISSUANCE OF A CERTIFICATE OF TITLE FOR
21 motor vehicles, except that in the case of a mobile home that consists of two
22 or more separate sections, each section shall have a separate certificate of
23 title.

24 C. A mobile home is subject to all applicable provisions of this
25 title, except those relating to registration.

26 D. If a CERTIFICATE OF title is applied for on a mobile home entering
27 this state for sale or installation, a certificate of compliance or waiver
28 issued by the office of manufactured housing is required and shall be
29 submitted with the CERTIFICATE OF title application.

30 Sec. 19. Section 28-2064, Arizona Revised Statutes, is amended to
31 read:

32 28-2064. Electronic certificates of title system:
33 applicability; rules

34 A. The director ~~shall~~ MAY establish a system to require recording of
35 ~~vehicle~~ CERTIFICATE OF title information for newly issued, transferred and
36 corrected certificates of title, including perfection and release of security
37 interests, through electronic media in a cost-effective manner in lieu of the
38 submission and maintenance of paper documents as provided in this chapter.

39 B. In the process of establishing the system, the director shall:

40 ~~1. Research methods by which the department, lending institutions and~~
41 ~~sales finance companies may exchange and maintain information concerning the~~
42 ~~perfection and release of vehicle security interests without submitting or~~
43 ~~receiving a paper title document.~~

44 ~~2. Develop methods by which lending institutions, sales finance~~
45 ~~companies and manufacturers may electronically submit updated information~~

1 ~~pertaining to the title record, including the addition, assignment or release~~
2 ~~of vehicle security interests.~~

3 1. ESTABLISH PROCEDURES FOR ISSUING AND MAINTAINING AN ELECTRONIC
4 CERTIFICATE OF TITLE SYSTEM THAT IS APPLICABLE TO ALL CERTIFICATE OF TITLE
5 TRANSACTIONS PERFORMED IN THIS STATE.

6 2. DEVELOP METHODS TO ELECTRONICALLY SHARE INFORMATION RELATED TO
7 APPLICATIONS FOR CERTIFICATES OF TITLE WITH LAW ENFORCEMENT AGENCIES AND
8 ENTITIES LICENSED UNDER THIS TITLE.

9 C. Section 28-444, subsection B applies to certificates of title under
10 the system established pursuant to this section.

11 D. This section does not apply to certificates of title for mobile
12 homes.

13 E. THE DIRECTOR MAY ADOPT RULES AS NECESSARY TO IMPLEMENT THIS
14 SECTION, INCLUDING THE CRITERIA FOR WHEN THE DEPARTMENT MAY ISSUE A PAPER
15 CERTIFICATE OF TITLE.

16 Sec. 20. Section 28-2065, Arizona Revised Statutes, is amended to
17 read:

18 28-2065. Electronic and digital signatures; documents

19 A. ~~On or before January 1, 2009,~~ The director in cooperation with a
20 statewide association of franchised new motor vehicle dealers shall establish
21 a ~~schedule to develop a pilot~~ program to accept and use electronic or digital
22 signatures.

23 B. In the process of developing the ~~pilot~~ program, the director shall
24 research and develop methods to allow the department, authorized third
25 parties, licensed financial institutions, licensed insurers or any other
26 business or individual as determined by the director to accept, exchange and
27 use electronic or digital signatures for any document or for any transaction
28 prescribed in this chapter and sections 28-370, 28-444, 28-453 and 28-5111.

29 C. The participants shall ensure that adequate security measures are
30 in place to prevent any illegal use of the signatures or other information
31 exchanged pursuant to this section.

32 ~~D. Except for a statewide association of franchised new motor vehicle~~
33 ~~dealers, the director may limit the number of participants in the system but~~
34 ~~shall encourage authorized third parties and businesses of various sizes to~~
35 ~~participate.~~

36 ~~E. After the system has been operating for twelve months, the director~~
37 ~~may expand the system if the director determines the system is successful.~~

38 ~~F.~~ D. The director may determine and require reimbursement from ~~pilot~~
39 program participants for costs related to computer programming, hardware,
40 development and personnel. The department shall deposit, pursuant to
41 sections 35-146 and 35-147, all monies received pursuant to this section in a
42 separate account of the state highway fund established by section 28-6991.
43 Monies in the separate account are continuously appropriated. The director
44 may transfer monies deposited pursuant to this subsection from the separate
45 account to the operating budget of the department's motor vehicle division

1 for the purpose of reimbursing the department's operating budget for
2 expenditures made by the division pursuant to this section.

3 ~~G.~~ E. This section does not limit the use of electronic and digital
4 signatures used by state agencies, boards or commissions pursuant to section
5 41-132.

6 ~~H.~~ F. The director ~~shall~~ MAY adopt ~~policies~~ RULES necessary to
7 implement this section.

8 Sec. 21. Section 28-2091, Arizona Revised Statutes, is amended to
9 read:

10 28-2091. Salvage certificate of title; stolen vehicle
11 certificate of title; nonrepairable vehicle
12 certificate of title; recovered vehicles; violation;
13 classification; definitions

14 A. If a vehicle that is subject to ~~titling~~ THE ISSUANCE OF A
15 CERTIFICATE OF TITLE or registration pursuant to this chapter becomes a
16 salvage vehicle, stolen vehicle or nonrepairable vehicle and is acquired by
17 an insurance company as a result of a total loss insurance settlement, the
18 insurance company or its authorized agent shall submit an application, as
19 determined by the insurance company or its authorized agent, to the
20 department within thirty days after the CERTIFICATE OF title is properly
21 assigned by the owner to the insurance company, with all liens released, on a
22 form prescribed by the department for either a salvage certificate of title,
23 stolen vehicle certificate of title or nonrepairable vehicle certificate of
24 title. The selected CERTIFICATE OF title shall include the following:

- 25 1. A properly endorsed certificate of title.
- 26 2. A lien satisfaction, if applicable.
- 27 3. The appropriate fees.

28 B. Within thirty days after oral or written acceptance by the owner of
29 an offer in settlement of total loss, if an insurance company or its
30 authorized agent is unable to obtain the documents prescribed by subsection
31 A, paragraphs 1 and 2 of this section, the insurance company or its agent, on
32 a form provided by the department, may submit an application to the
33 department for a salvage certificate of title, stolen vehicle certificate of
34 title or nonrepairable vehicle certificate of title. The application shall
35 include evidence that the insurance company or its agent has made two or more
36 written attempts to obtain the documents prescribed by subsection A,
37 paragraphs 1 and 2 of this section. The application shall include the
38 appropriate fees prescribed by subsection A, paragraph 3 of this section.
39 The insurance company shall indemnify and hold harmless the department for
40 any claims resulting from the issuance of a salvage certificate of title,
41 stolen vehicle certificate of title or nonrepairable vehicle certificate of
42 title pursuant to this subsection.

43 C. Except for vehicles registered pursuant to section 28-2482, 28-2483
44 or 28-2484, if the owner retains possession of a salvage vehicle or
45 nonrepairable vehicle, the owner shall comply with this section before

1 receiving a total loss settlement from the insurance company or otherwise
2 disposing of the vehicle.

3 D. Any other owner of a vehicle that is a salvage vehicle or
4 nonrepairable vehicle shall apply for a salvage certificate of title or
5 nonrepairable vehicle certificate of title pursuant to this section.

6 E. On receipt of a proper application, the department shall issue a
7 salvage certificate of title, stolen vehicle certificate of title or
8 nonrepairable vehicle certificate of title for the vehicle.

9 F. If the department issues a nonrepairable vehicle certificate of
10 title for a vehicle, the registration of the vehicle is cancelled. The front
11 of a nonrepairable vehicle certificate of title shall be branded with the
12 word "nonrepairable". The ownership of a vehicle for which a nonrepairable
13 vehicle certificate of title has been issued shall not be reassigned more
14 than two times on that certificate of title **OR A TITLE TRANSFER FORM**. If a
15 nonrepairable vehicle certificate of title is issued for a vehicle, the
16 department shall not **PERFORM ANY TITLE TRANSFERS OR** issue any further **PAPER**
17 certificate of title for that vehicle.

18 G. An owner of a vehicle that is not a salvage vehicle who sells the
19 vehicle as scrap or for purposes of dismantling or destroying shall assign
20 the certificate of title **OR A TITLE TRANSFER FORM** to the purchaser, and the
21 purchaser shall comply with section 28-2094.

22 H. On sale of the vehicle, an owner of a salvage vehicle for which a
23 salvage certificate of title has been obtained or an owner of a nonrepairable
24 vehicle for which a nonrepairable vehicle certificate of title has been
25 obtained shall assign and deliver the salvage certificate of title or
26 nonrepairable vehicle certificate of title **OR A TITLE TRANSFER FORM** to the
27 purchaser and shall notify the department of the name and address of the
28 purchaser.

29 I. Except as provided in subsection L of this section, the department
30 shall issue a certificate of title to a vehicle that has been issued a
31 salvage certificate of title or stolen vehicle certificate of title as a
32 result of a total loss settlement by reason of theft if the vehicle is
33 recovered and was not wrecked or stripped of essential parts and the
34 insurance company or its authorized agent submits an affidavit to the
35 department in a form prescribed by the department stating either of the
36 following:

37 1. The vehicle is a recovered theft and both of the following:

38 (a) The vehicle was not wrecked or stripped of essential parts.

39 (b) To the insurance company's or its authorized agent's actual
40 knowledge, no air bag or component part necessary to the proper function of
41 the air bag system deployed in the vehicle or was removed from the vehicle.

42 2. The vehicle is a recovered theft and, to the insurance company's or
43 its authorized agent's actual knowledge, an air bag or an air bag module
44 deployed in the vehicle or was removed from the vehicle. The insurance
45 company or its authorized agent shall list the location in the vehicle of
46 each deployment or removal of an air bag or an air bag module.

1 J. On receipt of an affidavit submitted pursuant to subsection I,
2 paragraph 2 of this section, the department shall mark its records to
3 indicate the deployment or removal of the air bag or air bag module from the
4 vehicle and the location of each deployment or removal.

5 K. The insurance company or its authorized agent shall give the
6 purchaser of a vehicle that is a recovered theft, as described in subsection
7 I of this section, a copy of the affidavit submitted pursuant to subsection I
8 of this section.

9 L. If the vehicle is a recovered theft and components of the vehicle's
10 air bag system, other than the air bag or the air bag module described in
11 subsection I, paragraph 2 of this section, or other parts of the vehicle were
12 removed compromising the functional integrity of the air bag system or the
13 structural integrity of the vehicle, the insurance company or its authorized
14 agent shall submit an affidavit to the department in a form prescribed by the
15 department stating that the vehicle is a recovered theft and that components
16 of the vehicle's air bag system, other than the air bag or the air bag module
17 described in subsection I, paragraph 2 of this section, or other parts of the
18 vehicle were removed compromising the functional integrity of the air bag
19 system or the structural integrity of the vehicle. The department shall not
20 issue a certificate of title to the vehicle but may issue a restored salvage
21 certificate of title pursuant to section 28-2095 if all of the following
22 apply:

23 1. The vehicle is repairable.

24 2. The department successfully completes a level three inspection as
25 prescribed in section 28-2011.

26 3. The vehicle meets other requirements the director prescribes.

27 M. Except as provided in subsection N of this section, any person who
28 sells a vehicle that is issued a certificate of title pursuant to subsection
29 I of this section and who has actual knowledge that an air bag, an air bag
30 module or components of the vehicle's air bag system compromising the
31 functional integrity of the air bag system deployed or were removed from the
32 vehicle shall not fail to disclose the deployment or removal to the buyer
33 before completion of the sale with the intention of concealing the deployment
34 or removal. A person who violates this subsection is guilty of a class 1
35 misdemeanor.

36 N. Subsection M of this section does not apply to either of the
37 following:

38 1. An insurance company or its authorized agent who issues an
39 affidavit pursuant to subsection I of this section unless the insurance
40 company or its authorized agent intentionally fails to disclose the
41 deployment or removal of an air bag, an air bag module or components of the
42 vehicle's air bag system that compromise the functional integrity of the air
43 bag system.

44 2. A person who owns a vehicle that is issued a certificate of title
45 pursuant to subsection I of this section if the person repairs or replaces
46 the air bag or air bag module in the vehicle.

1 O. Any person who sells a vehicle for which a salvage certificate of
2 title has been issued and who knows a salvage certificate of title has been
3 issued for the vehicle shall disclose to the buyer before completion of the
4 sale that the vehicle is a salvage vehicle.

5 P. If a vehicle that ~~is titled~~ HAS A CERTIFICATE OF TITLE as a salvage
6 vehicle is to be scrapped, dismantled or destroyed, the owner or purchaser
7 shall comply with section 28-2094.

8 Q. The provisions of this chapter that refer to ~~titles~~ CERTIFICATES OF
9 TITLE apply to salvage certificates of title, stolen vehicle certificates of
10 title and nonrepairable vehicle certificates of title issued pursuant to this
11 section unless they conflict with this section.

12 R. If a component part of a vehicle on which the vehicle
13 identification number is affixed is to be replaced and if the vehicle is
14 being repaired by a person other than its owner, the person shall notify the
15 owner in writing and in the manner prescribed by the department that the part
16 has been replaced, and the owner shall comply with section 28-2165. This
17 subsection does not apply if the department has not issued a salvage
18 certificate of title or a nonrepairable certificate of title and if the
19 vehicle manufacturer or the manufacturer's authorized agent meets all of the
20 following conditions:

21 1. The frame is the component part replaced.

22 2. The frame replacement is performed by the vehicle manufacturer or
23 the manufacturer's authorized agent.

