

PROPOSED AMENDMENT
SENATE AMENDMENTS TO H.B. 2535
(Reference to House engrossed bill)

1 Strike everything after the enacting clause and insert:

2 “Section 1. Section 6-126, Arizona Revised Statutes, is amended to
3 read:

4 6-126. Application fees for financial institutions and enterprises

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

21 ~~19.~~ 18. To apply for a branch office of a mortgage broker, commercial
22 mortgage broker, debt management company or sales finance company, two
23 hundred fifty dollars.

24 ~~20.~~ 19. To apply for approval of the articles of incorporation of a
25 business development corporation, five hundred dollars.

26 ~~21.~~ 20. To apply for approval for the merger or consolidation of two
27 or more financial institutions, five thousand dollars per institution.

28 ~~22.~~ 21. To apply for approval to convert from a national bank or
29 federal savings and loan charter to a state chartered institution, five
30 thousand dollars.

31 ~~23.~~ 22. To apply for approval to convert from a federal credit union
32 to a state chartered credit union, one thousand dollars.

1 ~~24.~~ 23. To apply for approval to merge or consolidate two or more
2 credit unions, five hundred dollars per credit union.

3 ~~25.~~ 24. To move an established office of an enterprise to other than
4 an established office, fifty dollars.

5 ~~26.~~ 25. To issue a duplicate or replace a lost enterprise's license,
6 one hundred dollars.

7 ~~27.~~ 26. To change a responsible person on a mortgage broker's,
8 commercial mortgage broker's, commercial mortgage banker's or a mortgage
9 banker's license, two hundred fifty dollars.

10 ~~28.~~ 27. To change an active manager on a collection agency license or
11 a manager of a money transmitter branch office license, two hundred fifty
12 dollars.

13 ~~29.~~ 28. To change the licensee name on a financial institution or
14 enterprise license, not more than two hundred fifty dollars.

15 ~~30.~~ 29. To apply for a money transmitter license, one thousand five
16 hundred dollars plus twenty-five dollars for each branch office and
17 authorized delegate to a maximum of four thousand five hundred dollars.

18 ~~31.~~ 30. To acquire control of any money transmitter or controlling
19 person pursuant to chapter 12 of this title, two thousand five hundred
20 dollars.

21 ~~32.~~ 31. To receive the following publications:

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

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

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

29 ~~33.~~ 32. To apply for a loan originator license, an amount to be
30 determined by the superintendent.

31 ~~34.~~ 33. To apply for a loan originator license transfer, an amount to
32 be determined by the superintendent.

1 ~~35.~~ 34. To apply for a conversion from a mortgage banker license to a
2 mortgage broker license, an amount to be determined by the superintendent.

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

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

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

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

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

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

16 ~~5.~~ 4. For an inactive mortgage broker or commercial mortgage broker,
17 two hundred fifty dollars.

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

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

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

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

3 ~~9.~~ 8. For a consumer lender, one thousand dollars plus two hundred
4 dollars for each branch office.

5 ~~10.~~ 9. For a money transmitter, five hundred dollars plus twenty-five
6 dollars for each branch office and each authorized delegate to a maximum of
7 two thousand five hundred dollars.

8 ~~11.~~ 10. For a deferred presentment company, four hundred dollars. In
9 addition, a deferred presentment company shall pay two hundred dollars for
10 each branch office.

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

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

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

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

22 28-101. Definitions

23 In this title, unless the context otherwise requires:

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

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

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

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

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

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

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

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

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

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

7 (v) Is operated on a public highway.

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

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

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

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

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

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

17 (a) A fire department vehicle.

18 (b) A police vehicle.

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

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

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

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

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

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

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

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

9 8. "Board" means the transportation board.

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

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

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

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

24 ~~11.~~ 13. "Combination of vehicles" means a truck or truck tractor and
25 semitrailer and any trailer that it tows but does not include a forklift
26 designed for the purpose of loading or unloading the truck, trailer or
27 semitrailer.

