COMMITTEE ON EDUCATION

SENATE AMENDMENTS TO H.B. 2535

(Reference to House engrossed bill)

Strike everything after the enacting clause and insert:

"Section 1. Section 6-126, Arizona Revised Statutes, is amended to read:

6-126. Application fees for financial institutions and enterprises

A. The following nonrefundable fees are payable to the department with the filing of the following applications:

1. To apply for a banking permit, five thousand dollars.

2. To apply for an amendment to a banking or savings and loan association permit, one thousand dollars.

3. To establish each banking branch office, seven hundred fifty dollars.

4. To move a banking office to other than an established office of a bank, one thousand dollars.

5. To apply for a savings and loan association permit, five thousand dollars.

6. To establish each savings and loan association branch office, one thousand five hundred dollars.

7. To move an office of a savings and loan association to other than an established office, one thousand dollars.

8. To organize and establish a credit union, one hundred dollars.

9. To establish each credit union branch or to move a credit union office to other than an established office of a credit union, two hundred fifty dollars.

10. To organize and establish any other financial institutions for which an application or investigation fee is not otherwise provided by law, two thousand five hundred dollars.

11. To acquire control of a financial institution, other than a consumer lender, five thousand dollars.

12. To apply for a trust company license, five thousand dollars.

13. To apply for a commercial mortgage banker, mortgage banker, escrow agent or consumer lender license, one thousand five hundred dollars.

14. To apply for a mortgage broker, commercial mortgage broker, sales finance company or debt management company license, eight hundred dollars.

15. To apply for a collection agency license, one thousand five hundred dollars.

16. To apply for a deferred presentment company license, one thousand dollars.

~~17. To apply for a motor vehicle dealer license, three hundred dollars.~~

~~18.~~ 17. To apply for a branch office of an escrow agent, consumer lender, commercial mortgage banker, mortgage banker, trust company, money transmitter, collection agency or deferred presentment company, five hundred dollars.

~~19.~~ 18. To apply for a branch office of a mortgage broker, commercial mortgage broker, debt management company or sales finance company, two hundred fifty dollars.

~~20.~~ 19. To apply for approval of the articles of incorporation of a business development corporation, five hundred dollars.

~~21.~~ 20. To apply for approval for the merger or consolidation of two or more financial institutions, five thousand dollars per institution.

~~22.~~ 21. To apply for approval to convert from a national bank or federal savings and loan charter to a state chartered institution, five thousand dollars.

~~23.~~ 22. To apply for approval to convert from a federal credit union to a state chartered credit union, one thousand dollars.

~~24.~~ 23. To apply for approval to merge or consolidate two or more credit unions, five hundred dollars per credit union.

~~25.~~ 24. To move an established office of an enterprise to other than an established office, fifty dollars.

~~26.~~ 25. To issue a duplicate or replace a lost enterprise's license, one hundred dollars.

~~27.~~ 26. To change a responsible person on a mortgage broker's, commercial mortgage broker's, commercial mortgage banker's or a mortgage banker's license, two hundred fifty dollars.

~~28.~~ 27. To change an active manager on a collection agency license or a manager of a money transmitter branch office license, two hundred fifty dollars.

~~29.~~ 28. To change the licensee name on a financial institution or enterprise license, not more than two hundred fifty dollars.

~~30.~~ 29. To apply for a money transmitter license, one thousand five hundred dollars plus twenty-five dollars for each branch office and authorized delegate to a maximum of four thousand five hundred dollars.

~~31.~~ 30. To acquire control of any money transmitter or controlling person pursuant to chapter 12 of this title, two thousand five hundred dollars.

~~32.~~ 31. To receive the following publications:

(a) Quarterly bank and savings and loan statement of condition, not more than ten dollars per copy.

(b) Monthly summary of actions report, not more than five dollars per copy.

(c) A list of licensees, a monthly pending actions report and all other in-house prepared reports or listings made available to the public, not more than one dollar per page.

~~33.~~ 32. To apply for a loan originator license, an amount to be determined by the superintendent.

~~34.~~ 33. To apply for a loan originator license transfer, an amount to be determined by the superintendent.

~~35.~~ 34. To apply for a conversion from a mortgage banker license to a mortgage broker license, an amount to be determined by the superintendent.

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

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

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

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

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

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

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

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

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

~~8.~~ 7. For a mortgage broker or commercial mortgage broker that negotiates or closes in the aggregate fifty loans or less in the immediately preceding calendar year, two hundred fifty dollars and for a mortgage broker or commercial mortgage broker that negotiates or closes in the aggregate more than fifty loans in the immediately preceding calendar year, five hundred

dollars. In addition, a mortgage broker or commercial mortgage broker shall pay two hundred dollars for each branch office.

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

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

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

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

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

D. The license, renewal or branch office permit fee for a premium finance company for each calendar year or part thereof shall not be less than one hundred dollars or more than three hundred dollars as set by the superintendent. If the license is issued or the branch office is opened after June 30 in any year, the fees shall not be less than fifty dollars or more than one hundred fifty dollars for that year.

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

28-101. Definitions

In this title, unless the context otherwise requires:

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

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

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

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

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

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

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

(ii) Is fifty or fewer inches in width.

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

(iv) Travels on three or more nonhighway tires.

(v) Is operated on a public highway.

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

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

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

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

(iv) Travels on four or more nonhighway tires.

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

(a) A fire department vehicle.

(b) A police vehicle.

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

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

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

6. "Aviation fuel" means all flammable liquids composed of a mixture of selected hydrocarbons expressly manufactured and blended for the purpose of effectively and efficiently operating an internal combustion engine for

use in an aircraft but does not include fuel for jet or turbine powered aircraft.