24 3. If the original frame contained a vehicle identification number or
25 serial number, the original vehicle identification number or serial number,
26 in a similar size and style, is restamped in the replacement frame by the
27 manufacturer or the manufacturer's authorized agent.

28 4. Any existing manufacturer warranties remaining on the vehicle are
29 not voided.

30 5. The manufacturer or the manufacturer's authorized agent obliterates
31 all vehicle identification numbers or serial numbers contained on the
32 original frame.

33 S. Except as otherwise provided, a person who violates this section is
34 guilty of a class 2 misdemeanor.

35 T. For the purposes of this section:

36 1. "Essential parts" means integral and body parts, the removal,
37 alteration or substitution of which will tend to conceal the identity or
38 substantially alter the appearance of the vehicle.

39 2. "Nonrepairable vehicle" means a vehicle of a type that is otherwise
40 subject to ~~titling~~ THE ISSUANCE OF A CERTIFICATE OF TITLE and registration
41 pursuant to this chapter and that either:

42 (a) Has no resale value except as a source of parts or scrap metal and
43 the owner or insurer designates the vehicle solely as a source of parts or
44 scrap metal.

45 (b) Is a completely stripped vehicle that is recovered from theft and
46 that is missing the engine or motor, the transmission, all of the bolt-on

1 sheet metal body panels, all of the doors and hatches, substantially all of
2 the interior components and substantially all of the grill and light
3 assemblies or that the owner designates has little or no resale value except
4 its worth as a source of scrap metal or as a source of a vehicle
5 identification number that could be used illegally.

6 (c) Is a completely burned vehicle that has been burned to the extent
7 that there are no usable or repairable body or interior components, tires and
8 wheels, engine or motor or transmission and that the owner irreversibly
9 designates as having little or no resale value except as a source of scrap
10 metal or as a source of a vehicle identification number that could be used
11 illegally.

12 ~~3. "Nonrepairable vehicle certificate of title" means a vehicle~~
13 ~~ownership document issued to the owner of a nonrepairable vehicle.~~

14 ~~4.~~ 3. "Salvage vehicle" means a vehicle, other than a nonrepairable
15 vehicle, of a type that is subject to ~~titling~~ THE ISSUANCE OF A CERTIFICATE
16 OF TITLE and registration pursuant to this chapter and that has been stolen,
17 wrecked, destroyed, flood or water damaged or otherwise damaged to the extent
18 that the owner, leasing company, financial institution or insurance company
19 considers it uneconomical to repair the vehicle.

20 ~~5.~~ 4. "Stolen vehicle certificate of title" means a vehicle ownership
21 document issued to the owner of a vehicle that has been stolen and not
22 recovered.

23 Sec. 22. Section 28-2094, Arizona Revised Statutes, is amended to
24 read:

25 28-2094. Dismantling motor vehicle; application fee;
26 certificate of title; exemption

27 A. An owner who sells a motor vehicle, trailer or semitrailer as scrap
28 or for dismantling or destroying shall assign the certificate of title OR
29 TITLE TRANSFER FORM of the vehicle to the purchaser. The purchaser shall
30 deliver the following to the department:

31 1. An application for a dismantle certificate of title to scrap,
32 dismantle or destroy the vehicle.

33 2. The certificate of title ~~to~~ OR TITLE TRANSFER FORM OF the vehicle
34 purchased.

35 3. The registration card of the vehicle.

36 4. The license plate of the vehicle, if any.

37 5. A fee of four dollars.

38 B. ~~Except as provided in subsection G,~~ An owner who intends or desires
39 to dismantle a vehicle shall first forward all of the following to the
40 department:

41 1. An application for a dismantle certificate of title to dismantle or
42 wreck the vehicle.

43 2. The certificate of title ~~to~~ OR TITLE TRANSFER FORM OF the vehicle.

44 3. The registration card of the vehicle.

45 4. The license plate of the vehicle, if any.

46 5. A fee of four dollars.

1 C. If the registration card or license plate is lost or destroyed, the
2 applicant shall state in a form prescribed by the department under penalty of
3 perjury the circumstances of the loss or destruction. ~~Except as provided in~~
4 ~~subsection G,~~ On receipt of the documents and fee required by this section,
5 the department shall issue a dismantle certificate of title to the applicant
6 to dismantle or destroy the vehicle. The dismantle certificate of title **OR**
7 **TITLE TRANSFER FORM** authorizes the person to transport or possess the vehicle
8 or to transfer ownership by endorsement on the dismantle certificate of title
9 **OR TITLE TRANSFER FORM**. The department shall not issue a certificate of
10 title for the vehicle if it is dismantled or destroyed.

11 D. ~~Except as provided in subsection G,~~ A licensed automotive recycler
12 who files with the application for a dismantle certificate of title under
13 this section an Arizona certificate of title indicating that the vehicle is
14 free of all liens or a valid release of any liens shown on the **CERTIFICATE OF**
15 title may begin dismantling the vehicle five days after mailing or three days
16 after delivery of the required documents and fee to the department unless
17 notified by the department of the claim of lien or interest in the vehicle by
18 some other person. If the department sends this notice, the licensed
19 automotive recycler shall cease dismantling or sale of the vehicle and any of
20 its parts until the rights of the other person are determined.

21 E. A licensed automotive recycler may dismantle a vehicle without
22 obtaining a dismantle certificate of title in the licensed automotive
23 recycler's name if the vehicle has previously been issued a dismantle
24 certificate of title, a salvage certificate of title or a nonrepairable
25 vehicle certificate of title. The dismantle certificate of title, salvage
26 certificate of title or nonrepairable vehicle certificate of title must be
27 the current title of record. ~~Except as provided in subsection G,~~ An
28 automotive recycler shall file a written request to dismantle the vehicle in
29 a form prescribed by the department. The automotive recycler may begin
30 dismantling the vehicle ~~after completing the requirements imposed by the~~
31 ~~department pursuant to subsection G or~~ after mailing or delivering the
32 request. If the department notifies the automotive recycler of a claim of
33 lien or interest in the vehicle by some other person, the automotive recycler
34 shall cease dismantling or sale of the vehicle and any of its parts until the
35 rights of the other person are determined.

36 F. An owner may dismantle a vehicle without obtaining a dismantle
37 certificate of title if a nonrepairable vehicle certificate of title has been
38 issued for the vehicle.

39 ~~G. The director may establish an electronic title system to allow the~~
40 ~~voluntary recording of the information or documents required by this section~~
41 ~~through electronic media in a cost-effective manner in lieu of the submission~~
42 ~~of paper documents as provided in this section. A valid electronic dismantle~~
43 ~~certificate of title issued by the department to a person authorizes the~~
44 ~~person to possess, transport, dismantle or destroy the vehicle.~~

45 ~~H. In the process of establishing the electronic title system, the~~
46 ~~director shall:~~

1 ~~1. Research methods by which the department and licensed automotive~~
2 ~~recyclers may exchange and maintain information concerning the electronic~~
3 ~~completion of dismantle certificates of title without submitting or receiving~~
4 ~~a paper document.~~

5 ~~2. Develop methods by which licensed automotive recyclers may~~
6 ~~electronically submit updated information pertaining to the vehicle record.~~

7 ~~3. Develop methods to electronically share information related to~~
8 ~~applications for dismantle certificates with law enforcement agencies and~~
9 ~~licensed automotive recyclers for the purpose of identifying stolen vehicles~~
10 ~~and stolen vehicle parts.~~

11 ~~I. The director may limit the number of licensed automotive recyclers~~
12 ~~participating in the electronic title system.~~

13 ~~J.~~ G. The director may adopt rules to implement this section.

14 ~~K.~~ H. This section does not apply to the removal of a part for the
15 purpose of replacement.

16 Sec. 23. Section 28-2095, Arizona Revised Statutes, is amended to
17 read:

18 28-2095. Restored salvage certificate of title; inspections;
19 definitions

20 A. If a salvage vehicle as defined in section 28-2091 is rebuilt or
21 restored to operation, the owner of the motor vehicle shall not transfer the
22 motor vehicle until a restored salvage certificate of title has been issued
23 pursuant to this section.

24 B. On application for a restored salvage certificate of title, the
25 department shall conduct a level two or level three inspection of the vehicle
26 that is the subject of the application to determine its proper identity
27 pursuant to section 28-2011. The inspection may include a review of bills of
28 sale and invoices for component parts used in the reconstruction process. If
29 the department is unable to conduct a level three inspection for a restored
30 salvage certificate of title within twenty days after a request is made, the
31 department shall conduct an inspection of the vehicle within forty-eight
32 hours after the twenty day period.

33 C. The seller or agent of a seller of a salvage vehicle as defined in
34 section 28-2091 shall inform the purchaser of a salvage vehicle that
35 ownership documentation for certain replacement parts used in the repair of
36 the salvage vehicle is required in connection with the inspection prescribed
37 by this section.

38 D. A person who possesses a salvage vehicle as defined in section
39 28-2091 and who submits it for inspection as prescribed by this section shall
40 submit to the department paperwork that is satisfactory to the director.
41 Satisfactory paperwork may include copies of invoices, notarized bills of
42 sale or other acceptable proof of ownership for component parts.

43 E. If proper ownership documentation for a component part is not
44 submitted as required by this section, the department may seize the component
45 part.

1 F. If the department finds a stolen component part in a vehicle while
2 conducting an inspection provided for under this section, the department
3 shall seize the component part pursuant to section 28-4594.

4 G. The department shall deposit, pursuant to sections 35-146 and
5 35-147, any proceeds resulting from the seizure and forfeiture of a component
6 part pursuant to subsection E or F of this section in the vehicle inspection
7 and CERTIFICATE OF title enforcement fund established by section 28-2012.

8 H. Any person who sells a vehicle for which a restored salvage
9 certificate of title has been issued and who knows a restored salvage
10 certificate of title has been issued for the vehicle shall disclose to the
11 buyer before completion of the sale that the vehicle is a restored salvage
12 vehicle.

13 I. For the purposes of this section:

14 1. For passenger vehicles, "component parts" includes the cowl or
15 firewall, front end assembly, rear clip, including the roof panel, the roof
16 panel if installed separately and the frame or any portion of the frame, or
17 in the case of a unitized body, the supporting structure that serves as the
18 frame, each door, the hood, each fender or quarter panel, the deck lid or
19 hatchback, each bumper, transmissions or transaxles and an engine or motor.
20 For the purposes of this paragraph:

21 (a) "Front end assembly" includes the hood, fenders, bumper, radiator
22 and supporting members for these items. For vehicles with a unitized body,
23 the front end assembly also includes the frame support members.

24 (b) "Rear clip" includes the roof, quarter panels, trunk lid, floor
25 pan, rear bumper and support members for these items.

26 2. For trucks or truck-type or bus-type vehicles, "component parts"
27 includes the cab, the frame or any portion of the frame, and in the case of a
28 unitized body, the supporting structure that serves as a frame, the cargo
29 compartment floor panel, the passenger compartment floor pan, the roof panel,
30 transmissions or transaxles, engines or motors, each door, the hood, each
31 fender or quarter panel, each bumper, the tailgate and all component parts
32 that are included in paragraph 1 of this subsection and that are not listed
33 in this paragraph if the part is replaced.

34 3. For motorcycles, "component parts" includes the engine or motor,
35 transmission or transaxle, frame, front fork, crankcase and fairing and any
36 other body molding.

37 4. "Restored salvage ~~certificate of title~~ VEHICLE" means a ~~certificate~~
38 ~~of title issued to a~~ vehicle that has been restored and for which a salvage
39 certificate of title or a dismantle certificate of title has been issued.

40 Sec. 24. Section 28-2097, Arizona Revised Statutes, is amended to
41 read:

42 28-2097. Modular motor homes; definition

43 A. Notwithstanding any other provision of this title:

44 1. If a refurbished coach or body component is remounted to a new cab
45 and chassis power unit of a modular motor home, the department shall **ISSUE A**
46 **CERTIFICATE OF** title **FOR** the modular motor home according to the make of the

1 refurbished coach. The manufacturer's cab and chassis vehicle identification
2 number determines the model year. The department shall conduct a level one
3 inspection of the vehicle and shall brand the **CERTIFICATE OF** title
4 refurbished.

5 2. If a modular motor home is separated by removal of the coach or
6 body component from the cab and chassis power unit and a cargo box, container
7 or structure, if any, other than a motor home coach, is fitted to the cab and
8 chassis unit, it ceases to be a modular motor home. The department shall
9 conduct a level one inspection and shall **ISSUE A CERTIFICATE OF** title **FOR** the
10 vehicle according to the body style determined by the inspection. The
11 department shall use the make and model year of the cab and chassis for
12 ~~titling purposes~~ **THE PURPOSE OF ISSUING A CERTIFICATE OF TITLE** and shall
13 brand the **CERTIFICATE OF** title refurbished.

14 B. If a vehicle covered by this section is offered for sale, a person
15 who sells the vehicle shall keep full and complete disclosure statements and
16 present those statements to any person or entity that requests them at the
17 time of a sale or purchase. For the purposes of this subsection, full and
18 complete disclosure statements are documents that accurately reflect the
19 history of the original manufacturer's cab and chassis, including vehicle
20 identification numbers, dates of required inspections, odometer readings and
21 other information prescribed by the director in rules.

22 C. For the purposes of this section, "modular motor home" means:

23 1. A type of motor home that is primarily designed as temporary living
24 quarters, that satisfies the requirements prescribed in section 28-4301,
25 paragraph 20, subdivision (b) and that is intended from inception through
26 final assembly to consist of an incomplete cab and chassis power unit
27 component and a coach or body component that are designed and engineered to
28 be joined or separated without sheet metal modifications to the cab and
29 chassis power unit component.