28 ~~12.~~ 14. "Controlled substance" means a substance so classified under
29 section 102(6) of the controlled substances act (21 United States Code
30 section 802(6)) and includes all substances listed in schedules I through V
31 of 21 Code of Federal Regulations part 1308.

32 ~~13.~~ 15. "Conviction" means:

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

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

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

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

8 ~~14.~~ 16. "County highway" means a public road that is constructed and
9 maintained by a county.

10 ~~15.~~ 17. "Dealer" means a person who is engaged in the business of
11 buying, selling or exchanging motor vehicles, trailers or semitrailers and
12 who has an established place of business AND HAS PAID FEES PURSUANT TO
13 SECTION 28-4302.

14 ~~16.~~ 18. "Department" means the department of transportation acting
15 directly or through its duly authorized officers and agents.

16 ~~17.~~ 19. "Digital network or software application" has the same
17 meaning prescribed in section 28-9551.

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

20 ~~19.~~ 21. "Drive" means to operate or be in actual physical control of
21 a motor vehicle.

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

24 ~~21.~~ 23. "Driver license" means a license that is issued by a state to
25 an individual and that authorizes the individual to drive a motor vehicle.

26 ~~22.~~ 24. "Electric personal assistive mobility device" means a
27 self-balancing two nontandem wheeled device with an electric propulsion
28 system that limits the maximum speed of the device to fifteen miles per hour
29 or less and that is designed to transport only one person.

30 ~~23.~~ 25. "Farm" means any lands primarily used for agriculture
31 production.

1 ~~24.~~ 26. "Farm tractor" means a motor vehicle designed and used
2 primarily as a farm implement for drawing implements of husbandry.

3 ~~25.~~ 27. "Foreign vehicle" means a motor vehicle, trailer or
4 semitrailer that is brought into this state other than in the ordinary course
5 of business by or through a manufacturer or dealer and that has not been
6 registered in this state.

7 ~~26.~~ 28. "Golf cart" means a motor vehicle that has not less than
8 three wheels in contact with the ground, that has an unladen weight of less
9 than one thousand eight hundred pounds, that is designed to be and is
10 operated at not more than twenty-five miles per hour and that is designed to
11 carry not more than four persons including the driver.

12 ~~27.~~ 29. "Hazardous material" means a material, and its mixtures or
13 solutions, that the United States department of transportation determines
14 under 49 Code of Federal Regulations is, or any quantity of a material listed
15 as a select agent or toxin under 42 Code of Federal Regulations part 73 that
16 is, capable of posing an unreasonable risk to health, safety and property if
17 transported in commerce and that is required to be placarded or marked as
18 required by the department's safety rules prescribed pursuant to chapter 14
19 of this title.

20 ~~28.~~ 30. "Implement of husbandry" means a vehicle designed primarily
21 for agricultural purposes and used exclusively in the conduct of agricultural
22 operations, including an implement or vehicle whether self-propelled or
23 otherwise that meets both of the following conditions:

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

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

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

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

6 ~~30.~~ 32. "Livery vehicle" means a motor vehicle that:

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

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

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

12 (d) May do any of the following:

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

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

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

18 ~~31.~~ 33. "Local authority" means any county, municipal or other local
19 board or body exercising jurisdiction over highways under the constitution
20 and laws of this state.

21 ~~32.~~ 34. "Manufacturer" means a person engaged in the business of
22 manufacturing motor vehicles, trailers or semitrailers.

23 ~~33.~~ 35. "Moped" means a bicycle that is equipped with a helper motor
24 if the vehicle has a maximum piston displacement of fifty cubic centimeters
25 or less, a brake horsepower of one and one-half or less and a maximum speed
26 of twenty-five miles per hour or less on a flat surface with less than a one
27 percent grade.

28 ~~34.~~ 36. "Motor driven cycle" means a motorcycle, including every
29 motor scooter, with a motor that produces not more than five horsepower.

30 ~~35.~~ 37. "Motor vehicle":

31 (a) Means either:

32 (i) A self-propelled vehicle.