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

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

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

8. "Board" means the transportation board.

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

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

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

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

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

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

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

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

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

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

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

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

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

~~16.~~ 18. "Department" means the department of transportation acting directly or through its duly authorized officers and agents.

~~17.~~ 19. "Digital network or software application" has the same meaning prescribed in section 28-9551.

~~18.~~ 20. "Director" means the director of the department of transportation.

~~19.~~ 21. "Drive" means to operate or be in actual physical control of a motor vehicle.

~~20.~~ 22. "Driver" means a person who drives or is in actual physical control of a vehicle.

~~21.~~ 23. "Driver license" means a license that is issued by a state to an individual and that authorizes the individual to drive a motor vehicle.

~~22.~~ 24. "Electric personal assistive mobility device" means a self-balancing two nontandem wheeled device with an electric propulsion system that limits the maximum speed of the device to fifteen miles per hour or less and that is designed to transport only one person.

~~23.~~ 25. "Farm" means any lands primarily used for agriculture production.

~~24.~~ 26. "Farm tractor" means a motor vehicle designed and used primarily as a farm implement for drawing implements of husbandry.

~~25.~~ 27. "Foreign vehicle" means a motor vehicle, trailer or semitrailer that is brought into this state other than in the ordinary course of business by or through a manufacturer or dealer and that has not been registered in this state.

~~26.~~ 28. "Golf cart" means a motor vehicle that has not less than three wheels in contact with the ground, that has an unladen weight of less than one thousand eight hundred pounds, that is designed to be and is operated at not more than twenty-five miles per hour and that is designed to carry not more than four persons including the driver.

~~27.~~ 29. "Hazardous material" means a material, and its mixtures or solutions, that the United States department of transportation determines under 49 Code of Federal Regulations is, or any quantity of a material listed as a select agent or toxin under 42 Code of Federal Regulations part 73 that is, capable of posing an unreasonable risk to health, safety and property if transported in commerce and that is required to be placarded or marked as required by the department's safety rules prescribed pursuant to chapter 14 of this title.

~~28.~~ 30. "Implement of husbandry" means a vehicle designed primarily for agricultural purposes and used exclusively in the conduct of agricultural operations, including an implement or vehicle whether self-propelled or otherwise that meets both of the following conditions:

(a) Is used solely for agricultural purposes including the preparation or harvesting of cotton, alfalfa, grains and other farm crops.

(b) Is only incidentally operated or moved on a highway whether as a trailer or self-propelled unit. For the purposes of this subdivision, "incidentally operated or moved on a highway" means travel between a farm and another part of the same farm, from one farm to another farm or between a farm and a place of repair, supply or storage.

~~29.~~ 31. "Limousine" means a motor vehicle providing prearranged ground transportation service for an individual passenger, or a group of

passengers, that is arranged in advance or is operated on a regular route or between specified points and includes ground transportation under a contract or agreement for services that includes a fixed rate or time and is provided in a motor vehicle with a seating capacity not exceeding fifteen passengers including the driver.

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

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

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

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

(d) May do any of the following:

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

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

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

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

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

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

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

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

(a) Means either:

(i) A self-propelled vehicle.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) The vehicle is emission free.

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

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

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

~~41.~~ 43. "Off-road recreational motor vehicle" means a motor vehicle that is designed primarily for recreational nonhighway all-terrain travel and that is not operated on a public highway. Off-road recreational motor vehicle does not mean a motor vehicle used for construction, building trade, mining or agricultural purposes.

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

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

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

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

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

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

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

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

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

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

~~49.~~ 51. "Right-of-way" when used within the context of the regulation of the movement of traffic on a highway means the privilege of the immediate use of the highway. Right-of-way when used within the context of the real property on which transportation facilities and appurtenances to the facilities are constructed or maintained means the lands or interest in lands within the right-of-way boundaries.

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

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

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

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

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

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

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

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

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

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

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

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

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

~~58.~~ 61. "Trailer" means a vehicle that is with or without motive power, other than a pole trailer, that is designed for carrying persons or property and for being drawn by a motor vehicle and that is constructed so that no part of its weight rests on the towing vehicle. A semitrailer equipped with an auxiliary front axle commonly known as a dolly is deemed to be a trailer. For the purposes of this paragraph, "pole trailer" has the same meaning prescribed in section 28-601.

~~59.~~ 62. "Transportation network company" has the same meaning prescribed in section 28-9551.

~~60.~~ 63. "Transportation network company vehicle" has the same meaning prescribed in section 28-9551.

~~61.~~ 64. "Transportation network service" has the same meaning prescribed in section 28-9551.

~~62.~~ 65. "Truck" means a motor vehicle designed or used primarily for the carrying of property other than the effects of the driver or passengers and includes a motor vehicle to which has been added a box, a platform or other equipment for such carrying.

~~63.~~ 66. "Truck tractor" means a motor vehicle that is designed and used primarily for drawing other vehicles and that is not constructed to carry a load other than a part of the weight of the vehicle and load drawn.

~~64.~~ 67. "Vehicle" means a device in, on or by which a person or property is or may be transported or drawn on a public highway, excluding devices moved by human power or used exclusively on stationary rails or tracks.

~~65.~~ 68. "Vehicle transporter" means either:

(a) A truck tractor capable of carrying a load and drawing a semitrailer.

(b) A truck tractor with a stinger-steered fifth wheel capable of carrying a load and drawing a semitrailer or a truck tractor with a dolly mounted fifth wheel that is securely fastened to the truck tractor at two or more points and that is capable of carrying a load and drawing a semitrailer.