30 2. A vehicle that if joined to form a single unit consists of both:

31 (a) A cab and chassis power unit component that is purchased or
32 acquired new from an original manufacturer.

33 (b) A coach or body component that is either purchased or acquired new
34 from an original manufacturer or that is refurbished.

35 Sec. 25. Section 28-2131, Arizona Revised Statutes, is amended to
36 read:

37 **28-2131. Liens and encumbrances; validity**

38 The following, other than a lien dependent on possession, are not valid
39 against the creditors of an owner acquiring a lien by levy or attachment or
40 against subsequent purchasers or encumbrancers without notice until the
41 requirements of this article are met:

42 1. Any security agreement, conditional sale contract, conditional
43 lease, chattel mortgage or other lien or encumbrance.

44 2. A **CERTIFICATE OF** title retention instrument or any other instrument
45 affecting or evidencing title to, ownership of or reservation of title to a
46 vehicle required to be ~~titled~~ **ISSUED A CERTIFICATE OF TITLE** and registered

1 under section 28-2153 or a mobile home required to be ~~titled~~ ISSUED A
2 CERTIFICATE OF TITLE under section 28-2063.

3 3. A contract for conveyance of real property, deed of trust or
4 mortgage securing a lien on a mobile home and on real property.

5 Sec. 26. Section 28-2132, Arizona Revised Statutes, is amended to
6 read:

7 28-2132. Indication of lien or encumbrance

8 A. The department shall provide on the application for A CERTIFICATE
9 OF title and the application for registration only a section that provides
10 for the indication of a lien or encumbrance on the vehicle.

11 B. The applicant's signature on the application for A CERTIFICATE OF
12 title or the application for registration only is consent for the lien or
13 encumbrance to be indicated by the department on its official CERTIFICATE OF
14 title record for the vehicle.

15 C. Except as provided in subsection D OF THIS SECTION and on receipt
16 of the application as provided in this section, the department shall endorse
17 on the application the date and hour it was received at the registering
18 office of the department.

19 D. The department shall not issue a new certificate of title if the
20 outstanding certificate of title indicates an existing lien or encumbrance
21 unless the lien or encumbrance has been satisfied or the lienor or
22 encumbrancer has consented in writing or electronically to the transfer of
23 title.

24 Sec. 27. Section 28-2133, Arizona Revised Statutes, is amended to
25 read:

26 28-2133. Index and filing of liens, encumbrances or
27 instruments; constructive notice

28 A. The department shall maintain an appropriate index of all liens,
29 encumbrances or title retention instruments filed as provided by this
30 article.

31 B. The filing and issuance of a new certificate of title as provided
32 in this article is constructive notice to creditors of the owner or to
33 subsequent purchasers of all liens and encumbrances against the vehicle
34 described in the certificate of title, except those that are authorized by
35 law and that are dependent on possession. If the documents referred to in
36 this article are delivered to a registering office or an authorized third
37 party provider of the department within thirty days after the date of their
38 execution, the constructive notice dates from the time of execution.
39 Otherwise, the notice dates from the time of receipt and filing of the
40 documents by the department as shown by its endorsement. For the purposes of
41 this subsection, the time stamp on the documents that is administered by the
42 registering officer or authorized third party provider of the department
43 electronically or otherwise is conclusive as to the time and date of delivery
44 of the documents.

45 C. The method provided in subsection B of this section for giving
46 constructive notice of a lien or encumbrance on a vehicle required to be

1 ~~titled~~ ISSUED A CERTIFICATE OF TITLE and registered under section 28-2153 or
2 a mobile home required to be ~~titled~~ ISSUED A CERTIFICATE OF TITLE under
3 section 28-2063 is exclusive, except for liens dependent on possession. A
4 lien, encumbrance or title retention instrument or document that evidences
5 any of them and that is filed as provided by this article is exempt from the
6 provisions of law that otherwise require or relate to the recording or filing
7 of instruments creating or evidencing title retention or other liens or
8 encumbrances on vehicles of a type subject to registration under this
9 chapter.

10 D. Notwithstanding any other law and except as otherwise provided in
11 this subsection, the failure of a motor vehicle dealer as defined in section
12 28-4301, a finance company or the department to complete the paperwork within
13 thirty days as prescribed in subsection B of this section shall not result in
14 the loss of the vehicle for either the lienholder or the person who purchased
15 the vehicle. This subsection does not limit or negate the powers of a
16 trustee under 11 United States Code section 547 or any successor statute.

17 Sec. 28. Section 28-2134, Arizona Revised Statutes, is amended to
18 read:

19 28-2134. Satisfaction of lien or encumbrance; assignment of
20 obligation by lienholder; civil penalty

21 A. When a holder of a lien or encumbrance receives payment in full
22 satisfying a lien or encumbrance recorded under this article, the holder of
23 the lien or encumbrance shall release the lien or encumbrance and ~~deliver the~~
24 ~~certificate of title to the next holder of a lien or encumbrance entitled to~~
25 ~~possession of the certificate of title or, if there is not another holder of~~
26 ~~a lien or encumbrance entitled to possession of the certificate of title, to~~
27 NOTIFY the owner of the vehicle at the address shown on the certificate of
28 title or, if the holder of the lien or encumbrance has been previously
29 notified of sale or transfer of the vehicle, ~~to~~ the person who is legally
30 entitled to possession THAT THE DEPARTMENT HAS ISSUED A CERTIFICATE OF TITLE
31 TO THE PERSON FOR THE VEHICLE.

32 B. If a holder of a lien or encumbrance assigns the obligation and the
33 holder lawfully has possession of the certificate of title, the holder shall
34 deliver the certificate of title at the time of assignment to the holder's
35 assignee. If a holder of a lien or encumbrance is not entitled to possession
36 of the certificate of title when the holder assigns the obligation, the
37 holder shall immediately deliver the certificate of title to the assignee
38 when the holder becomes lawfully entitled to and obtains lawful possession of
39 the certificate of title. The holder's assignee is entitled to hold the
40 certificate of title until the obligation is satisfied. When the obligation
41 is satisfied, the assignee shall deliver the certificate of title to the next
42 holder of a lien or encumbrance entitled to possession of the certificate of
43 title or, if there is not another holder of a lien or encumbrance entitled to
44 possession of the certificate of title, to the owner of the vehicle as
45 prescribed in subsection A of this section.

1 C. If a holder of a lien or encumbrance who possesses a certificate of
2 title as provided in this article refuses or fails to surrender the
3 certificate of title to the person who is legally entitled to possession of
4 the certificate of title on that person's request and within fifteen business
5 days after the holder receives payment in full satisfaction of the holder's
6 lien or encumbrance, after an opportunity for an administrative hearing, the
7 department may impose and collect a civil penalty from the holder of the lien
8 or encumbrance to be deposited, **PURSUANT TO SECTIONS 35-146 AND 35-147**, in
9 the state highway fund established by section 28-6991 as follows:

10 1. Fifty dollars if the certificate of title is surrendered in
11 accordance with this subsection within three additional business days.

12 2. The penalty provided for in paragraph 1 of this subsection plus
13 fifty dollars for each additional day exceeding eighteen business days that
14 the certificate of title is not surrendered in accordance with this
15 subsection up to a maximum of five hundred dollars for each certificate of
16 title.

17 D. The department may satisfy a lien or encumbrance on its records and
18 on a certificate of title to a vehicle if the owner of the vehicle furnishes
19 satisfactory proof of the payment in full of the underlying debt and an
20 affidavit stating the following:

21 1. That the owner has made a diligent search to locate the holder of
22 the lien or encumbrance.

23 2. With particularity the steps taken in the search.

24 3. That after the search the holder of the lien or encumbrance could
25 not be found.

26 E. The department may satisfy a lien or encumbrance against a vehicle
27 on its records by accepting a certificate of title to the vehicle issued by
28 another jurisdiction if all of the following conditions exist:

29 1. The lien previously recorded in this state does not appear on the
30 title presented from another jurisdiction.

31 2. The **CERTIFICATE OF** title was issued by the other jurisdiction at
32 least one year before the time it was presented to this state.

33 3. The law of the other jurisdiction requires a lien or encumbrance to
34 be recorded on that state's certificate of title.

35 Sec. 29. Section 28-2135, Arizona Revised Statutes, is amended to
36 read:

37 **28-2135. Perfection of security interest in inventory and**
38 **mobile homes**

39 Notwithstanding any other provision in this article:

40 1. A security interest in inventory, as defined in section 47-9102,
41 consisting in whole or in part of vehicles required to be ~~titled~~ **ISSUED A**
42 **CERTIFICATE OF TITLE** and registered under section 28-2153 or of mobile homes
43 shall be perfected in accordance with the filing provisions of title 47,
44 chapter 9, article 5 to the extent that those provisions are applicable by
45 virtue of title 47, chapter 9, article 3.

1 2. A lien on a mobile home for which an affidavit of affixture has
2 been recorded pursuant to section 42-15203 shall be perfected either
3 according to the laws governing perfection of liens on real property or
4 according to the laws governing perfection of security interests in fixtures.

5 Sec. 30. Section 28-2136, Arizona Revised Statutes, is amended to
6 read:

7 28-2136. Unsatisfied liens

8 A. Except as provided in subsection B of this section, the department
9 may remove from its records a lien on a vehicle required to be ~~titled~~ ISSUED
10 A CERTIFICATE OF TITLE and registered under section 28-2153 if the lien
11 remains on the records of the department as unsatisfied twelve years after
12 filing with the department.

13 B. This section applies only to noncommercial vehicles other than
14 travel trailers, motor homes or mobile homes.

15 Sec. 31. Section 28-2137, Arizona Revised Statutes, is amended to
16 read:

17 28-2137. Restitution lien; removal

18 A. Notwithstanding section 28-2132, after a hearing, the director may
19 remove a restitution lien filed pursuant to section 13-805 or ~~section~~ 13-806
20 from a vehicle record if the director finds both of the following:

21 1. A person purchased the vehicle without any knowledge that the
22 vehicle was subject to a filed restitution lien.

23 2. The person who sold the vehicle is an obligor under a filed
24 restitution lien and sold the vehicle without disclosing to the purchaser
25 that the vehicle was subject to a filed restitution lien.

26 B. If a restitution lien is removed as prescribed in subsection A of
27 this section, the department shall place a code on the obligor's record that
28 automatically restores the restitution lien on any vehicle that is
29 subsequently ~~titled~~ ISSUED A CERTIFICATE OF TITLE or registered, or both, by
30 the obligor.

31 C. If the lien, or any portion of the lien, was the result of an order
32 to pay restitution, the party for whom restitution was ordered shall be
33 provided with notice of any hearing held pursuant to this section and an
34 opportunity to appear. The department shall provide notice of the hearing to
35 the governmental agency that requested the lien be placed on the obligor's
36 record. The governmental agency that requested the lien shall promptly
37 provide notice to any party for whom restitution was ordered.

38 Sec. 32. Section 28-2162, Arizona Revised Statutes, is amended to
39 read:

40 28-2162. Delinquent registration; penalty; lien; failure to
41 apply for certificate of title; waiver

42 A. If a vehicle is operated on a highway without payment of the
43 registration or CERTIFICATE OF TITLE transfer fee, the fee is delinquent. If
44 the fee is not paid before the date on which the vehicle is required to be
45 registered for the current registration year, the department shall collect a
46 penalty. The penalty is eight dollars for the first month of delinquency and

1 four dollars for each additional month, not to exceed a total penalty of one
2 hundred dollars. Registration of a vehicle in the name of the applicant for
3 the year immediately preceding the year for which the application for
4 registration is made is prima facie evidence that the vehicle has been
5 operated on the highways during the year for which the application for
6 registration is made.

7 B. Except as provided in section 28-5807, an applicant shall submit
8 the total annual registration fee, the weight fee, any other required fee and
9 the penalty prescribed in subsection A of this section with an application
10 for registration of a vehicle that is submitted after the date the vehicle
11 was required to be registered for the registration year in which registration
12 of the vehicle for the next preceding year expired. If it is determined at
13 the time of renewal, on proof satisfactory to the director, that the vehicle
14 was not operated on the highways of this state before the filing of the
15 application and the registration of the vehicle, the department shall refund
16 or waive the penalty prescribed in subsection A of this section.

17 C. A registration fee and any penalty added to the fee are a lien on
18 the vehicle on which they are due from the due date. The department may
19 collect the fee and penalty by seizure of the vehicle from the person in
20 possession of the vehicle, if any, and by sale as provided by law.

21 D. The director shall prescribe the method of readily identifying on
22 the license plate the current registration date of the license plate.

23 E. A person who fails to apply for a certificate of title for any
24 mobile home or other vehicle that is not registered under this title within
25 thirty days after acquiring the mobile home or vehicle shall pay an
26 additional fee equal to the penalty prescribed in subsection A of this
27 section.

28 F. If a person who is licensed pursuant to chapter 10 of this title
29 applies for a dismantle certificate of title for a vehicle pursuant to
30 section 28-2094, the department shall waive any penalties that relate to the
31 vehicle and that are imposed pursuant to this section.