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

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

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

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

12 ~~36.~~ 38. "Motor vehicle fuel" includes all products that are commonly
13 or commercially known or sold as gasoline, including casinghead gasoline,
14 natural gasoline and all flammable liquids, and that are composed of a
15 mixture of selected hydrocarbons expressly manufactured and blended for the
16 purpose of effectively and efficiently operating internal combustion engines.
17 Motor vehicle fuel does not include inflammable liquids that are specifically
18 manufactured for racing motor vehicles and that are distributed for and used
19 by racing motor vehicles at a racetrack, use fuel as defined in section
20 28-5601, aviation fuel, fuel for jet or turbine powered aircraft or the
21 mixture created at the interface of two different substances being
22 transported through a pipeline, commonly known as transmix.

23 ~~37.~~ 39. "Motorcycle" means a motor vehicle that has a seat or saddle
24 for the use of the rider and that is designed to travel on not more than
25 three wheels in contact with the ground but excludes a tractor and a moped.

26 ~~38.~~ 40. "Motorized quadricycle" means a self-propelled motor vehicle
27 to which all of the following apply:

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

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

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

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

3 (e) The vehicle is a commercial motor vehicle as defined in section
4 28-5201.

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

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

9 (h) The vehicle complies with the definition and standards for
10 low-speed vehicles set forth in federal motor vehicle safety standard 500 and
11 49 Code of Federal Regulations ~~section~~ SECTIONS 571.3(b) and 571.500,
12 respectively.

13 ~~39.~~ 41. "Neighborhood electric vehicle" means a self-propelled
14 electrically powered motor vehicle to which all of the following apply:

15 (a) The vehicle is emission free.

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

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

20 ~~40.~~ 42. "Nonresident" means a person who is not a resident of this
21 state as defined in section 28-2001.

22 ~~41.~~ 43. "Off-road recreational motor vehicle" means a motor vehicle
23 that is designed primarily for recreational nonhighway all-terrain travel and
24 that is not operated on a public highway. Off-road recreational motor
25 vehicle does not mean a motor vehicle used for construction, building trade,
26 mining or agricultural purposes.

27 ~~42.~~ 44. "Operator" means a person who drives a motor vehicle on a
28 highway, who is in actual physical control of a motor vehicle on a highway or
29 who is exercising control over or steering a vehicle being towed by a motor
30 vehicle.

31 ~~43.~~ 45. "Owner" means:

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

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

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

7 ~~44.~~ 46. "Pedestrian" means any person afoot. A person who uses an
8 electric personal assistive mobility device or a manual or motorized
9 wheelchair is considered a pedestrian unless the manual wheelchair qualifies
10 as a bicycle. For the purposes of this paragraph, "motorized wheelchair"
11 means a self-propelled wheelchair that is used by a person for mobility.

12 ~~45.~~ 47. "Power sweeper" means an implement, with or without motive
13 power, that is only incidentally operated or moved on a street or highway and
14 that is designed for the removal of debris, dirt, gravel, litter or sand
15 whether by broom, vacuum or regenerative air system from asphaltic concrete
16 or cement concrete surfaces, including parking lots, highways, streets and
17 warehouses, and a vehicle on which the implement is permanently mounted.

18 ~~46.~~ 48. "Public transit" means the transportation of passengers on
19 scheduled routes by means of a conveyance on an individual passenger
20 fare-paying basis excluding transportation by a sightseeing bus, school bus
21 or taxi or a vehicle not operated on a scheduled route basis.

22 ~~47.~~ 49. "Reconstructed vehicle" means a vehicle that has been
23 assembled or constructed largely by means of essential parts, new or used,
24 derived from vehicles or makes of vehicles of various names, models and types
25 or that, if originally otherwise constructed, has been materially altered by
26 the removal of essential parts or by the addition or substitution of
27 essential parts, new or used, derived from other vehicles or makes of
28 vehicles. For the purposes of this paragraph, "essential parts" means
29 integral and body parts, the removal, alteration or substitution of which
30 will tend to conceal the identity or substantially alter the appearance of
31 the vehicle.