Sec. 3. Section 28-370, Arizona Revised Statutes, is amended to read:

28-370. Oaths and acknowledgments; power of attorney; definition

A. The director and officers, agents and employees of the department the director designates may administer oaths and acknowledge signatures, without a fee, in any matter connected with the administration of a law the enforcement of which is vested in the director.

B. Notwithstanding title 14, chapter 5, article 5:

1. The director or an officer, agent or employee of the department designated by the director may witness a power of attorney to be used solely in the performance of vehicle title and registration activities.

2. For the purposes of executing a power of attorney in the performance of vehicle title and registration activities, the power of attorney is not required to be:

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

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

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

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

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

28-453. Electronic transfer of information

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

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

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

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

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

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

28-2009. Certificate of title; validity

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

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

28-2011. Vehicle inspections

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

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

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

3. Level three. A level three inspection consists of a level two inspection plus verification of vehicle identification numbers on, at the discretion of the inspector, some or all component parts to determine the identity of the vehicle and that the vehicle is properly equipped for highway use.

B. A person who submits a motor vehicle to the department for inspection shall pay the following fees:

1. For a level two inspection, twenty dollars.

2. For a level three inspection, fifty dollars.

C. The department shall deposit the inspection fees in the vehicle inspection and CERTIFICATE OF title enforcement fund established by section 28-2012.

D. An inspection fee is not required for an inspection of a motor vehicle owned by a foreign government, by a consul or any other representative of a foreign government, by the United States, by a state or political subdivision of a state or by an Indian tribal government.

Sec. 8. Section 28-2012, Arizona Revised Statutes, is amended to read:

28-2012. Vehicle inspection and certificate of title enforcement fund

A. ~~A~~ THE vehicle inspection and CERTIFICATE OF title enforcement fund is established consisting of monies deposited pursuant to sections 28-2011 and 28-2013 and section 28-2095, subsection G.

B. Monies in the vehicle inspection and CERTIFICATE OF title enforcement fund are subject to legislative appropriation to the department to be used by the department to defray the cost of investigations involving certificates of title, licensing fraud, registration enforcement and automobile theft related issues.

C. The vehicle inspection and CERTIFICATE OF title enforcement fund is exempt from the provisions of section 35-190 relating to lapsing of appropriations.

Sec. 9. Section 28-2013, Arizona Revised Statutes, is amended to read:

28-2013. Disposition of property; deposit of proceeds

A. The department may receive monies from any department or agency of the United States, this state or any political subdivision of this state~~,~~ and may sell, transfer or otherwise dispose of all property seized and forfeited to the state, or otherwise awarded to the department, as a result of any investigation.

B. The department shall deposit, pursuant to sections 35-146 and 35-147, any proceeds resulting from subsection A of this section, except an investigation or prosecution conducted pursuant to article 3 of this chapter, in the vehicle inspection and CERTIFICATE OF title enforcement fund established by section 28-2012.

Sec. 10. Section 28-2051, Arizona Revised Statutes, is amended to read:

28-2051. Application for certificate of title; vision screening test

A. A person shall apply to the department on a form prescribed or authorized by the department for a certificate of title to a motor vehicle, trailer or semitrailer. The person shall make the application within fifteen days after the purchase or transfer of the vehicle, trailer or semitrailer

except that a licensed motor vehicle dealer shall make the application within thirty days after the purchase or transfer. All transferees shall sign the application, except that one transferee may sign the application if both of the following apply:

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

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

B. The application shall contain:

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

2. The transferee's complete residence address.

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

4. The name of the manufacturer of the vehicle.

5. The serial number of the vehicle.

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

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

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

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

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

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

(d) The signature of the lessor.

9. If the application is for a certificate of title to a specially constructed, reconstructed or foreign vehicle, a statement of that fact. For the purposes of this paragraph, "specially constructed vehicle" means a

vehicle not originally constructed under a distinctive name, make, model or type by a generally recognized manufacturer of vehicles.

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

11. Other information required by the department.

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

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

1. To a vehicle previously registered:

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

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

2. To a new vehicle:

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

(b) The name of the dealer or person.

(c) A description sufficient to identify the vehicle.

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

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

E. The department may request that an applicant who appears in person for a certificate of title of a motor vehicle, trailer or semitrailer

satisfactorily complete the vision screening test prescribed by the department.

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

28-2052. Title and registration of foreign vehicles

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

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

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

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

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

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

28-2053. Certificate of title without registration

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

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

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

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

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

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

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

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

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

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

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

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

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

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

B. At the request of the owner and on payment of a fee prescribed by the department by rule, the certificate of title may contain, by attachment, a transfer on death provision where the owner may designate a beneficiary of the ~~title~~ VEHICLE.

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

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

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

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

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

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

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

1. If the vehicle is registered:

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

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

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

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

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

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

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

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

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

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

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

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

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

3. A vehicle that is not self-propelled.

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

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

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

28-2059. Obtaining a certificate of title; revocation

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

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

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

28-2060. Transfer of ownership by operation of law

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

B. Within thirty days after passing of the title or interest of an owner of a registered or unregistered vehicle, the transferee of the vehicle shall obtain a new certificate of title on proper application and presentation of the last certificate of title, if available, and such instruments or documents of authority or certified copies of the instruments or documents that are sufficient or required by law to evidence or effect a transfer of title or interest in or to chattels that pass to another other than by voluntary transfer.

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

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

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

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

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

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

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

1. The license plates assigned to the vehicle are displayed on the vehicle.

2. If license plates are not displayed, a written permit has been obtained from the department or the local authorities having jurisdiction over the highways and a placard that bears the name and address of the person authorizing the movement and that is legible from a distance of one hundred feet during daylight is displayed in plain sight on the vehicle.