32 Sec. 33. Section 28-2165, Arizona Revised Statutes, is amended to
33 read:

34 28-2165. Special serial or identification number

35 A. If the manufacturer's serial or other identifying number of a motor
36 vehicle, trailer or semitrailer is altered, removed, obliterated, defaced,
37 omitted or otherwise missing or if the original manufacturer's serial or
38 identification number on a major component part of a motor vehicle can be
39 permanently restored after having been removed, defaced, altered or
40 destroyed, the owner at the time of application for registration ~~OF~~ or
41 ~~titling of~~ A CERTIFICATE OF TITLE TO the vehicle shall file an application
42 with the department, on a form the department provides, that contains facts
43 and information required by the director for the assignment of a special
44 serial or identifying number.

45 B. The form prescribed by subsection A of this section shall require,
46 at a minimum, both of the following:

1 1. A sworn statement by the owner that the owner is the lawful owner
2 of the vehicle and that sets forth the basis for the claim of ownership,
3 including documentation such as purchase contracts, bills of sale, invoices
4 and receipts for the original vehicle and any replacement parts that replaced
5 damaged portions of the original vehicle that bore original manufacturer's
6 serial or identification numbers.

7 2. A copy of police or law enforcement agency reports documenting the
8 theft and recovery of the vehicle, a copy of a police or law enforcement
9 agency accident report documenting the extent of damage to the vehicle, a
10 certified copy of documents from an insurance company documenting the precise
11 nature, extent and dollar amount of damage to the vehicle or a sworn
12 statement by the owner, including full and complete supporting documentation,
13 establishing the origin of the vehicle and each major component part of the
14 vehicle.

15 C. If the director is satisfied that the applicant has provided the
16 documentation required by this section and that the applicant is entitled to
17 assignment of a special serial or identification number, the director shall
18 designate the serial number and note it on the application, on a suitable
19 record of the department and on the authorization of use of the number.

20 D. The director shall furnish to the applicant a serial plate together
21 with the authorization of use that shall be immediately delivered to a
22 department inspector or agent who shall permanently attach the serial plate
23 to the item in a conspicuous position and certify the attachment on the
24 authorization of use. After attachment and certification, the plate is the
25 lawful serial or identification number and shall remain on the item during
26 its existence.

27 E. Subsection A of this section does not apply if the provisions of
28 section 28-2092, paragraph 1, subdivision (c) are met.

29 Sec. 34. Section 28-3511, Arizona Revised Statutes, is amended to
30 read:

31 28-3511. Removal and immobilization or impoundment of vehicle;
32 Arizona crime information center database

33 A. A peace officer shall cause the removal and either immobilization
34 or impoundment of a vehicle if the peace officer determines that:

35 1. A person is driving the vehicle while any of the following applies:

36 (a) Except as otherwise provided in this ~~paragraph~~ SUBDIVISION, the
37 person's driving privilege is suspended or revoked for any reason. A peace
38 officer shall not cause the removal and either immobilization or impoundment
39 of a vehicle pursuant to this ~~paragraph~~ SUBDIVISION if the person's privilege
40 to drive is valid in this state.

41 (b) The person has not ever been issued a valid driver license or
42 permit by this state and the person does not produce evidence of ever having
43 a valid driver license or permit issued by another jurisdiction. This
44 ~~paragraph~~ SUBDIVISION does not apply to the operation of an implement of
45 husbandry.

1 (c) The person is subject to an ignition interlock device requirement
2 pursuant to chapter 4 of this title and the person is operating a vehicle
3 without a functioning certified ignition interlock device. This ~~paragraph~~
4 **SUBDIVISION** does not apply to the operation of a vehicle due to a substantial
5 emergency as defined in section 28-1464.

6 (d) In furtherance of the illegal presence of an alien in the United
7 States and in violation of a criminal offense, the person is transporting or
8 moving or attempting to transport or move an alien in this state in a vehicle
9 if the person knows or recklessly disregards the fact that the alien has come
10 to, has entered or remains in the United States in violation of law.

11 (e) The person is concealing, harboring or shielding or attempting to
12 conceal, harbor or shield from detection an alien in this state in a vehicle
13 if the person knows or recklessly disregards the fact that the alien has come
14 to, entered or remains in the United States in violation of law.

15 2. ~~A~~ **THE** vehicle is displayed for sale or for transfer of ownership
16 with a vehicle identification number that has been destroyed, removed,
17 covered, altered or defaced.

18 B. A peace officer shall cause the removal and impoundment of a
19 vehicle if the peace officer determines that a person is driving the vehicle
20 and if all of the following apply:

21 1. The person's driving privilege is canceled, suspended or revoked
22 for any reason or the person has not ever been issued a driver license or
23 permit by this state and the person does not produce evidence of ever having
24 a driver license or permit issued by another jurisdiction.

25 2. The person is not in compliance with the financial responsibility
26 requirements of chapter 9, article 4 of this title.

27 3. The person is driving a vehicle that is involved in an accident
28 that results in either property damage or injury to or death of another
29 person.

30 C. Except as provided in subsection D of this section, while a peace
31 officer has control of the vehicle the peace officer shall cause the removal
32 and either immobilization or impoundment of the vehicle if the peace officer
33 has probable cause to arrest the driver of the vehicle for a violation of
34 section 4-244, paragraph 34 or section 28-1382 or 28-1383.

35 D. A peace officer shall not cause the removal and either the
36 immobilization or impoundment of a vehicle pursuant to subsection C of this
37 section if all of the following apply:

38 1. The peace officer determines that the vehicle is currently
39 registered and that the driver or the vehicle is in compliance with the
40 financial responsibility requirements of chapter 9, article 4 of this title.

41 2. The spouse of the driver is with the driver at the time of the
42 arrest.

43 3. The peace officer has reasonable grounds to believe that the spouse
44 of the driver:

45 (a) Has a valid driver license.

1 (b) Is not impaired by intoxicating liquor, any drug, a vapor
2 releasing substance containing a toxic substance or any combination of
3 liquor, drugs or vapor releasing substances.

4 (c) Does not have any spirituous liquor in the spouse's body if the
5 spouse is under twenty-one years of age.

6 4. The spouse notifies the peace officer that the spouse will drive
7 the vehicle from the place of arrest to the driver's home or other place of
8 safety.

9 5. The spouse drives the vehicle as prescribed by paragraph 4 of this
10 subsection.

11 E. Except as otherwise provided in this article, a vehicle that is
12 removed and either immobilized or impounded pursuant to subsection A, B or C
13 of this section shall be immobilized or impounded for thirty days. An
14 insurance company does not have a duty to pay any benefits for charges or
15 fees for immobilization or impoundment.

16 F. The owner of a vehicle that is removed and either immobilized or
17 impounded pursuant to subsection A, B or C of this section, the spouse of the
18 owner and each person ~~identified on the department's record with an~~ WHO HAS
19 PROVIDED THE DEPARTMENT WITH INDICIA OF OWNERSHIP AS PRESCRIBED IN SECTION
20 28-3514 OR OTHER interest in the vehicle THAT EXISTS immediately before the
21 immobilization or impoundment shall be provided with an opportunity for an
22 immobilization or poststorage hearing pursuant to section 28-3514.

23 G. A law enforcement agency that employs the peace officer who removes
24 and either immobilizes or impounds a vehicle pursuant to this section shall
25 enter information about the removal and either immobilization or impoundment
26 of the vehicle in the Arizona crime information center database within three
27 business days after the removal and either immobilization or impoundment.

28 Sec. 35. Section 28-3512, Arizona Revised Statutes, is amended to
29 read:

30 28-3512. Release of vehicle; civil penalties; definition

31 A. An immobilizing or impounding agency shall release a vehicle to the
32 registered owner before the end of the thirty day immobilization or
33 impoundment period under any of the following circumstances:

34 1. If the vehicle is a stolen vehicle.

35 2. If the vehicle is subject to bailment and is driven by an employee
36 of a business establishment, including a parking service or repair garage,
37 who is subject to section 28-3511, subsection A, B or C.

38 3. If the owner was operating the vehicle at the time of removal and
39 either immobilization or impoundment and presents proof satisfactory to the
40 immobilizing or impounding agency that the owner's driving privilege has been
41 reinstated.

42 4. If all of the following apply:

43 (a) The owner or the owner's agent was not the person driving the
44 vehicle pursuant to section 28-3511, subsection A.

45 (b) The owner or the owner's agent is in the business of renting motor
46 vehicles without drivers.

1 (c) The vehicle is registered pursuant to section 28-2166.

2 (d) There was a rental agreement in effect at the time of the
3 immobilization or impoundment.

4 5. For the spouse of the owner or any person who is identified as an
5 owner of the vehicle on the records of the department at the time of removal
6 and either immobilization or impoundment, if the spouse or person was not the
7 driver of the vehicle at the time of removal and either immobilization or
8 impoundment and the spouse or person enters into an agreement with the
9 immobilizing or impounding agency that stipulates that if the spouse or
10 person allows a driver who does not have a valid driving privilege or a
11 driver who commits a violation that causes the spouse's or person's vehicle
12 to be removed and either immobilized or impounded pursuant to this article
13 within one year after any agreement is signed by an immobilizing or
14 impounding agency, the spouse or person will not be eligible to obtain
15 release of the spouse's or person's vehicle before the end of the thirty day
16 immobilization or impoundment period.

17 6. IF THE VEHICLE IS OWNED BY A MOTOR VEHICLE DEALER WHO HAS PAID FEES
18 PURSUANT TO SECTION 28-4302 AND IS DRIVEN BY A CUSTOMER, POTENTIAL CUSTOMER
19 OR EMPLOYEE OF THE MOTOR VEHICLE DEALER AND THE MOTOR VEHICLE DEALER HAS
20 PROVIDED TO THE IMMOBILIZING OR IMPOUNDING AGENCY INDICIA OF THE MOTOR
21 VEHICLE DEALER'S OWNERSHIP OF THE VEHICLE, INCLUDING A CERTIFICATE OF TITLE
22 OR A MANUFACTURER-ISSUED CERTIFICATE OR STATEMENT OF ORIGIN.

23 B. A vehicle shall not be released pursuant to subsection A of this
24 section except pursuant to an immobilization or a poststorage hearing under
25 section 28-3514 or if all of the following are presented to the immobilizing
26 or impounding agency:

27 1. The owner's or owner's spouse's currently valid driver license
28 issued by this state or the owner's or owner's spouse's state of domicile.

29 2. Proof of current vehicle registration or a valid salvage or
30 dismantle certificate of title.

31 3. Proof that the vehicle is in compliance with the financial
32 responsibility requirements of chapter 9, article 4 of this title.

33 4. If the person is required by the department to install a certified
34 ignition interlock device on the vehicle, proof of installation of a
35 functioning certified ignition interlock device in the vehicle. The
36 impounding agency, storage yard, facility, person or agency having physical
37 possession of the vehicle shall allow access during normal business hours to
38 the impounded vehicle for the purpose of installing a certified ignition
39 interlock device. The impounding agency, storage yard, facility, person or
40 agency having physical possession of the vehicle shall not charge any fee or
41 require compensation for providing access to the vehicle or for the
42 installation of the certified ignition interlock device.

43 C. The owner or the owner's spouse if the vehicle is released to the
44 owner's spouse is responsible for paying all immobilization, towing and
45 storage charges related to the immobilization or impoundment of the vehicle
46 and any administrative charges established pursuant to section 28-3513,

1 unless the vehicle is stolen and the theft was reported to the appropriate
2 law enforcement agency. If the vehicle is stolen and the theft was reported
3 to the appropriate law enforcement agency, the operator of the vehicle at the
4 time of immobilization or impoundment is responsible for all immobilization,
5 towing, storage and administrative charges.

6 D. Before the end of the thirty day immobilization or impoundment
7 period, the immobilizing or impounding agency shall release a vehicle to a
8 person, other than the owner, identified on the department's record as having
9 an interest in the vehicle immediately before the immobilization or
10 impoundment if all of the following conditions are met:

11 1. The person is either of the following:

12 (a) In the business of renting motor vehicles without drivers and the
13 vehicle is registered pursuant to section 28-2166.

14 (b) A motor vehicle dealer, bank, credit union or acceptance
15 corporation or any other licensed financial institution legally operating in
16 this state or is another person who is not the owner and who holds a security
17 interest in the vehicle immediately before the immobilization or impoundment.

18 2. The person pays all immobilization, towing and storage charges
19 related to the immobilization or impoundment of the vehicle and any
20 administrative charges established pursuant to section 28-3513 unless the
21 vehicle is stolen and the theft was reported to the appropriate law
22 enforcement agency. If the vehicle is stolen and the theft was reported to
23 the appropriate law enforcement agency, the operator of the vehicle at the
24 time of immobilization or impoundment is responsible for all immobilization,
25 towing, storage and administrative charges.

26 3. The person presents foreclosure documents or an affidavit of
27 repossession of the vehicle.

28 4. The person requesting release of the vehicle was not the person
29 driving the vehicle at the time of removal and immobilization or impoundment.

30 E. Before a person described in subsection D of this section releases
31 the vehicle to the owner who was operating the vehicle at the time of removal
32 and immobilization or impoundment, the person described in subsection D of
33 this section shall require the owner to present and shall retain for a period
34 of at least three years from the date of releasing the vehicle a copy of all
35 of the following:

36 1. A driver license issued by this state or the owner's or owner's
37 agent's state of domicile.

38 2. A current vehicle registration or a valid salvage or dismantle
39 certificate of title.

40 3. Evidence that the vehicle is in compliance with the financial
41 responsibility requirements of chapter 9, article 4 of this title.

42 F. The person described in subsection D of this section may require
43 the owner to pay charges that the person incurred in connection with
44 obtaining custody of the vehicle, including all immobilization, towing and
45 storage charges that are related to the immobilization or impoundment of the

1 vehicle and any administrative charges that are established pursuant to
2 section 28-3513.