1 ~~48.~~ 50. "Residence district" means the territory contiguous to and
2 including a highway not comprising a business district if the property on the
3 highway for a distance of three hundred feet or more is in the main improved
4 with residences or residences and buildings in use for business.

5 ~~49.~~ 51. "Right-of-way" when used within the context of the regulation
6 of the movement of traffic on a highway means the privilege of the immediate
7 use of the highway. Right-of-way when used within the context of the real
8 property on which transportation facilities and appurtenances to the
9 facilities are constructed or maintained means the lands or interest in lands
10 within the right-of-way boundaries.

11 ~~50.~~ 52. "School bus" means a motor vehicle that is designed for
12 carrying more than ten passengers and that is either:

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

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

19 ~~51.~~ 53. "Semitrailer" means a vehicle that is with or without motive
20 power, other than a pole trailer, that is designed for carrying persons or
21 property and for being drawn by a motor vehicle and that is constructed so
22 that some part of its weight and that of its load rests on or is carried by
23 another vehicle. For the purposes of this paragraph, "pole trailer" has the
24 same meaning prescribed in section 28-601.

25 ~~52.~~ 54. "State" means a state of the United States and the District
26 of Columbia.

27 ~~53.~~ 55. "State highway" means a state route or portion of a state
28 route that is accepted and designated by the board as a state highway and
29 that is maintained by the state.

30 ~~54.~~ 56. "State route" means a right-of-way whether actually used as a
31 highway or not that is designated by the board as a location for the
32 construction of a state highway.

1 ~~55.~~ 57. "Street" or "highway" means the entire width between the
2 boundary lines of every way if a part of the way is open to the use of the
3 public for purposes of vehicular travel.

4 ~~56.~~ 58. "Taxi" means a motor vehicle that has a seating capacity not
5 exceeding fifteen passengers, including the driver, that is registered as a
6 taxi in this state or any other state, that provides passenger services and
7 that:

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

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

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

16 ~~57.~~ 60. "Traffic survival school" means a school that offers
17 educational sessions to drivers who are required to attend and successfully
18 complete educational sessions pursuant to this title that are designed to
19 improve the safety and habits of drivers and that are approved by the
20 department.

21 ~~58.~~ 61. "Trailer" means a vehicle that is with or without motive
22 power, other than a pole trailer, that is designed for carrying persons or
23 property and for being drawn by a motor vehicle and that is constructed so
24 that no part of its weight rests on the towing vehicle. A semitrailer
25 equipped with an auxiliary front axle commonly known as a dolly is deemed to
26 be a trailer. For the purposes of this paragraph, "pole trailer" has the same
27 meaning prescribed in section 28-601.

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

30 ~~60.~~ 63. "Transportation network company vehicle" has the same meaning
31 prescribed in section 28-9551.

1 ~~61.~~ 64. "Transportation network service" has the same meaning
2 prescribed in section 28-9551.

3 ~~62.~~ 65. "Truck" means a motor vehicle designed or used primarily for
4 the carrying of property other than the effects of the driver or passengers
5 and includes a motor vehicle to which has been added a box, a platform or
6 other equipment for such carrying.

7 ~~63.~~ 66. "Truck tractor" means a motor vehicle that is designed and
8 used primarily for drawing other vehicles and that is not constructed to
9 carry a load other than a part of the weight of the vehicle and load drawn.

10 ~~64.~~ 67. "Vehicle" means a device in, on or by which a person or
11 property is or may be transported or drawn on a public highway, excluding
12 devices moved by human power or used exclusively on stationary rails or
13 tracks.

14 ~~65.~~ 68. "Vehicle transporter" means either:

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

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

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

22 ~~28-370.~~ Oaths and acknowledgments; power of attorney; definition

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

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

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

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

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

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

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

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

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

14 28-453. Electronic transfer of information

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

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

20 28-2008. Duplicate certificate of title, permit, registration card or
21 license plates

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

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

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

1 28-2009. Certificate of title; validity

2 The certificate of title is valid for the life of the vehicle as long
3 as the vehicle is owned by the original holder of the title, unless it has
4 been replaced ~~by a duplicate certificate of title~~ pursuant to section
5 28-2008.