F. If ownership of a motor vehicle ~~titled~~ FOR WHICH A CERTIFICATE OF TITLE HAS BEEN ISSUED in this state or another state reverts through operation of state law to a lienholder of record through repossession pursuant to the terms of a security agreement or through another similar instrument that is valid in such state, an affidavit by the lienholder of

record stating that the vehicle was repossessed on default of the terms stated in the security agreement or similar instrument is proof of ownership, right of possession and right of transfer. IF THE LIENHOLDER OF RECORD IS A FINANCIAL INSTITUTION AS DEFINED IN SECTION 28-4301, THE LIENHOLDER OF RECORD SHALL ELECTRONICALLY SUBMIT THE REPOSSESSION AFFIDAVIT TO THE DEPARTMENT. The director shall prescribe the form and content of the affidavit. This state and its agencies, employees and agents are not liable for relying in good faith on the content of the affidavit.

Sec. 17. Section 28-2061, Arizona Revised Statutes, is amended to read:

28-2061. All-terrain vehicles; off-highway vehicles; off-road recreational motor vehicles; certificates of title; exemption

A. On the retail sale of a new all-terrain vehicle, off-highway vehicle as defined in section 28-1171 or off-road recreational motor vehicle, the dealer or person first receiving the motor vehicle from the manufacturer shall apply, on behalf of the purchaser, to the department for a certificate of title to the motor vehicle in the name of the purchaser. If satisfied that the application is genuine and regular and that the applicant is entitled to a certificate OF TITLE, the department shall issue a certificate of title to the motor vehicle without requiring registration for the motor vehicle.

B. A person who owns an all-terrain vehicle, off-highway vehicle as defined in section 28-1171 or off-road recreational motor vehicle shall apply for and obtain a certificate of title required by this section in the manner prescribed in this chapter ~~on or before July 1, 2009~~. On the transfer of ownership of an all-terrain vehicle, off-highway vehicle as defined in section 28-1171 or off-road recreational motor vehicle for which a certificate of title is required by this section, a person shall apply for and obtain a new certificate OF TITLE in the manner prescribed in this chapter.

C. A person participating in an off-highway vehicle special event as defined in section 28-1171 is exempt from the requirements of this section.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

~~2. Develop methods by which lending institutions, sales finance companies and manufacturers may electronically submit updated information pertaining to the title record, including the addition, assignment or release of vehicle security interests.~~

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

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

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

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

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

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

28-2065. Electronic and digital signatures; documents

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

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

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

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

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

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

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

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

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

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

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

1. A properly endorsed certificate of title.

2. A lien satisfaction, if applicable.

3. The appropriate fees.

B. Within thirty days after oral or written acceptance by the owner of an offer in settlement of total loss, if an insurance company or its authorized agent is unable to obtain the documents prescribed by subsection A, paragraphs 1 and 2 of this section, the insurance company or its agent, on a form provided by the department, may submit an application to the department for a salvage certificate of title, stolen vehicle certificate of title or nonrepairable vehicle certificate of title. The application shall include evidence that the insurance company or its agent has made two or more written attempts to obtain the documents prescribed by subsection A, paragraphs 1 and 2 of this section. The application shall include the appropriate fees prescribed by subsection A, paragraph 3 of this section.

The insurance company shall indemnify and hold harmless the department for any claims resulting from the issuance of a salvage certificate of title, stolen vehicle certificate of title or nonrepairable vehicle certificate of title pursuant to this subsection.

C. Except for vehicles registered pursuant to section 28-2482, 28-2483 or 28-2484, if the owner retains possession of a salvage vehicle or nonrepairable vehicle, the owner shall comply with this section before receiving a total loss settlement from the insurance company or otherwise disposing of the vehicle.

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

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

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

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

H. On sale of the vehicle, an owner of a salvage vehicle for which a salvage certificate of title has been obtained or an owner of a nonrepairable vehicle for which a nonrepairable vehicle certificate of title has been obtained shall assign and deliver the salvage certificate of title or

nonrepairable vehicle certificate of title OR A TITLE TRANSFER FORM to the purchaser and shall notify the department of the name and address of the purchaser.

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

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

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

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

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

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

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

L. If the vehicle is a recovered theft and components of the vehicle's air bag system, other than the air bag or the air bag module described in subsection I, paragraph 2 of this section, or other parts of the vehicle were

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

1. The vehicle is repairable.

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

3. The vehicle meets other requirements the director prescribes.

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

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

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

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

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

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

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

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

1. The frame is the component part replaced.

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

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

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

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

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

T. For the purposes of this section:

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

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

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

(b) Is a completely stripped vehicle that is recovered from theft and that is missing the engine or motor, the transmission, all of the bolt-on sheet metal body panels, all of the doors and hatches, substantially all of the interior components and substantially all of the grill and light assemblies or that the owner designates has little or no resale value except its worth as a source of scrap metal or as a source of a vehicle identification number that could be used illegally.

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

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

~~4.~~ 3. "Salvage vehicle" means a vehicle, other than a nonrepairable vehicle, of a type that is subject to ~~titling~~ THE ISSUANCE OF A CERTIFICATE

OF TITLE and registration pursuant to this chapter and that has been stolen, wrecked, destroyed, flood or water damaged or otherwise damaged to the extent that the owner, leasing company, financial institution or insurance company considers it uneconomical to repair the vehicle.