3 G. A vehicle shall not be released after the end of the thirty day
4 immobilization or impoundment period unless the owner or owner's agent
5 presents all of the following to the impounding or immobilizing agency:

6 1. A valid driver license issued by this state or by the owner's or
7 owner's agent's state of domicile.

8 2. A current vehicle registration or a valid salvage or dismantle
9 certificate of title.

10 3. Evidence that the vehicle is in compliance with the financial
11 responsibility requirements of chapter 9, article 4 of this title.

12 4. If the person is required by the department to install a certified
13 ignition interlock device on the vehicle, proof of installation of a
14 functioning certified ignition interlock device in the vehicle. The
15 impounding agency, storage yard, facility, person or agency having physical
16 possession of the vehicle shall allow access during normal business hours to
17 the impounded vehicle for the purpose of installing a certified ignition
18 interlock device. The impounding agency, storage yard, facility, person or
19 agency having physical possession of the vehicle shall not charge any fee or
20 require compensation for providing access to the vehicle or for the
21 installation of the certified ignition interlock device.

22 H. The storage charges relating to the impoundment of a vehicle
23 pursuant to this section shall be subject to a contractual agreement between
24 the impounding agency and a towing firm for storage services pursuant to
25 section 41-1830.51 and shall be fifteen dollars for each day of storage,
26 including any time the vehicle remains in storage after the end of the thirty
27 day impoundment period.

28 I. The immobilizing or impounding agency shall have no lien or
29 possessory interest in a stolen vehicle if the theft was reported to the
30 appropriate law enforcement agency. The immobilizing or impounding agency
31 shall release the vehicle to the owner or person other than the owner as
32 identified in subsection D of this section even if the operator at the time
33 of immobilization or impoundment has not paid all immobilization, towing,
34 storage and administrative charges.

35 J. A person who enters into an agreement pursuant to subsection A,
36 paragraph 5 of this section and who allows another person to operate the
37 vehicle in violation of the agreement is responsible for a civil traffic
38 violation and shall pay a civil penalty of at least two hundred fifty
39 dollars.

40 K. A person described in subsection D, paragraph 1 of this section who
41 violates subsection E of this section is responsible for a civil traffic
42 violation and shall pay a civil penalty of at least two hundred fifty
43 dollars.

44 L. For the purposes of this section, "certified ignition interlock
45 device" has the same meaning prescribed in section 28-1301.

1 Sec. 36. Section 28-3514, Arizona Revised Statutes, is amended to
2 read:

3 28-3514. Hearings; notice of immobilization or storage;
4 definition

5 A. If a peace officer removes and either immobilizes or impounds a
6 vehicle pursuant to section 28-3511, the immobilizing or impounding agency
7 may provide the owner, the spouse of the owner and any other person
8 ~~identified on the department's record as having an~~ PROVIDING INDICIA OF
9 OWNERSHIP OR OTHER interest in the vehicle immediately before the
10 immobilization or impoundment with the opportunity for an immobilization or
11 poststorage hearing to determine the validity of the immobilization or
12 storage or consider any mitigating circumstances relating to the
13 immobilization or storage or release of the vehicle before the end of the
14 thirty day immobilization or impoundment period. If the immobilizing or
15 impounding agency provides the opportunity for an immobilization or
16 poststorage hearing, the immobilizing or impounding agency shall conduct the
17 hearing in accordance with any of the following:

- 18 1. In the immobilizing or impounding agency's jurisdiction.
- 19 2. Telephonically.

20 3. Pursuant to procedures prescribed by the immobilizing or impounding
21 agency to transfer the authority to conduct the immobilization or poststorage
22 hearing to a law enforcement agency in the jurisdiction in which the owner,
23 the spouse of the owner, the owner's agent or any person identified in the
24 department's record as having an interest in the vehicle immediately before
25 the immobilization or impoundment resides.

26 B. If the immobilizing or impounding agency does not provide an
27 opportunity for an immobilization or poststorage hearing, a justice court
28 shall conduct the immobilization or poststorage hearing. If an
29 immobilization or poststorage hearing is conducted by a justice court, the
30 immobilizing or impounding agency shall appear and show evidence.
31 Immobilization or poststorage hearings conducted by a justice court shall be
32 considered as civil filings for the purposes of judicial productivity
33 credits.

34 C. Within three business days after immobilization or impoundment,
35 excluding weekends and holidays, the immobilizing or impounding agency shall
36 send a notice of storage by first class mail to each person, other than the
37 owner, identified on the department's record as having an interest in the
38 vehicle OR WHO HAS PROVIDED THE DEPARTMENT WITH INDICIA OF OWNERSHIP OR OTHER
39 INTEREST IN THE VEHICLE THAT EXISTS immediately before the immobilization or
40 impoundment. Service of notice of immobilization or storage is complete on
41 mailing. If within three business days after immobilization or impoundment,
42 excluding weekends and holidays, the immobilizing or impounding agency fails
43 to notify a person, other than the owner, identified on the department's
44 record as having an interest in the vehicle immediately before the
45 immobilization or impoundment, the immobilizing agency or the person in
46 possession of the vehicle shall not charge any administrative fees or more

1 than fifteen days' immobilization or impoundment when the person redeems the
2 impounded vehicle or has the immobilization device removed from the vehicle.

3 D. Within three business days after immobilization or impoundment,
4 excluding weekends and holidays, the immobilizing or impounding agency shall
5 mail or personally deliver notice of immobilization or storage to the owner
6 of the vehicle.

7 E. The notice of immobilization or storage shall include all of the
8 following information:

9 1. A statement that the vehicle was immobilized or impounded.

10 2. The name, address and telephone number of the immobilizing or
11 impounding agency providing the notice.

12 3. The name, address and telephone number of the immobilizing or
13 impounding agency or justice court that will provide the immobilization or
14 poststorage hearing.

15 4. The location of the place of storage and a description of the
16 vehicle, including, if available, the manufacturer, model, license plate
17 number and mileage of the vehicle.

18 5. A statement that in order to receive an immobilization or
19 poststorage hearing the owner, the spouse of the owner, the owner's agent or
20 the person identified in the department's record as having an interest in the
21 vehicle immediately before the immobilization or impoundment, within ten days
22 after the date on the notice, shall request an immobilization or poststorage
23 hearing by contacting the immobilizing or impounding agency in person or in
24 writing or by filing a request with the justice court if the impounding
25 agency does not provide for a hearing and paying a fee equal to the fee
26 established pursuant to section 22-281 for a small claims answer.

27 6. A statement that if the immobilizing or impounding agency does not
28 provide the opportunity for an immobilization or poststorage hearing, the
29 owner, the spouse of the owner, the owner's agent or any person identified in
30 the department's record as having an interest in the vehicle **OR A PERSON WHO**
31 **HAS PROVIDED THE DEPARTMENT WITH INDICIA OF OWNERSHIP OR OTHER INTEREST IN**
32 **THE VEHICLE THAT EXISTS** immediately before the immobilization or impoundment
33 may request that the immobilization or poststorage hearing be conducted by a
34 justice court in the immobilizing or impounding agency's jurisdiction or the
35 jurisdiction in which the owner, the spouse of the owner, the owner's agent
36 or the person identified in the department's record as having an interest in
37 the vehicle immediately before the immobilization or impoundment resides.

38 F. The immobilization or poststorage hearing shall be conducted by the
39 immobilizing or impounding agency or justice court within five business days,
40 excluding weekends and holidays, after receipt of the request.

41 G. Failure of the owner, the spouse of the owner or other person or
42 the other person's agent to request an immobilization or poststorage hearing
43 within ten days after the date on the notice prescribed in subsection E of
44 this section or to attend a scheduled hearing satisfies the immobilization or
45 poststorage hearing requirement.

1 H. The immobilizing or impounding agency employing the person who
2 directed the immobilization or storage is responsible for the costs incurred
3 for immobilization, towing and storage if it is determined in the
4 immobilization or poststorage hearing that reasonable grounds for the
5 immobilization or impoundment and storage are not established.

6 I. In compliance with the requirements of this section, the vehicle
7 owner, the vehicle owner's spouse or another person ~~having~~ WHO HAS an
8 interest in the vehicle OR WHO HAS PROVIDED THE DEPARTMENT WITH INDICIA OF
9 OWNERSHIP OR OTHER INTEREST IN THE VEHICLE THAT EXISTS immediately before the
10 immobilization or impoundment shall have an opportunity for a single
11 poststorage hearing for the release of the vehicle by either the immobilizing
12 or impounding agency or a justice court but not both.

13 J. FOR THE PURPOSES OF THIS SECTION, "INDICIA OF OWNERSHIP" INCLUDES A
14 CERTIFICATE OF TITLE, A MANUFACTURER-ISSUED CERTIFICATE OR A STATEMENT OF
15 ORIGIN OR OTHER SIMILAR DOCUMENT.

16 Sec. 37. Section 28-4302, Arizona Revised Statutes, is amended to
17 read:

18 28-4302. Fees; disposition

19 A. The following fees are required:

20 1. For filing each application for a dealer's, manufacturer's,
21 importer's, distributor's, factory branch's, distributor branch's, automotive
22 recycler's or wholesale motor vehicle dealer's license, fifteen dollars.

23 2. For filing each application for a provisional dealer's, automotive
24 recycler's or wholesale motor vehicle dealer's license filed in conjunction
25 with an application for a dealer's or automotive recycler's license, ten
26 dollars.

27 3. For each filing ~~or continuation~~ of a dealer's, manufacturer's,
28 distributor's, importer's, factory branch's, distributor branch's, automotive
29 recycler's or wholesale motor vehicle dealer's license if issued annually,
30 one hundred dollars EXCEPT THAT IF A DEALER HAS A CONTRACTUAL RELATIONSHIP
31 WITH A THIRD PARTY LENDER, THE FEE IS FOUR HUNDRED DOLLARS, OF WHICH THREE
32 HUNDRED DOLLARS SHALL BE DEPOSITED PURSUANT TO SECTIONS 35-146 AND 35-147, IN
33 THE STATE GENERAL FUND AND ONE HUNDRED DOLLARS IN THE ARIZONA HIGHWAY USER
34 REVENUE FUND.

35 4. FOR EACH CONTINUATION OF A DEALER'S LICENSE IF ISSUED ANNUALLY, ONE
36 HUNDRED DOLLARS, EXCEPT THAT IF A DEALER HAS A CONTRACTUAL RELATIONSHIP WITH
37 A THIRD PARTY LENDER, THE FEE IS TWO HUNDRED FIFTY DOLLARS, OF WHICH ONE
38 HUNDRED FIFTY DOLLARS SHALL BE DEPOSITED IN THE STATE GENERAL FUND, PURSUANT
39 TO SECTIONS 35-146 AND 35-147, AND ONE HUNDRED DOLLARS IN THE ARIZONA HIGHWAY
40 USER REVENUE FUND.

41 ~~4-~~ 5. For filing or continuing a dealer's branch license if issued
42 annually, fifty dollars.

43 ~~5-~~ 6. For filing each application for a permit for the off-premises
44 exhibition of motor vehicles, for a motor vehicle show or for a special event
45 to exhibit new motor homes, twenty-five dollars.

1 ~~6-~~ 7. For filing each application for a permit for the off-premises
2 display and sale of motor vehicles, twenty-five dollars.

3 B. Except as otherwise provided by statute, the director shall
4 immediately deposit, pursuant to sections 35-146 and 35-147, fees collected
5 under this section in the Arizona highway user revenue fund.

6 Sec. 38. Section 28-4335, Arizona Revised Statutes, is amended to
7 read:

8 28-4335. Wholesale motor vehicle dealer or broker

9 A. A wholesale motor vehicle dealer or a broker:

10 1. Is required to be licensed pursuant to this chapter **AND PAY FEES**
11 **PURSUANT TO SECTION 28-4302.**

12 2. **IS REQUIRED TO BE A LEGAL RESIDENT OF THIS STATE.**

13 ~~2-~~ 3. Is not required to operate from an established place of
14 business.

15 ~~3-~~ 4. Shall maintain a place of business in which records of the
16 business are kept.

17 B. If the licensee is a broker, the principal place of business shall
18 not be a location that is zoned for residential use.

19 Sec. 39. Section 28-4361, Arizona Revised Statutes, is amended to
20 read:

21 28-4361. License application; criminal records check

22 A. A person shall apply for a license to the director in writing on
23 forms prescribed by the director. The person shall include with the
24 application all documents and bonds required and the annual license fees
25 prescribed by section 28-4302.

26 B. The application shall be verified and shall contain:

27 1. The name and residence of either:

28 (a) The applicant.

29 (b) If the applicant is a partnership, each partner.

30 (c) If the applicant is a corporation, each principal officer,
31 director, agent or stockholder who owns twenty ~~per-cent~~ **PERCENT** or more of
32 the corporation and the name of the state in which the corporation was
33 organized.

34 2. The principal place of business of the applicant.

35 3. The established place of business or the place of business at or
36 from which the applicant will conduct the business.

37 4. The make or makes of new motor vehicles, if any, that the applicant
38 will sell or offer for sale in this state.

39 5. The business hours of the applicant.

40 6. Other information that the director requires.

41 C. Each applicant who owns twenty ~~per-cent~~ **PERCENT** or more of an
42 entity, and each partner or stockholder who owns twenty ~~per-cent~~ **PERCENT** or
43 more of an entity, and who seeks a new license shall provide:

44 1. A full set of fingerprints to the department **OF TRANSPORTATION** for
45 the purpose of obtaining a state and federal criminal records check pursuant

1 to section 41-1750 and Public Law 92-544. The department of public safety
2 may exchange this fingerprint data with the federal bureau of investigation.