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

7 28-2011. Vehicle inspections

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

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

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

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

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

24 1. For a level two inspection, twenty dollars.

25 2. For a level three inspection, fifty dollars.

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

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

1 Sec. 8. Section 28-2012, Arizona Revised Statutes, is amended to read:
2 28-2012. Vehicle inspection and certificate of title enforcement fund

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

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

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

14 Sec. 9. Section 28-2013, Arizona Revised Statutes, is amended to read:
15 28-2013. Disposition of property; deposit of proceeds

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

21 B. The department shall deposit, pursuant to sections 35-146 and
22 35-147, any proceeds resulting from subsection A of this section, except an
23 investigation or prosecution conducted pursuant to article 3 of this chapter,
24 in the vehicle inspection and CERTIFICATE OF title enforcement fund
25 established by section 28-2012.

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

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

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

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

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

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

10 B. The application shall contain:

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

13 2. The transferee's complete residence address.

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

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

17 5. The serial number of the vehicle.

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

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

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

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

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

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

28 (d) The signature of the lessor.

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

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

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

5 11. Other information required by the department.

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

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

12 1. To a vehicle previously registered:

13 (a) The odometer mileage disclosure statement prescribed by section
14 28-2058.

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

18 2. To a new vehicle:

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

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

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

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

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

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

1 satisfactorily complete the vision screening test prescribed by the
2 department.

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

5 28-2052. Title and registration of foreign vehicles

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

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

20 C. The department ~~shall~~ MAY inspect a foreign vehicle
21 before ~~titling~~ ISSUING A CERTIFICATE OF TITLE or BEFORE registration,
22 including examination and inspection to establish compliance with section
23 28-955, under conditions and standards as required by the director of
24 environmental quality. The department may establish procedures to accept
25 vehicle inspections completed in another state.

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

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

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

6 28-2053. Certificate of title without registration

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

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

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

14 ~~3.~~ 2. The applicant certifies that the vehicle was acquired for
15 purposes other than highway use.

16 ~~4.~~ 3. The vehicle was acquired by operation of law.

17 ~~5.~~ 4. The vehicle is an off-road recreational motor vehicle required
18 to be ~~titled~~ ISSUED A CERTIFICATE OF TITLE pursuant to section 28-2061.

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

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

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

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

27 28-2055. Certificate of title; content requirements; transfer on death
28 provision

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

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

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

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

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

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

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

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

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

24 28-2058. Transfer of title; odometer mileage disclosure statement

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

27 1. If the vehicle is registered:

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

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

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

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

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

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

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

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

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

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

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

- 3 1. A motor vehicle that is ten model years of age or older.
4 2. A motor vehicle that has a gross vehicle weight rating of sixteen
5 thousand pounds or more.
6 3. A vehicle that is not self-propelled.
7 4. A motor vehicle that is sold directly by the manufacturer to an
8 agency of the United States in conformity with contractual specifications.
9 5. A new motor vehicle that is purchased for resale and not for use by
10 the purchaser.

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

13 28-2059. Obtaining a certificate of title; revocation

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

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

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

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

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

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

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

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

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

28 (a) Through notice and sale under the conditions contained in any
29 security agreement, chattel mortgage, conditional sale or other evidence of
30 lien or under the authority given by statute in cases arising under sections
31 33-1021 and 33-1022 or under section 33-1704.