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

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

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

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

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

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

3. The registration card of the vehicle.

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

5. A fee of four dollars.

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

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

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

3. The registration card of the vehicle.

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

5. A fee of four dollars.

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

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

E. A licensed automotive recycler may dismantle a vehicle without obtaining a dismantle certificate of title in the licensed automotive recycler's name if the vehicle has previously been issued a dismantle certificate of title, a salvage certificate of title or a nonrepairable vehicle certificate of title. The dismantle certificate of title, salvage certificate of title or nonrepairable vehicle certificate of title must be the current title of record. ~~Except as provided in subsection G,~~ An automotive recycler shall file a written request to dismantle the vehicle in a form prescribed by the department. The automotive recycler may begin dismantling the vehicle ~~after completing the requirements imposed by the department pursuant to subsection G or~~ after mailing or delivering the request. If the department notifies the automotive recycler of a claim of

lien or interest in the vehicle by some other person, the automotive recycler shall cease dismantling or sale of the vehicle and any of its parts until the rights of the other person are determined.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

I. For the purposes of this section:

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

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

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

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

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

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

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

28-2097. Modular motor homes; definition

A. Notwithstanding any other provision of this title:

1. If a refurbished coach or body component is remounted to a new cab and chassis power unit of a modular motor home, the department shall ISSUE A CERTIFICATE OF title FOR the modular motor home according to the make of the refurbished coach. The manufacturer's cab and chassis vehicle identification number determines the model year. The department shall conduct a level one inspection of the vehicle and shall brand the CERTIFICATE OF title refurbished.

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

B. If a vehicle covered by this section is offered for sale, a person who sells the vehicle shall keep full and complete disclosure statements and present those statements to any person or entity that requests them at the time of a sale or purchase. For the purposes of this subsection, full and complete disclosure statements are documents that accurately reflect the history of the original manufacturer's cab and chassis, including vehicle

identification numbers, dates of required inspections, odometer readings and other information prescribed by the director in rules.

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

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

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

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

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

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

28-2131. Liens and encumbrances; validity

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

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

2. A CERTIFICATE OF title retention instrument or any other instrument affecting or evidencing title to, ownership of or reservation of title to a vehicle required to be ~~titled~~ ISSUED A CERTIFICATE OF TITLE and registered under section 28-2153 or a mobile home required to be ~~titled~~ ISSUED A CERTIFICATE OF TITLE under section 28-2063.

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

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

28-2132. Indication of lien or encumbrance

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

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

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

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

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

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

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

B. The filing and issuance of a new certificate of title as provided in this article is constructive notice to creditors of the owner or to subsequent purchasers of all liens and encumbrances against the vehicle described in the certificate of title, except those that are authorized by law and that are dependent on possession. If the documents referred to in this article are delivered to a registering office or an authorized third

party provider of the department within thirty days after the date of their execution, the constructive notice dates from the time of execution. Otherwise, the notice dates from the time of receipt and filing of the documents by the department as shown by its endorsement. For the purposes of this subsection, the time stamp on the documents that is administered by the registering officer or authorized third party provider of the department electronically or otherwise is conclusive as to the time and date of delivery of the documents.

C. The method provided in subsection B of this section for giving constructive notice of a lien or encumbrance on a vehicle required to be ~~titled~~ ISSUED A CERTIFICATE OF TITLE and registered under section 28-2153 or a mobile home required to be ~~titled~~ ISSUED A CERTIFICATE OF TITLE under section 28-2063 is exclusive, except for liens dependent on possession. A lien, encumbrance or title retention instrument or document that evidences any of them and that is filed as provided by this article is exempt from the provisions of law that otherwise require or relate to the recording or filing of instruments creating or evidencing title retention or other liens or encumbrances on vehicles of a type subject to registration under this chapter.

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

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

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

A. When a holder of a lien or encumbrance receives payment in full satisfying a lien or encumbrance recorded under this article, the holder of

the lien or encumbrance shall release the lien or encumbrance and ~~deliver the certificate of title to the next holder of a lien or encumbrance entitled to possession of the certificate of title or, if there is not another holder of a lien or encumbrance entitled to possession of the certificate of title, to~~ NOTIFY the owner of the vehicle at the address shown on the certificate of title or, if the holder of the lien or encumbrance has been previously notified of sale or transfer of the vehicle, ~~to~~ the person who is legally entitled to possession THAT THE DEPARTMENT HAS ISSUED A CERTIFICATE OF TITLE TO THE PERSON FOR THE VEHICLE.

B. If a holder of a lien or encumbrance assigns the obligation and the holder lawfully has possession of the certificate of title, the holder shall deliver the certificate of title at the time of assignment to the holder's assignee. If a holder of a lien or encumbrance is not entitled to possession of the certificate of title when the holder assigns the obligation, the holder shall immediately deliver the certificate of title to the assignee when the holder becomes lawfully entitled to and obtains lawful possession of the certificate of title. The holder's assignee is entitled to hold the certificate of title until the obligation is satisfied. When the obligation is satisfied, the assignee shall deliver the certificate of title to the next holder of a lien or encumbrance entitled to possession of the certificate of title or, if there is not another holder of a lien or encumbrance entitled to possession of the certificate of title, to the owner of the vehicle as prescribed in subsection A of this section.

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

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

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

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

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

2. With particularity the steps taken in the search.

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

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

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

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

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

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

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

Notwithstanding any other provision in this article:

1. A security interest in inventory, as defined in section 47-9102, consisting in whole or in part of vehicles required to be ~~titled~~ ISSUED A CERTIFICATE OF TITLE and registered under section 28-2153 or of mobile homes

shall be perfected in accordance with the filing provisions of title 47, chapter 9, article 5 to the extent that those provisions are applicable by virtue of title 47, chapter 9, article 3.