3 2. A nonrefundable fee to be paid to the department of public safety
4 for the criminal records check.

5 D. If a licensee adds or changes a partner or stockholder who owns
6 twenty ~~per-cent~~ PERCENT or more of the entity and who was not included in the
7 criminal records check on a prior application, the licensee shall notify the
8 department within thirty days of the change. At the time of notification, an
9 application and, if applicable, a full set of fingerprints and the fee for a
10 criminal records check shall be submitted to the department. If any
11 individual who is added or changed by the licensee is found to be ineligible
12 pursuant to section 28-4365, the director, on completion of the criminal
13 records check, shall advise the licensee and the individual in writing that
14 the license will be revoked, unless the individual is removed from the
15 position, and of the grounds for the action.

16 E. The requirement for a criminal records check:

17 1. Does not apply to a manufacturer, importer, factory branch or
18 distributor or a person who is under eighteen years of age on the date the
19 application is filed with the department.

20 2. May not apply if the application is for a subsequent license and
21 each applicant who owns twenty ~~per-cent~~ PERCENT or more of an entity, and
22 each partner or stockholder who owns twenty ~~per-cent~~ PERCENT or more of an
23 entity, either:

24 (a) Have submitted to a criminal records check during the past five
25 years.

26 (b) Are currently licensed under this section.

27 3. DOES NOT APPLY TO A NEW MOTOR VEHICLE DEALER WHO HAS PAID FEES
28 PURSUANT TO SECTION 24-4302.

29 F. THE DIRECTOR MAY ESTABLISH EDUCATION AND TRAINING FOR A PERSON
30 APPLYING FOR AN INITIAL OR A RENEWAL OF A USED MOTOR VEHICLE DEALER OR
31 WHOLESALE MOTOR VEHICLE DEALER LICENSE PURSUANT TO THIS SECTION. THE
32 DIRECTOR MAY CONTRACT WITH A PRIVATE ENTITY TO PROVIDE THE EDUCATION AND
33 TRAINING ESTABLISHED UNDER THIS SUBSECTION. THE PRIVATE ENTITY THAT
34 CONTRACTS WITH THE DIRECTOR PURSUANT TO THIS SUBSECTION MAY CHARGE A FEE FOR
35 THE EDUCATION AND TRAINING.

36 Sec. 40. Section 28-4403, Arizona Revised Statutes, is amended to
37 read:

38 28-4403. Record requirements; motor vehicle information;
39 inspection; liability; electronic submission

40 A. A licensee shall keep and maintain at the licensee's established
41 place of business, or place of business if the licensee is a broker or a
42 wholesale motor vehicle dealer, a permanent record in the form prescribed by
43 the director containing:

44 1. A particular description of each motor vehicle of a type subject to
45 registration under the laws of this state that is bought, sold, brokered or

1 exchanged by the licensee or received or accepted by the licensee for sale,
2 brokering or exchange.

3 2. A particular description of each used motor vehicle body or chassis
4 that is sold or otherwise disposed of.

5 3. A particular description of each motor vehicle that is bought or
6 otherwise acquired and wrecked by the licensee.

7 4. The name and address of the person from whom a motor vehicle, motor
8 vehicle body or motor vehicle chassis was purchased or otherwise acquired and
9 the date it was purchased or acquired.

10 5. The name and address of the person to whom the motor vehicle, motor
11 vehicle body or motor vehicle chassis was sold or otherwise disposed of, the
12 date it was sold or disposed of and a sufficient description of the vehicle,
13 body or chassis by name or identifying number or otherwise to identify it.

14 B. A licensed automotive recycler that has a vehicle in the automotive
15 recycler's inventory shall:

16 1. At the same time have possession of a duly and regularly assigned
17 salvage certificate of title, nonrepairable vehicle certificate of title or
18 dismantle certificate of title to the vehicle.

19 2. Not offer for sale or sell a vehicle unless a salvage certificate
20 of title, nonrepairable vehicle certificate of title or dismantle certificate
21 of title to the vehicle has been obtained.

22 C. Each motor vehicle dealer shall give the customer a written
23 contract and shall maintain a copy of the contract for three years at the
24 dealer's established place of business.

25 D. Each record required by this section and all inventories relating
26 to the records of a licensee shall be available at all times for physical
27 inspection by agents of the department or members of the highway patrol
28 division. The agents or members may enter on premises where the records or
29 inventories are located during normal business hours for purposes of the
30 inspection. The licensee or any designated employee or agent may accompany
31 any person making the inspection while the person is on the licensee's
32 premises.

33 E. The licensee is only liable to a person making an inspection under
34 this section for an injury arising out of the condition of the premises that
35 occurs while the person is on the licensee's premises if the licensee
36 knowingly allows the person to encounter a hidden peril or wantonly or
37 wilfully causes the person harm.

38 F. ~~Beginning January 1, 2014,~~ A wholesale motor vehicle dealer shall
39 submit electronically to the department any documents that are requested by
40 the department during the wholesale motor vehicle dealer's reported business
41 hours and that are prescribed in this section. The wholesale motor vehicle
42 dealer shall submit the requested documents within forty-eight hours after
43 the request is transmitted.

44 Sec. 41. Section 28-4409, Arizona Revised Statutes, is amended to
45 read:

46 28-4409. Evidence of ownership requirement; exception

1 A. Except as provided in section 28-4410:
2 1. Each dealer in motor vehicles, trailers and semitrailers, including
3 manufacturers who sell to other than dealers, having possession of **OR**
4 **OFFERING FOR SALE** a motor vehicle, trailer or semitrailer shall have at the
5 same time either:
6 (a) Possession of a duly and regularly assigned certificate of title
7 to the vehicle.
8 (b) Reasonable indicia of ownership or right of possession as ~~provided~~
9 ~~in section 28-4410~~ **APPROVED BY THE DIRECTOR**.
10 2. A dealer or manufacturer shall not offer for sale or sell a motor
11 vehicle, trailer or semitrailer until the dealer or manufacturer has obtained
12 a certificate of title to the motor vehicle, trailer or semitrailer, except
13 that a certificate of title is not required for a new motor vehicle sold by
14 manufacturers to dealers.
15 B. A wholesale motor vehicle auction dealer is exempt from the
16 requirement of having to possess a duly and regularly assigned certificate of
17 title and from other requirements relating to the reassignment of **CERTIFICATE**
18 **OF** title documents and disclosures to buyers. A wholesale motor vehicle
19 auction dealer may buy or sell a motor vehicle at wholesale in the wholesale
20 motor vehicle auction dealer's own name if the wholesale motor vehicle
21 auction dealer complies with the provisions of this title relating to
22 certificates of title, reassignments of **CERTIFICATE OF** title documents and
23 disclosures to buyers.
24 C. A wholesale motor vehicle dealer must **APPLY FOR A CERTIFICATE OF**
25 title in the name of the wholesale motor vehicle dealer any vehicle that the
26 wholesale motor vehicle dealer acquires before the wholesale motor vehicle
27 dealer transfers the vehicle to another licensed motor vehicle dealer.
28 Sec. 42. Section 28-4410, Arizona Revised Statutes, is amended to
29 read:
30 **28-4410. Consignment contracts; definitions**
31 A. A dealer in motor vehicles, trailers and semitrailers may possess
32 and offer for sale a motor vehicle, trailer or semitrailer without having a
33 duly or regularly assigned certificate of title **OR TITLE TRANSFER FORM** in the
34 dealer's possession if the dealer possesses all of the following:
35 1. A consignment contract or dealer acquisition contract.
36 2. The most recent registration card for the vehicle.
37 3. A statement by the lienholder disclosing all unsatisfied liens, if
38 applicable.
39 B. A dealer may complete the sale of a motor vehicle, trailer or
40 semitrailer offered for sale under subsection A of this section when the
41 dealer possesses verification that all liens on the motor vehicle, trailer or
42 semitrailer have been satisfied by the dealer or assumed by the purchaser.
43 C. A dealer who offers a vehicle for sale on consignment shall inform
44 a prospective customer that the vehicle is on consignment to the dealer.
45 D. The director shall adopt rules on the minimum form and content of
46 consignment contracts and dealer acquisition contracts.

1 E. This chapter does not allow the consignment of motor vehicles from
2 one licensee to another licensee.

3 F. A dealer in motor vehicles, trailers or semitrailers may offer for
4 sale or sell a motor vehicle, trailer or semitrailer without having a duly or
5 regularly assigned certificate of title in the dealer's possession if the
6 dealer possesses a complete photocopy of the duly or regularly assigned
7 certificate of title, the original of which has been delivered to a financial
8 institution or a subsidiary of the financial institution pursuant to an
9 inventory financing arrangement.

10 G. For the purposes of this section:

11 1. "Consignment contract" means an agreement executed by both the
12 owner of a vehicle and a licensed motor vehicle dealer pursuant to which the
13 vehicle is delivered to the dealer to sell for the owner.

14 2. "Dealer acquisition contract" means an agreement that both:

15 (a) Is executed by both the owner of a vehicle, the **CERTIFICATE OF**
16 title for which is in possession of a lienholder in accordance with the laws
17 of this state or another state, and a licensed motor vehicle dealer.

18 (b) Transfers ownership of the vehicle described in subdivision (a) **OF**
19 **THIS PARAGRAPH** to a licensed dealer from a person other than a manufacturer,
20 distributor, franchisor or dealer.

21 3. "Inventory financing arrangement" means an agreement under which a
22 dealer grants a security interest to a financial institution under the
23 provisions of title 47, chapter 9.

24 Sec. 43. Section 28-4412, Arizona Revised Statutes, is amended to
25 read:

26 **28-4412. Guaranty disclosure: used motor vehicles: definition**

27 A. Before the consummation of the sale of a used motor vehicle, a
28 motor vehicle dealer shall:

29 1. Provide each purchaser with a written statement that:

30 (a) Indicates whether or not an express warranty or guaranty is
31 associated with the used motor vehicle.

32 (b) Is distinguished from the body of the sales agreement through the
33 use of either bold-faced type or bold-faced type of a color other than that
34 used in the body of the agreement.

35 (c) States "as is -- not expressly warranted or guaranteed", if the
36 used motor vehicle to be sold is not expressly warranted or guaranteed.

37 (d) Explicitly states the nature and extent of the express warranty or
38 guaranty, if the used motor vehicle to be sold is expressly warranted or
39 guaranteed.

40 (e) States "as is -- not guaranteed to pass vehicle emissions
41 inspection. Vehicle not eligible for certificate of waiver and must be
42 repaired to meet emissions standards", if the used motor vehicle is a
43 disabled vehicle that is offered for sale at a wholesale public auction with
44 an auctioneer who is a licensed used motor vehicle dealer and if the vehicle
45 does not comply with the requirements prescribed in section 49-542.

46 2. Direct the purchaser's attention to the written statement.

1 B. This section does not negate any implied warranties otherwise
2 applicable to the sale of a used motor vehicle, including the implied
3 warranty of merchantability described in section 44-1267.

4 ~~C. Before the seller attempts to sell a motor vehicle the seller shall~~
5 ~~possess the title to the motor vehicle and the title shall be in the seller's~~
6 ~~name.~~

7 ~~D.~~ C. Notwithstanding any other provision of this section or title
8 12, chapter 6, article 9, a motor vehicle dealer that sells a used motor
9 vehicle to another motor vehicle dealer or for the sole purpose of being
10 legally destroyed or dismantled does not have a duty to inspect a used motor
11 vehicle for defects or damage before the sale. This subsection does not
12 negate any duties owed by a licensed motor vehicle dealer to its retail
13 customers.

14 ~~E.~~ D. For the purposes of this section, "disabled vehicle" means a
15 motor vehicle that cannot operate on its own motive power.

16 Sec. 44. Section 28-4421, Arizona Revised Statutes, is amended to
17 read:

18 28-4421. Selling dealer's duties

19 A. For purposes of ISSUING A CERTIFICATE OF title, registration,
20 warranties, rebates and incentives in a brokered sale of a new motor vehicle
21 to a retail consumer, the selling new motor vehicle dealer and not the broker
22 is responsible for:

- 23 1. Applying for A CERTIFICATE OF title in the name of the purchaser
- 24 and securing vehicle registration and the license plates for the purchaser.
- 25 2. Securing the manufacturer's warranty in the name of the purchaser.
- 26 3. Making all applications for any manufacturer's rebates and
- 27 incentives due the purchaser.

28 B. If there is a manufacturer's recall, the retail consumer shall be
29 notified directly by the manufacturer.

30 Sec. 45. Section 28-4423, Arizona Revised Statutes, is amended to
31 read:

32 28-4423. Wholesale motor vehicle auction dealers: sign: title
33 stamp

34 Each wholesale motor vehicle auction dealer shall:

35 1. Conspicuously post at the wholesale motor vehicle auction dealer's
36 established place of business a sign that contains the following statement:

37 Arizona Revised Statutes section 28-4334 prohibits a
38 person who purchases a vehicle from this wholesale motor vehicle
39 auction dealer from selling the vehicle in this state unless the
40 person is a licensed dealer in this state. A person who
41 violates this statutory provision is guilty of a class 1
42 misdemeanor.

43 2. Stamp "export only" on the CERTIFICATE OF title of any vehicle sold
44 to a person who is licensed as a dealer by another country.

45 Sec. 46. Section 28-4533, Arizona Revised Statutes, is amended to
46 read:

1 28-4533. Dealer's certificate; dealer license plates; fees

2 A. A dealer may apply to the department, on a form provided for that
3 purpose, for a dealer's certificate containing a general distinguishing
4 number. If the applicant is a dealer in new motor vehicles, trailers or
5 semitrailers, the applicant shall submit satisfactory proof that the
6 applicant is a duly authorized distributor or dealer for a manufacturer.