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

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

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

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

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

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

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

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

11 28-2061. All-terrain vehicles; off-highway vehicles; off-road
12 recreational motor vehicles; certificates of title; exemption

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

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

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

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

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

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

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

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

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

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

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

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

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

1 28-2064. Electronic certificates of title system; applicability; rules

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

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

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

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

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

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

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

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

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

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

31 28-2065. Electronic and digital signatures; documents

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

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

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

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

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

20 F. D. The director may determine and require reimbursement
21 from ~~pilot~~ program participants for costs related to computer programming,
22 hardware, development and personnel. The department shall deposit, pursuant
23 to sections 35-146 and 35-147, all monies received pursuant to this section
24 in a separate account of the state highway fund established by section 28-
25 6991. Monies in the separate account are continuously appropriated. The
26 director may transfer monies deposited pursuant to this subsection from the
27 separate account to the operating budget of the department's motor vehicle
28 division for the purpose of reimbursing the department's operating budget for
29 expenditures made by the division pursuant to this section.

30 ~~G.~~ E. This section does not limit the use of electronic and digital
31 signatures used by state agencies, boards or commissions pursuant to section
32 41-132.

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

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

5 28-2091. Salvage certificate of title; stolen vehicle certificate of
6 title; nonrepairable vehicle certificate of title; recovered vehicles;
7 violation; classification; definitions

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

- 19 1. A properly endorsed certificate of title.
- 20 2. A lien satisfaction, if applicable.
- 21 3. The appropriate fees.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- 12 1. The vehicle is repairable.
- 13 2. The department successfully completes a level three inspection as
14 prescribed in section 28-2011.
- 15 3. The vehicle meets other requirements the director prescribes.

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

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

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

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

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

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

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

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

24 1. The frame is the component part replaced.

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

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

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

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

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

6 T. For the purposes of this section:

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

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

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

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

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

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

31 ~~4.~~ 3. "Salvage vehicle" means a vehicle, other than a nonrepairable
32 vehicle, of a type that is subject to ~~titling~~ THE ISSUANCE OF A CERTIFICATE

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

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

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

10 28-2094. Dismantling motor vehicle; application fee; certificate of
11 title; exemption

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

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

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

20 3. The registration card of the vehicle.

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

22 5. A fee of four dollars.

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

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

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

29 3. The registration card of the vehicle.

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

31 5. A fee of four dollars.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 28-2095. Restored salvage certificate of title; inspections;
2 definitions

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

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

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

21 D. A person who possesses a salvage vehicle as defined in section
22 28-2091 and who submits it for inspection as prescribed by this section shall
23 submit to the department paperwork that is satisfactory to the director.
24 Satisfactory paperwork may include copies of invoices, notarized bills of
25 sale or other acceptable proof of ownership for component parts.

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

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

1 G. The department shall deposit, pursuant to sections 35-146 and
2 35-147, any proceeds resulting from the seizure and forfeiture of a component
3 part pursuant to subsection E or F of this section in the vehicle inspection
4 and CERTIFICATE OF title enforcement fund established by section 28-2012.

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

10 I. For the purposes of this section:

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

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

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

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

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

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

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

9 28-2097. Modular motor homes; definition

10 A. Notwithstanding any other provision of this title:

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

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

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

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

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

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

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

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

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

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

18 28-2131. Liens and encumbrances; validity

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

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

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

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

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

3 28-2132. Indication of lien or encumbrance

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

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

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

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

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

22 28-2133. Index and filing of liens, encumbrances or instruments;
23 constructive notice

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

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

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

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

20 D. Notwithstanding any other law and except as otherwise provided in
21 this subsection, the failure of a motor vehicle dealer as defined in section
22 28-4301, a finance company or the department to complete the paperwork within
23 thirty days as prescribed in subsection B of this section shall not result in
24 the loss of the vehicle for either the lienholder or the person who purchased
25 the vehicle. This subsection does not limit or negate the powers of a
26 trustee under 11 United States Code section 547 or any successor statute.