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

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

28-2136. Unsatisfied liens

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

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

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

28-2137. Restitution lien; removal

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

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

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

B. If a restitution lien is removed as prescribed in subsection A of this section, the department shall place a code on the obligor's record that automatically restores the restitution lien on any vehicle that is

subsequently ~~titled~~ ISSUED A CERTIFICATE OF TITLE or registered, or both, by the obligor.

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

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

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

A. If a vehicle is operated on a highway without payment of the registration or CERTIFICATE OF TITLE transfer fee, the fee is delinquent. If the fee is not paid before the date on which the vehicle is required to be registered for the current registration year, the department shall collect a penalty. The penalty is eight dollars for the first month of delinquency and four dollars for each additional month, not to exceed a total penalty of one hundred dollars. Registration of a vehicle in the name of the applicant for the year immediately preceding the year for which the application for registration is made is prima facie evidence that the vehicle has been operated on the highways during the year for which the application for registration is made.

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

application and the registration of the vehicle, the department shall refund or waive the penalty prescribed in subsection A of this section.

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

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

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

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

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

28-2165. Special serial or identification number

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) Has a valid driver license.

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

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

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

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

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

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

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

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

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

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

1. If the vehicle is a stolen vehicle.

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

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

4. If all of the following apply:

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

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

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

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

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

6. IF THE VEHICLE IS OWNED BY A MOTOR VEHICLE DEALER WHO HAS PAID FEES PURSUANT TO SECTION 28-4302 AND IS DRIVEN BY A CUSTOMER, POTENTIAL CUSTOMER OR EMPLOYEE OF THE MOTOR VEHICLE DEALER AND THE MOTOR VEHICLE DEALER HAS PROVIDED TO THE IMMOBILIZING OR IMPOUNDING AGENCY INDICIA OF THE MOTOR

VEHICLE DEALER'S OWNERSHIP OF THE VEHICLE, INCLUDING A CERTIFICATE OF TITLE OR A MANUFACTURER-ISSUED CERTIFICATE OR STATEMENT OF ORIGIN.

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

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

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

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

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

C. The owner or the owner's spouse if the vehicle is released to the owner's spouse is responsible for paying all immobilization, towing and storage charges related to the immobilization or impoundment of the vehicle and any administrative charges established pursuant to section 28-3513, unless the vehicle is stolen and the theft was reported to the appropriate law enforcement agency. If the vehicle is stolen and the theft was reported to the appropriate law enforcement agency, the operator of the vehicle at the time of immobilization or impoundment is responsible for all immobilization, towing, storage and administrative charges.

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

1. The person is either of the following:

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

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

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

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

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

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

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

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

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

F. The person described in subsection D of this section may require the owner to pay charges that the person incurred in connection with obtaining custody of the vehicle, including all immobilization, towing and storage charges that are related to the immobilization or impoundment of the vehicle and any administrative charges that are established pursuant to section 28-3513.

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

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

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

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

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

H. The storage charges relating to the impoundment of a vehicle pursuant to this section shall be subject to a contractual agreement between the impounding agency and a towing firm for storage services pursuant to

section 41-1830.51 and shall be fifteen dollars for each day of storage, including any time the vehicle remains in storage after the end of the thirty day impoundment period.

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

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

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

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

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

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

A. If a peace officer removes and either immobilizes or impounds a vehicle pursuant to section 28-3511, the immobilizing or impounding agency may provide the owner, the spouse of the owner and any other person ~~identified on the department's record as having an~~ PROVIDING INDICIA OF OWNERSHIP OR OTHER interest in the vehicle immediately before the immobilization or impoundment with the opportunity for an immobilization or poststorage hearing to determine the validity of the immobilization or storage or consider any mitigating circumstances relating to the

immobilization or storage or release of the vehicle before the end of the thirty day immobilization or impoundment period. If the immobilizing or impounding agency provides the opportunity for an immobilization or poststorage hearing, the immobilizing or impounding agency shall conduct the hearing in accordance with any of the following:

1. In the immobilizing or impounding agency's jurisdiction.

2. Telephonically.

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

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

C. Within three business days after immobilization or impoundment, excluding weekends and holidays, the immobilizing or impounding agency shall send a notice of storage by first class mail to each person, other than the owner, identified on the department's record as having an interest in the vehicle OR WHO HAS PROVIDED THE DEPARTMENT WITH INDICIA OF OWNERSHIP OR OTHER INTEREST IN THE VEHICLE THAT EXISTS immediately before the immobilization or impoundment. Service of notice of immobilization or storage is complete on mailing. If within three business days after immobilization or impoundment, excluding weekends and holidays, the immobilizing or impounding agency fails to notify a person, other than the owner, identified on the department's record as having an interest in the vehicle immediately before the

immobilization or impoundment, the immobilizing agency or the person in possession of the vehicle shall not charge any administrative fees or more than fifteen days' immobilization or impoundment when the person redeems the impounded vehicle or has the immobilization device removed from the vehicle.

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

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

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

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

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

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

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

6. A statement that if the immobilizing or impounding agency does not provide the opportunity for an immobilization or poststorage hearing, the owner, the spouse of the owner, the owner's agent or any person identified in the department's record as having an interest in the vehicle OR A PERSON WHO

HAS PROVIDED THE DEPARTMENT WITH INDICIA OF OWNERSHIP OR OTHER INTEREST IN THE VEHICLE THAT EXISTS immediately before the immobilization or impoundment may request that the immobilization or poststorage hearing be conducted by a justice court in the immobilizing or impounding agency's jurisdiction or the jurisdiction in which the owner, the spouse of the owner, the owner's agent or the person identified in the department's record as having an interest in the vehicle immediately before the immobilization or impoundment resides.