7 B. The department may issue dealer license plates to each dealer as
8 follows:

9 1. For new motor vehicle dealers, not more than thirty dealer license
10 plates plus one additional license plate for every fifty motor vehicles that
11 are sold based on reported sales in the previous license year.

12 2. For used motor vehicle dealers, not more than fifteen dealer
13 license plates plus one additional license plate for every fifty vehicles
14 that are sold based on reported sales in the previous license year.

15 3. For wholesale motor vehicle dealers, not more than two dealer
16 license plates plus one additional license plate for every fifty vehicles
17 that are sold based on reported sales in the previous license year. All of
18 the following requirements apply to dealer license plates issued pursuant to
19 this paragraph:

20 (a) Before the wholesale motor vehicle dealer's license continuation
21 date, the wholesale motor vehicle dealer must submit evidence satisfactory to
22 the department that the wholesale motor vehicle dealer has sold at least ten
23 vehicles **TO ONE OR MORE LICENSED NEW OR USED MOTOR VEHICLE DEALERS** in the
24 previous license year.

25 (b) If the wholesale motor vehicle dealer does not submit the evidence
26 prescribed in subdivision (a) of this paragraph, the department shall cancel
27 the dealer license plates issued to the wholesale motor vehicle dealer.

28 (c) The department shall not issue more than ten dealer license plates
29 to a wholesale motor vehicle dealer pursuant to this paragraph.

30 C. The department, on granting the application, shall issue to the
31 applicant a certificate containing the applicant's name and address and the
32 general distinguishing number assigned to the applicant and the dealer
33 license plates for which the applicant applied on payment of the fee provided
34 in this section.

35 D. The fee for each license plate or pair of license plates issued to
36 a dealer is:

- 37 1. Thirty dollars, if the dealer is not a motorcycle dealer.
38 2. Ten dollars, if the dealer is a motorcycle dealer.

39 E. The director may recall, redesign and reissue dealer license plates
40 pursuant to this article. The plate or pair of plates issued shall contain a
41 number or symbol distinguishing them from every other plate or pair of plates
42 issued to the same dealer. The director shall not allow a request for dealer
43 license plates to be combined with a request for a personalized special plate
44 issued pursuant to section 28-2406. Reissued dealer license plates shall be
45 distributed as determined by the director.

1 F. The right to use a dealer license plate issued terminates at
2 midnight on the last day of the month in which the plate fees are due unless
3 the plate fees for the following year are paid.

4 G. A dealer who applies for and obtains dealer license plates shall
5 comply with chapter 9 of this title.

6 Sec. 47. Section 28-4547, Arizona Revised Statutes, is amended to
7 read:

8 28-4547. Requirements for temporary registration plates

9 A. A dealer shall not:

10 1. Issue, assign or deliver temporary registration plates to anyone
11 other than a bona fide purchaser of a vehicle that is not registered for the
12 current year.

13 2. Issue temporary registration plates unless the purchaser files an
14 application for a certificate of title and an application for annual
15 registration of the vehicle before or at the time the plates are issued.

16 3. Issue temporary registration plates unless the application for a
17 certificate of title is accompanied by either a manufacturer's certificate of
18 origin properly assigned by a licensed new motor vehicle dealer, ~~or~~ a
19 properly signed certificate of title OR A TITLE TRANSFER FORM.

20 B. The dealer, as the agent of the purchaser, shall forward the
21 application for a certificate of title, the application for registration and
22 the prescribed fees for both applications to the department.

23 Sec. 48. Section 28-4594, Arizona Revised Statutes, is amended to
24 read:

25 28-4594. Altered serial or identification number; contraband;
26 seizure; disposition

27 A. Except if a manufacturer's serial or identification number of a
28 motor vehicle or major component part of a vehicle is removed, defaced,
29 altered or destroyed with the permission of the department or if a special
30 serial or identifying number issued by the department has been properly
31 affixed to a vehicle pursuant to section 28-2165, a motor vehicle or major
32 component part of the vehicle that has had the manufacturer's or department's
33 serial or identification number removed, defaced, altered or destroyed and a
34 serial or identification number so removed are contraband.

35 B. A law enforcement agency shall both:

36 1. Immediately seize and store the motor vehicle or major component
37 part of a vehicle or serial or identification number that is contraband
38 pursuant to subsection A of this section.

39 2. Attempt to restore the original manufacturer's serial or
40 identification numbers on the item seized as follows:

41 (a) If the original identification numbers can be permanently restored
42 and the last owner as identified on official title records maintained by the
43 vehicle registration agency of the state, country or territory in which the
44 vehicle was last ~~titled~~ ISSUED A CERTIFICATE OF TITLE or the person or entity
45 to which A CERTIFICATE OF title was assigned by the last owner as identified
46 on official title records can be found, the law enforcement agency shall

1 return the motor vehicle or major component part of a vehicle to the person
2 or entity.

3 (b) If the original identification numbers can be temporarily restored
4 and the last owner as identified on official title records maintained by the
5 vehicle registration agency of the state, country or territory in which the
6 vehicle was last ~~titled~~ ISSUED A CERTIFICATE OF TITLE or the person or entity
7 to which A CERTIFICATE OF title was assigned by the last owner as identified
8 on official title records can be found, the county attorney of the county in
9 which the motor vehicle or major component part of a vehicle was seized or
10 the attorney general, within sixty days after the date of seizure or such
11 other reasonable time that is set by the court, shall file a petition or
12 action in the superior court in the county in which the item was seized or in
13 Maricopa county to forfeit the motor vehicle or major component part of a
14 vehicle to this state for use or other appropriate disposition by the law
15 enforcement agency that seized the item or for such other disposition as the
16 state deems appropriate. The petition shall set forth probable cause that
17 the item is contraband. A copy of the petition or notice of pending
18 forfeiture shall be served as follows:

19 (i) On the person from whom the item was seized by certified mail to
20 the person's last known address.

21 (ii) On the last owner and any lienholders or interest holders
22 identified on official title records by certified mail to the names and
23 addresses identified on official title records.

24 (iii) On any other known interest holders by certified mail to each
25 holder's last known address.

26 (iv) By publication in one issue of a newspaper of general circulation
27 in the county in which the property was seized.

28 (c) If the original identification numbers cannot be permanently or
29 temporarily restored or the last owner as identified on official title
30 records cannot be found, the county attorney in the county in which the motor
31 vehicle or major component part of a vehicle was seized or the attorney
32 general, within sixty days after the date of seizure or such other reasonable
33 time as is set by the court, shall file a petition or action in the superior
34 court in the county in which the item was seized or in Maricopa county to
35 forfeit the motor vehicle or major component part of a vehicle to this state
36 for use or other appropriate disposition by the law enforcement agency that
37 seized the item or for such other disposition as the state deems appropriate.
38 The petition shall set forth probable cause that the item is contraband. A
39 copy of the petition or notice of pending forfeiture shall be served on the
40 person from whom the item was seized by certified mail to the person's last
41 known address.

42 C. If a verified claim is not filed within the time period provided in
43 section 28-4595, subsection A, the court shall declare the seized item to be
44 contraband and shall sign an order forfeiting the seized item to the state
45 for use or other appropriate disposition by the law enforcement agency that
46 seized the item or for other disposition as the state deems appropriate.

1 Sec. 49. Section 28-5101, Arizona Revised Statutes, is amended to
2 read:

3 28-5101. Third party authorization

4 A. The director may authorize third parties to perform certain of the
5 following functions:

- 6 1. Title and registration.
- 7 2. Motor carrier licensing and tax reporting.
- 8 3. Dealer licensing.
- 9 4. Driver licensing as prescribed in sections 28-5101.01, 28-5101.02
10 and 28-5101.03.

11 B. The director may authorize a person to be a third party electronic
12 service provider or, ~~beginning January 1, 2012,~~ to be a third party
13 electronic service partner. An authorized third party electronic service
14 provider shall meet all of the requirements established by the department.
15 ~~Beginning January 1, 2012:~~

16 ~~1-~~ The written agreement between the department and the authorized
17 third party electronic service provider may be for a limited number of
18 services and may limit the persons that may receive the services.

19 ~~2-~~ An authorized third party electronic service partner shall meet the
20 requirements established by the department and shall be selected through a
21 competitive bid process.

22 C. A person shall not engage in any business pursuant to this article
23 unless the director authorizes the person to engage in the business.

24 D. The director may furnish necessary documents or license plates
25 subject to this article.

26 E. Except as provided in subsection F of this section, an authorized
27 third party or an authorized third party electronic service provider shall
28 submit to the department all statutorily prescribed fees and taxes it
29 collects. In addition to the statutorily prescribed fees and taxes, an
30 authorized third party or an authorized third party electronic service
31 provider may collect and retain a reasonable and commensurate fee for its
32 services.

33 F. In addition to payment pursuant to section 28-374, the department
34 shall reimburse the authorized third party or third party electronic service
35 provider as follows:

36 1. One dollar of each initial, renewal, replacement or duplicate
37 registration fee for a vehicle or an aircraft.

38 2. One dollar of each initial, duplicate or transfer **CERTIFICATE**
39 **OF** title fee for a vehicle or an aircraft.

40 3. An amount equal to two ~~per-cent~~ **PERCENT** of each vehicle license tax
41 payment or aircraft license tax payment the authorized third party collects
42 and submits to the department or four dollars for each registration year or
43 part of a registration year, whichever is more. The reimbursement amount
44 shall not exceed the amount of vehicle license tax or aircraft license tax
45 collected.

- 1 4. Four dollars for each initial, renewal, replacement or duplicate
2 application that the third party processes and that relates to driver
3 licenses, nonoperating identification licenses or permits. An authorized
4 third party may add the cost for expedited processing of renewal, replacement
5 or duplicate applications if requested by the applicant.
- 6 5. An amount equal to two ~~per-cent~~ PERCENT of each overweight or
7 excess size vehicle registration or permit fee the third party collects and
8 submits to the department or one dollar for each overweight or excess size
9 vehicle registration or permit processed, whichever is more.
- 10 6. One dollar for each motor vehicle or special motor vehicle record,
11 excluding motor vehicle records released to commercial recipients, including
12 insurers and their authorized agents.
- 13 7. Five dollars or one-fourth of one ~~per-cent~~ PERCENT of the fuel
14 taxes reported, whichever is greater, for each fuel tax report filed
15 electronically. ~~In fiscal years 2008-2009 through 2012-2013, the maximum~~
16 ~~annual amount retained each year shall not exceed one million five hundred~~
17 ~~thousand dollars. Beginning in fiscal year 2013-2014,~~ The maximum annual
18 amount retained each year shall not exceed four hundred eighty thousand
19 dollars.
- 20 8. One dollar for each fuel tax permit.
- 21 9. One dollar for each nonsufficient funds or dishonored check
22 payment.
- 23 10. One dollar for each abandoned vehicle report processed, except for
24 applications for crushed vehicles.
- 25 11. One dollar for each abandoned vehicle payment.
- 26 12. Two dollars for each initial special or personalized license plate
27 application.
- 28 13. One dollar for each initial, renewal or replacement vehicle dealer
29 license plate.
- 30 14. Five dollars for each application for an initial vehicle dealer
31 license or continuation of a vehicle dealer license.
- 32 15. One dollar of each twelve dollar fee paid pursuant to section
33 28-2356.
- 34 16. One dollar for each traffic survival school application and one
35 dollar for each certificate of completion processed.
- 36 17. One dollar for each replacement license plate or tab.
- 37 G. For authorized third party electronic service partners, the amount
38 of compensation and the amount of reimbursements for transactions shall be
39 negotiated by the department and the authorized third party electronic
40 service partner and shall be set forth in the written agreement authorizing
41 the third party electronic service partner. If reimbursement is made for
42 individual transactions, the reimbursements shall not exceed the amounts
43 specified in subsections F, H and I of this section. Other forms of
44 compensation or reimbursements for services may be specified in the written
45 agreement. Compensation and reimbursements provided for by the written
46 agreement may include the development and implementation of information

1 technology and other automated systems and any necessary support for these
2 systems.

3 H. The department's authorized third party electronic service provider
4 may retain two dollars for processing documents electronically when the
5 statutory fee pursuant to this title is two dollars or more.

6 I. The director may authorize the third party electronic service
7 provider to process electronic fund transfers to the department for payment
8 of motor vehicle taxes and fees. The third party electronic service provider
9 may add a two dollar processing fee for each electronic funds transfer.

10 J. Each authorized third party that holds itself out as providing
11 services to the general public shall post a sign in a conspicuous location in
12 each facility of the authorized third party that contains all of the
13 following:

14 1. The amount charged for each transaction performed by the authorized
15 third party.

16 2. The amount charged by the department for the same transaction.

17 3. How to file a complaint or concern with the department about the
18 authorized third party.

19 Sec. 50. Section 28-5111, Arizona Revised Statutes, is amended to
20 read:

21 28-5111. Electronic transmission and recording of title,
22 registration and driver license; program; authorized
23 third party

24 A. The director may establish a ~~pilot~~ program to measure and determine
25 the effectiveness of the following in improving customer service, operations,
26 capital cost reductions and security of information transmitted to the
27 department:

28 1. The electronic transmission and recording of vehicle **CERTIFICATE OF**
29 title and registration information between the department and an authorized
30 third party or an authorized third party electronic service provider for the
31 purpose of titling and registering vehicles entering this state from another
32 jurisdiction in a cost-effective manner in lieu of the submission and
33 maintenance of paper documents.