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

29 28-2134. Satisfaction of lien or encumbrance; assignment of obligation
30 by lienholder; civil penalty

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

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

10 B. If a holder of a lien or encumbrance assigns the obligation and the
11 holder lawfully has possession of the certificate of title, the holder shall
12 deliver the certificate of title at the time of assignment to the holder's
13 assignee. If a holder of a lien or encumbrance is not entitled to possession
14 of the certificate of title when the holder assigns the obligation, the
15 holder shall immediately deliver the certificate of title to the assignee
16 when the holder becomes lawfully entitled to and obtains lawful possession of
17 the certificate of title. The holder's assignee is entitled to hold the
18 certificate of title until the obligation is satisfied. When the obligation
19 is satisfied, the assignee shall deliver the certificate of title to the next
20 holder of a lien or encumbrance entitled to possession of the certificate of
21 title or, if there is not another holder of a lien or encumbrance entitled to
22 possession of the certificate of title, to the owner of the vehicle as
23 prescribed in subsection A of this section.

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

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

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

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

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

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

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

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

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

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

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

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

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

29 Notwithstanding any other provision in this article:

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

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

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

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

10 28-2136. Unsatisfied liens

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

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

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

20 28-2137. Restitution lien; removal

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

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

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

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

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

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

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

12 28-2162. Delinquent registration; penalty; lien; failure to apply for
13 certificate of title; waiver

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

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

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

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

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

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

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

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

20 28-2165. Special serial or identification number

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

28 (a) Has a valid driver license.

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

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

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

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

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

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

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

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

27 28-3512. Release of vehicle; civil penalties; definition

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

- 31 1. If the vehicle is a stolen vehicle.

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

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

8 4. If all of the following apply:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6 1. The person is either of the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24 28-3514. Hearings; notice of immobilization or storage; definition

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

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

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

7 2. Telephonically.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 28-4302. Fees; disposition

2 A. The following fees are required:

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

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

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

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

24 ~~4.~~ 5. For filing or continuing a dealer's branch license if issued
25 annually, fifty dollars.

26 ~~5.~~ 6. For filing each application for a permit for the off-premises
27 exhibition of motor vehicles, for a motor vehicle show or for a special event
28 to exhibit new motor homes, twenty-five dollars.

29 ~~6.~~ 7. For filing each application for a permit for the off-premises
30 display and sale of motor vehicles, twenty-five dollars.

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

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

6 28-4335. Wholesale motor vehicle dealer or broker

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

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

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

11 ~~2.~~ 3. Is not required to operate from an established place of business.

12 ~~3.~~ 4. Shall maintain a place of business in which records of the
13 business are kept.

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

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

18 28-4361. License application; criminal records check

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

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

24 1. The name and residence of either:

25 (a) The applicant.

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

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

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

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

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

5 5. The business hours of the applicant.

6 6. Other information that the director requires.

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

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

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

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

27 E. The requirement for a criminal records check:

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

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

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

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

5 (b) Are currently licensed under this section.

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

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

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

17 28-4403. Record requirements; motor vehicle information; inspection;
18 liability; electronic submission

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

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

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

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

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

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

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

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

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

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

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

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

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

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

9 28-4409. Evidence of ownership requirement; exception

10 A. Except as provided in section 28-4410:

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

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

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

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

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

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

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

8 28-4410. Consignment contracts; definitions

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

13 1. A consignment contract or dealer acquisition contract.

14 2. The most recent registration card for the vehicle.

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

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

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

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

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

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

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

3 G. For the purposes of this section:

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

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

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

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

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

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

19 **28-4412. Guaranty disclosure: used motor vehicles: definition**

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

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

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

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

28 (c) States "as is $\frac{3}{4}$ not expressly warranted or guaranteed", if the
29 used motor vehicle to be sold is not expressly warranted or guaranteed.

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

1 (e) States "as is $\frac{3}{4}$ not guaranteed to pass vehicle emissions
2 inspection. Vehicle not eligible for certificate of waiver and must be
3 repaired to meet emissions standards", if the used motor vehicle is a
4 disabled vehicle that is offered for sale at a wholesale public auction with
5 an auctioneer who is a licensed used motor vehicle dealer and if the vehicle
6 does not comply with the requirements prescribed in section 49-542.