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

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

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

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

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

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

28-4302. Fees; disposition

A. The following fees are required:

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

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

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

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

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

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

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

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

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

28-4335. Wholesale motor vehicle dealer or broker

A. A wholesale motor vehicle dealer or a broker:

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

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

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

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

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

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

28-4361. License application; criminal records check

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

B. The application shall be verified and shall contain:

1. The name and residence of either:

(a) The applicant.

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

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

2. The principal place of business of the applicant.

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

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

5. The business hours of the applicant.

6. Other information that the director requires.

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

1. A full set of fingerprints to the department OF TRANSPORTATION for the purpose of obtaining a state and federal criminal records check pursuant to section 41-1750 and Public Law 92-544. The department of public safety may exchange this fingerprint data with the federal bureau of investigation.

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

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

E. The requirement for a criminal records check:

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

2. May not apply if the application is for a subsequent license and each applicant who owns twenty ~~per cent~~ PERCENT or more of an entity, and

each partner or stockholder who owns twenty ~~per cent~~ PERCENT or more of an entity, either:

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

(b) Are currently licensed under this section.

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

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

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

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

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

1. A particular description of each motor vehicle of a type subject to registration under the laws of this state that is bought, sold, brokered or exchanged by the licensee or received or accepted by the licensee for sale, brokering or exchange.

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

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

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

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

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

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

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

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

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

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

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

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

28-4409. Evidence of ownership requirement; exception

A. Except as provided in section 28-4410:

1. Each dealer in motor vehicles, trailers and semitrailers, including manufacturers who sell to other than dealers, having possession of OR OFFERING FOR SALE a motor vehicle, trailer or semitrailer shall have at the same time either:

(a) Possession of a duly and regularly assigned certificate of title to the vehicle.

(b) Reasonable indicia of ownership or right of possession as ~~provided in section 28-4410~~ APPROVED BY THE DIRECTOR.

2. A dealer or manufacturer shall not offer for sale or sell a motor vehicle, trailer or semitrailer until the dealer or manufacturer has obtained a certificate of title to the motor vehicle, trailer or semitrailer, except that a certificate of title is not required for a new motor vehicle sold by manufacturers to dealers.

B. A wholesale motor vehicle auction dealer is exempt from the requirement of having to possess a duly and regularly assigned certificate of title and from other requirements relating to the reassignment of CERTIFICATE OF title documents and disclosures to buyers. A wholesale motor vehicle auction dealer may buy or sell a motor vehicle at wholesale in the wholesale motor vehicle auction dealer's own name if the wholesale motor vehicle auction dealer complies with the provisions of this title relating to certificates of title, reassignments of CERTIFICATE OF title documents and disclosures to buyers.

C. A wholesale motor vehicle dealer must APPLY FOR A CERTIFICATE OF title in the name of the wholesale motor vehicle dealer any vehicle that the wholesale motor vehicle dealer acquires before the wholesale motor vehicle dealer transfers the vehicle to another licensed motor vehicle dealer.

Sec. 42. Section 28-4410, Arizona Revised Statutes, is amended to read:

28-4410. Consignment contracts; definitions

A. A dealer in motor vehicles, trailers and semitrailers may possess and offer for sale a motor vehicle, trailer or semitrailer without having a duly or regularly assigned certificate of title OR TITLE TRANSFER FORM in the dealer's possession if the dealer possesses all of the following:

1. A consignment contract or dealer acquisition contract.

2. The most recent registration card for the vehicle.

3. A statement by the lienholder disclosing all unsatisfied liens, if applicable.

B. A dealer may complete the sale of a motor vehicle, trailer or semitrailer offered for sale under subsection A of this section when the dealer possesses verification that all liens on the motor vehicle, trailer or semitrailer have been satisfied by the dealer or assumed by the purchaser.

C. A dealer who offers a vehicle for sale on consignment shall inform a prospective customer that the vehicle is on consignment to the dealer.

D. The director shall adopt rules on the minimum form and content of consignment contracts and dealer acquisition contracts.

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

F. A dealer in motor vehicles, trailers or semitrailers may offer for sale or sell a motor vehicle, trailer or semitrailer without having a duly or regularly assigned certificate of title in the dealer's possession if the dealer possesses a complete photocopy of the duly or regularly assigned certificate of title, the original of which has been delivered to a financial

institution or a subsidiary of the financial institution pursuant to an inventory financing arrangement.

G. For the purposes of this section:

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

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

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

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

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

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

28-4412. Guaranty disclosure; used motor vehicles; definition

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

1. Provide each purchaser with a written statement that:

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

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

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

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

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

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

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

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

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

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

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

28-4421. Selling dealer's duties

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

1. Applying for A CERTIFICATE OF title in the name of the purchaser and securing vehicle registration and the license plates for the purchaser.

2. Securing the manufacturer's warranty in the name of the purchaser.

3. Making all applications for any manufacturer's rebates and incentives due the purchaser.

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

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

28-4423. Wholesale motor vehicle auction dealers; sign; title stamp

Each wholesale motor vehicle auction dealer shall:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1. Thirty dollars, if the dealer is not a motorcycle dealer.

2. Ten dollars, if the dealer is a motorcycle dealer.

E. The director may recall, redesign and reissue dealer license plates pursuant to this article. The plate or pair of plates issued shall contain a number or symbol distinguishing them from every other plate or pair of plates issued to the same dealer. The director shall not allow a request for dealer license plates to be combined with a request for a personalized special plate

issued pursuant to section 28-2406. Reissued dealer license plates shall be distributed as determined by the director.