34 2. The electronic transmission and recording of driver license
35 applications between the department and another state through an authorized
36 third party or authorized third party electronic service provider for the
37 purpose of issuing driver licenses in a cost-effective manner in lieu of the
38 submission and maintenance of paper documents as provided in this chapter.

39 3. The electronic transmission and recording of vehicle accident data
40 between the department, other states and law enforcement agencies within this
41 state or within another state through an authorized third party or authorized
42 third party electronic service provider.

43 B. In the process of establishing the system, the director shall:

44 1. Research methods the department and authorized third parties or
45 authorized third party electronic service providers may use to exchange and

1 maintain information relating to driver licenses and vehicle CERTIFICATES OF
2 title and registration without submitting or receiving a paper document.

3 2. Develop methods an authorized third party or an authorized third
4 party electronic service provider may use to electronically submit updated
5 information relating to the CERTIFICATE OF title and registration record or
6 the driver license record.

7 C. The director may limit the number of other states and authorized
8 third party electronic service providers participating in the system. ~~After~~
9 ~~the system has been operating for twelve months,~~ If the director determines
10 the system is successful, the director may expand the system.

11 D. Chapter 2, article 5 of this title applies to certificates of title
12 and driver license information under the system established pursuant to this
13 section.

14 Sec. 51. Section 44-281, Arizona Revised Statutes, is amended to read:
15 44-281. Definitions

16 In this article, unless the context otherwise requires:

17 1. "Administrator" means the superintendent of financial institutions.

18 2. "Cash sale price" means the price stated in a retail installment
19 contract for which the seller would have sold to the buyer, and the buyer
20 would have bought from the seller, the motor vehicle which is the subject
21 matter of the retail installment contract, if such sale had been a sale for
22 cash instead of a retail installment transaction. The cash sale price may
23 include charges for accessories and their installation and for delivery, and
24 servicing, repairing or improving the motor vehicle, and for charges for
25 other costs that are necessary or incidental to the transaction and that the
26 seller furnishes or agrees to pay on behalf of the buyer, including taxes,
27 assessor's fees, license fees and fees for filing, recording or otherwise
28 perfecting or releasing a reserved title or lien, and may include a
29 reasonable charge for the seller's services.

30 ~~3. "Dealer" means any person who in any year sells on a noncash basis~~
31 ~~three or more motor vehicles at retail.~~

32 ~~4.~~ 3. "Finance charge" means the amount agreed upon between the buyer
33 and the seller, as limited herein, which in determining the cost of the motor
34 vehicle is added to the aggregate of the following: The cash sale price and
35 the amount, if any, included for insurance and other benefits where a
36 separate cost is assigned thereto.

37 ~~5.~~ 4. "Holder" of a retail installment contract means the retail
38 seller of the motor vehicle under or subject to the contract or, if the
39 contract is purchased by a sales finance company or other assignee, the sales
40 finance company or other assignee.

41 ~~6.~~ 5. "Motor vehicle" means any self-propelled device in or by which
42 any person or property is or may be transported or drawn on a public highway,
43 except:

44 (a) Devices that move upon or are guided by a track or travel through
45 the air.

1 (b) The following, if not designed primarily for highway
2 transportation, but which may incidentally be operated on a public highway:

3 (i) Tractors.

4 (ii) Buses.

5 (iii) Trucks.

6 (iv) Power shovels.

7 (v) Road machinery.

8 (vi) Agricultural machinery.

9 ~~7-~~ 6. "Person" means an individual, partnership, association, trust,
10 corporation, or other legal entity.

11 ~~8-~~ 7. "Retail buyer" or "buyer" means a person who buys a motor
12 vehicle from a retail seller, not for the purpose of resale, and who executes
13 a retail installment contract in connection therewith.

14 ~~9-~~ 8. "Retail installment contract" or "contract":

15 (a) Means an agreement, entered into in this state, pursuant to which
16 the title to or a lien upon the motor vehicle, which is the subject matter of
17 a retail installment transaction, is retained or taken by a retail seller
18 from a retail buyer as security for the buyer's obligation.

19 (b) Includes:

20 (i) A conditional sales contract and a contract for the bailment or
21 leasing of a motor vehicle by which the bailee or lessee contracts to pay as
22 compensation for its use a sum substantially equivalent to or in excess of
23 its value and by which it is agreed that the bailee or lessee is bound to
24 become, or has the option of becoming, the owner of the motor vehicle for no
25 other or a nominal consideration upon full compliance with the provisions of
26 the contract.

27 (ii) A secondary motor vehicle finance transaction.

28 ~~10-~~ 9. "Retail installment transaction" means any transaction
29 evidenced by a retail installment contract entered into between a retail
30 buyer and a retail seller wherein the retail buyer buys a motor vehicle from
31 the retail seller at a cost payable in one or more deferred installments.
32 The cash sale price of the motor vehicle, the amount included for insurance
33 if a separate charge is made and the finance charge shall together constitute
34 the cost of the motor vehicle.

35 ~~11-~~ 10. "Retail seller" or "seller" means a person who sells a motor
36 vehicle to a retail buyer for purposes other than resale under or subject to
37 a retail installment contract. For the purposes of paragraph ~~13~~ 12 of this
38 section "seller" means a person who sells and retains the use of the motor
39 vehicle.

40 ~~12-~~ 11. "Sales finance company":

41 (a) Means a person engaged, in whole or in part, in the business of
42 purchasing retail installment contracts from one or more retail sellers.

43 (b) Includes a person engaged, in whole or in part, in the business of
44 creating or holding retail installment contracts that exceed a total
45 aggregate outstanding indebtedness of fifty thousand dollars.

46 (c) Does not include:

1 (i) The pledgee of an aggregate number of retail installment contracts
2 to secure a bona fide loan thereon.

3 (ii) A MOTOR VEHICLE dealer who creates retail installment contracts
4 and assigns the retail installment contracts to third party lenders or
5 financial institutions ~~unless the dealer holds retail installment contracts~~
6 ~~that exceed a total aggregate outstanding indebtedness of fifty thousand~~
7 ~~dollars.~~

8 ~~13-~~ 12. "Secondary motor vehicle finance transaction":

9 (a) Means any contract that includes provisions for either:

10 (i) Obtaining a security interest in or lien on a motor vehicle other
11 than in connection with the sale of that motor vehicle.

12 (ii) The sale or conditional sale of a motor vehicle and the seller's
13 right to retain use of the motor vehicle after the sale or conditional sale.

14 (b) Includes any conditional sales contract or contract for the
15 bailment or leasing of a motor vehicle in which the bailee or lessee agrees
16 to pay for use of the motor vehicle and the bailee or lessee is required to
17 become or has the option of becoming the owner of the vehicle for any or no
18 compensation.

19 (c) Does not include any commercial transaction as defined in section
20 44-291.

21 Sec. 52. Section 44-282, Arizona Revised Statutes, is amended to read:

22 ~~44-282.~~ Licensing of sales finance companies required; penalty

23 A. No person shall engage in the business of a sales finance company
24 in this state without a license therefor as provided in this article. ~~No~~
25 ~~dealer shall engage in business in this state without a license issued by the~~
26 ~~administrator.~~ ~~No~~ A MOTOR VEHICLE dealer shall NOT sell or transfer any
27 contract to a person in Arizona not licensed under the terms of this chapter.

28 B. The application for a license shall be in writing, under oath and
29 in the form prescribed by the administrator. The application shall contain
30 the name of the applicant, the date of incorporation if incorporated, the
31 address where the business is or is to be conducted and similar information
32 as to any branch office of the applicant, the name and resident address of
33 the owners or partners or, if a corporation or association, of the directors,
34 trustees and principal officers, and such other pertinent information the
35 administrator may require.

36 C. The license fee for a sales finance company is the fee prescribed
37 in section 6-126. ~~The license fee for each dealer is the fee prescribed in~~
38 ~~section 6-126.~~

39 D. To coincide with the licensing of motor vehicle dealers pursuant to
40 title 28, chapter 10, the administrator may issue a sales finance company
41 license ~~or a dealer license, or both,~~ pursuant to this article with staggered
42 continuation dates to distribute the continuation workload as uniformly as
43 practicable throughout the twelve months of the calendar year. In order to
44 initiate a staggered license continuation system, the administrator may issue
45 a license for more or less than a twelve month period, but not more than
46 eighteen months, and may prorate the license fee.

1 E. A licensee shall submit its renewal application and applicable
2 renewal fees to the department of financial institutions on or before the
3 license continuation date. For the purposes of renewal, the license
4 continuation date is as follows:

5 1. If the licensee is also a licensed motor vehicle dealer pursuant to
6 title 28, chapter 10, the date prescribed by the initial licensing
7 department, either the department of transportation or the department of
8 financial institutions.

9 2. If the licensee is not also a licensed motor vehicle dealer
10 pursuant to title 28, chapter 10, the date prescribed by the department of
11 financial institutions.

12 F. A penalty of twenty-five dollars per day shall be assessed against
13 any licensee for each day after the license continuation date that the
14 licensee's renewal application and fee are not received by the department of
15 financial institutions. Licenses not renewed within thirty days after their
16 license continuation date expire.

17 G. A license shall be obtained for each separate place of business at
18 or from which a licensee transacts business. Each license shall specify the
19 location of the office or branch and must be conspicuously displayed there.
20 In case such location is changed, the administrator shall endorse the change
21 of location on the license on the payment of the fee prescribed in section
22 6-126, subsection A, ~~paragraph 25~~.

23 H. On the filing of the application and the payment of the required
24 fee the administrator shall issue a license to the applicant to engage in the
25 business of a sales finance company ~~or dealer~~ under and in accordance with
26 this article. All licenses issued under this article shall remain in full
27 force and effect until surrendered, revoked, suspended or canceled by failure
28 to renew under this article. No licensee shall transact any business
29 provided for by this article under any other name.

30 I. A license is not transferable or assignable and control of a
31 licensee may not be acquired through a stock purchase or any other device
32 without the prior written consent of the administrator. Written consent
33 shall not be given if the administrator finds that any of the grounds for
34 denial, revocation or suspension of a license as set forth in section 44-283
35 are applicable to the acquiring person. For the purposes of this subsection,
36 "control" means the power to vote more than twenty ~~per cent~~ PERCENT of the
37 outstanding voting shares of a licensed corporation, partnership, association
38 or trust.

39 J. A person doing business under the laws of this state or the United
40 States as a bank, savings bank, savings and loan association or credit union
41 is exempt from the licensing requirements of this section but shall comply
42 with all other requirements of this chapter, except that affiliates of banks,
43 savings banks, savings and loan associations or credit unions shall comply
44 with this section. For the purposes of this subsection, "affiliate" means an
45 entity that directly or indirectly, through one or more intermediaries,

1 controls, is controlled by or is under common control with the entity
2 specified.

3 Sec. 53. Section 44-294, Arizona Revised Statutes, is amended to read:
4 44-294. Records

5 Every ~~dealer,~~ holder, or sales finance company shall maintain in its
6 office, for a period of not less than one year after date of final payment or
7 entry therein, a copy of all retail installment contracts or retail
8 installment transactions entered into under the terms of this chapter.

9 Sec. 54. Section 47-9311, Arizona Revised Statutes, is amended to
10 read:

11 47-9311. Perfection of security interests in property subject
12 to certain statutes, regulations and treaties

13 A. Except as otherwise provided in subsection D of this section, the
14 filing of a financing statement is not necessary or effective to perfect a
15 security interest in property subject to:

16 1. A statute, regulation or treaty of the United States whose
17 requirements for a security interest's obtaining priority over the rights of
18 a lien creditor with respect to the property preempt section 47-9310,
19 subsection A;

20 2. A statute of this state that provides for central filing of or that
21 requires indication on a certificate of title of a security interest in the
22 property, including title 28, chapter 7, article 4, and that requires
23 indication of the security interest on a certificate of title for a vehicle
24 required to be ~~titled~~ ISSUED A CERTIFICATE OF TITLE and registered under
25 section 28-2153 and for a mobile home required to be titled under section
26 28-2063; or

27 3. A statute of another jurisdiction that provides for a security
28 interest to be indicated on a certificate of title as a condition or result
29 of the security interest's obtaining priority over the rights of a lien
30 creditor with respect to the property.

31 B. Compliance with the requirements of a statute, regulation or treaty
32 described in subsection A of this section for obtaining priority over the
33 rights of a lien creditor is equivalent to the filing of a financing
34 statement under this chapter. Except as otherwise provided in subsection D
35 of this section and section 47-9313 and section 47-9316, subsections D and E
36 for goods covered by a certificate of title, a security interest in property
37 subject to a statute, regulation or treaty described in subsection A of this
38 section may be perfected only by compliance with those requirements, and a
39 security interest so perfected remains perfected notwithstanding a change in
40 the use or transfer of possession of the collateral.

41 C. Except as otherwise provided in subsection D of this section and
42 section 47-9316, subsections D and E, duration and renewal of perfection of a
43 security interest perfected by compliance with the requirements prescribed by
44 a statute, regulation or treaty described in subsection A of this section are
45 governed by the statute, regulation or treaty. In other respects, the
46 security interest is subject to this chapter.

1 D. During any period in which collateral subject to a statute
2 specified in subsection A, paragraph 2 of this section is inventory held for
3 sale or lease by a person or leased by that person as lessor and that person
4 is in the business of selling goods of that kind, this section does not apply
5 to a security interest in that collateral created by that person.

APPROVED BY THE GOVERNOR MAY 17, 2016.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 17, 2016.