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

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

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

28-4547. Requirements for temporary registration plates

A. A dealer shall not:

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

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

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

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

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

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

A. Except if a manufacturer's serial or identification number of a motor vehicle or major component part of a vehicle is removed, defaced, altered or destroyed with the permission of the department or if a special serial or identifying number issued by the department has been properly

affixed to a vehicle pursuant to section 28-2165, a motor vehicle or major component part of the vehicle that has had the manufacturer's or department's serial or identification number removed, defaced, altered or destroyed and a serial or identification number so removed are contraband.

B. A law enforcement agency shall both:

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

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

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

(b) If the original identification numbers can be temporarily restored and the last owner as identified on official title records maintained by the vehicle registration agency of the state, country or territory in which the vehicle was last ~~titled~~ ISSUED A CERTIFICATE OF TITLE or the person or entity to which A CERTIFICATE OF title was assigned by the last owner as identified on official title records can be found, the county attorney of the county in which the motor vehicle or major component part of a vehicle was seized or the attorney general, within sixty days after the date of seizure or such other reasonable time that is set by the court, shall file a petition or action in the superior court in the county in which the item was seized or in Maricopa county to forfeit the motor vehicle or major component part of a vehicle to this state for use or other appropriate disposition by the law enforcement agency that seized the item or for such other disposition as the state deems appropriate. The petition shall set forth probable cause that

the item is contraband. A copy of the petition or notice of pending forfeiture shall be served as follows:

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

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

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

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

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

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

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

28-5101. Third party authorization

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

1. Title and registration.

2. Motor carrier licensing and tax reporting.

3. Dealer licensing.

4. Driver licensing as prescribed in sections 28-5101.01, 28-5101.02 and 28-5101.03.

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

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

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

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

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

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

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

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

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

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

4. Four dollars for each initial, renewal, replacement or duplicate application that the third party processes and that relates to driver licenses, nonoperating identification licenses or permits. An authorized third party may add the cost for expedited processing of renewal, replacement or duplicate applications if requested by the applicant.

5. An amount equal to two ~~per cent~~ PERCENT of each overweight or excess size vehicle registration or permit fee the third party collects and submits to the department or one dollar for each overweight or excess size vehicle registration or permit processed, whichever is more.

6. One dollar for each motor vehicle or special motor vehicle record, excluding motor vehicle records released to commercial recipients, including insurers and their authorized agents.

7. Five dollars or one-fourth of one ~~per cent~~ PERCENT of the fuel taxes reported, whichever is greater, for each fuel tax report filed electronically. ~~In fiscal years 2008-2009 through 2012-2013, the maximum annual amount retained each year shall not exceed one million five hundred thousand dollars. Beginning in fiscal year 2013-2014,~~ The maximum annual amount retained each year shall not exceed four hundred eighty thousand dollars.

8. One dollar for each fuel tax permit.

9. One dollar for each nonsufficient funds or dishonored check payment.

10. One dollar for each abandoned vehicle report processed, except for applications for crushed vehicles.

11. One dollar for each abandoned vehicle payment.

12. Two dollars for each initial special or personalized license plate application.

13. One dollar for each initial, renewal or replacement vehicle dealer license plate.

14. Five dollars for each application for an initial vehicle dealer license or continuation of a vehicle dealer license.

15. One dollar of each twelve dollar fee paid pursuant to section 28-2356.

16. One dollar for each traffic survival school application and one dollar for each certificate of completion processed.

17. One dollar for each replacement license plate or tab.

G. For authorized third party electronic service partners, the amount of compensation and the amount of reimbursements for transactions shall be negotiated by the department and the authorized third party electronic service partner and shall be set forth in the written agreement authorizing the third party electronic service partner. If reimbursement is made for individual transactions, the reimbursements shall not exceed the amounts specified in subsections F, H and I of this section. Other forms of compensation or reimbursements for services may be specified in the written agreement. Compensation and reimbursements provided for by the written agreement may include the development and implementation of information technology and other automated systems and any necessary support for these systems.

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

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

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

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

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

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

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

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

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

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

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

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

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

1. Research methods the department and authorized third parties or authorized third party electronic service providers may use to exchange and maintain information relating to driver licenses and vehicle CERTIFICATES OF title and registration without submitting or receiving a paper document.

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

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

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

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

44-281. Definitions

In this article, unless the context otherwise requires:

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

2. "Cash sale price" means the price stated in a retail installment contract for which the seller would have sold to the buyer, and the buyer would have bought from the seller, the motor vehicle which is the subject matter of the retail installment contract, if such sale had been a sale for cash instead of a retail installment transaction. The cash sale price may include charges for accessories and their installation and for delivery, and servicing, repairing or improving the motor vehicle, and for charges for other costs that are necessary or incidental to the transaction and that the

seller furnishes or agrees to pay on behalf of the buyer, including taxes, assessor's fees, license fees and fees for filing, recording or otherwise perfecting or releasing a reserved title or lien, and may include a reasonable charge for the seller's services.

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

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

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

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

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

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

(i) Tractors.

(ii) Buses.

(iii) Trucks.

(iv) Power shovels.

(v) Road machinery.

(vi) Agricultural machinery.

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

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

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

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

(b) Includes:

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

(ii) A secondary motor vehicle finance transaction.

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

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

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

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

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

(c) Does not include:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

F. A penalty of twenty-five dollars per day shall be assessed against any licensee for each day after the license continuation date that the

licensee's renewal application and fee are not received by the department of financial institutions. Licenses not renewed within thirty days after their license continuation date expire.

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

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

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

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

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

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

44-294. Records

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

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

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

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

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

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

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

B. Compliance with the requirements of a statute, regulation or treaty described in subsection A of this section for obtaining priority over the

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

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

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

Amend title to conform

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