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

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

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

14 ~~D.~~ C. Notwithstanding any other provision of this section or title
15 12, chapter 6, article 9, a motor vehicle dealer that sells a used motor
16 vehicle to another motor vehicle dealer or for the sole purpose of being
17 legally destroyed or dismantled does not have a duty to inspect a used motor
18 vehicle for defects or damage before the sale. This subsection does not
19 negate any duties owed by a licensed motor vehicle dealer to its retail
20 customers.

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

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

25 28-4421. Selling dealer's duties

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

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

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

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

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

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

7 28-4423. Wholesale motor vehicle auction dealers; sign; title stamp

8 Each wholesale motor vehicle auction dealer shall:

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

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

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

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

20 28-4533. Dealer's certificate; dealer license plates; fees

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

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

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

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

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

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

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

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

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

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

- 26 1. Thirty dollars, if the dealer is not a motorcycle dealer.
- 27 2. Ten dollars, if the dealer is a motorcycle dealer.

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

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

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

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

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

10 28-4547. Requirements for temporary registration plates

11 A. A dealer shall not:

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

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

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

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

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

27 28-4594. Altered serial or identification number; contraband; seizure;
28 disposition

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

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

5 B. A law enforcement agency shall both:

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

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

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

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

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

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

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

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

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

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

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

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

1 28-5101. Third party authorization

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- 1 8. One dollar for each fuel tax permit.
- 2 9. One dollar for each nonsufficient funds or dishonored check
3 payment.
- 4 10. One dollar for each abandoned vehicle report processed, except for
5 applications for crushed vehicles.
- 6 11. One dollar for each abandoned vehicle payment.
- 7 12. Two dollars for each initial special or personalized license plate
8 application.
- 9 13. One dollar for each initial, renewal or replacement vehicle dealer
10 license plate.
- 11 14. Five dollars for each application for an initial vehicle dealer
12 license or continuation of a vehicle dealer license.
- 13 15. One dollar of each twelve dollar fee paid pursuant to section
14 28-2356.
- 15 16. One dollar for each traffic survival school application and one
16 dollar for each certificate of completion processed.
- 17 17. One dollar for each replacement license plate or tab.
- 18 G. For authorized third party electronic service partners, the amount
19 of compensation and the amount of reimbursements for transactions shall be
20 negotiated by the department and the authorized third party electronic
21 service partner and shall be set forth in the written agreement authorizing
22 the third party electronic service partner. If reimbursement is made for
23 individual transactions, the reimbursements shall not exceed the amounts
24 specified in subsections F, H and I of this section. Other forms of
25 compensation or reimbursements for services may be specified in the written
26 agreement. Compensation and reimbursements provided for by the written
27 agreement may include the development and implementation of information
28 technology and other automated systems and any necessary support for these
29 systems.
- 30 H. The department's authorized third party electronic service provider
31 may retain two dollars for processing documents electronically when the
32 statutory fee pursuant to this title is two dollars or more.

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

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

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

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

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

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

16 28-5111. Electronic transmission and recording of title, registration
17 and driver license; program; authorized third party

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

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

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

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

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

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

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

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

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

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

22 **44-281. Definitions**

23 In this article, unless the context otherwise requires:

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

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

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

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

7 ~~4.~~ 3. "Finance charge" means the amount agreed upon between the buyer
8 and the seller, as limited herein, which in determining the cost of the motor
9 vehicle is added to the aggregate of the following: The cash sale price and
10 the amount, if any, included for insurance and other benefits where a
11 separate cost is assigned thereto.

12 ~~5.~~ 4. "Holder" of a retail installment contract means the retail
13 seller of the motor vehicle under or subject to the contract or, if the
14 contract is purchased by a sales finance company or other assignee, the sales
15 finance company or other assignee.

16 ~~6.~~ 5. "Motor vehicle" means any self-propelled device in or by which
17 any person or property is or may be transported or drawn on a public highway,
18 except:

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

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

23 (i) Tractors.

24 (ii) Buses.

25 (iii) Trucks.

26 (iv) Power shovels.

27 (v) Road machinery.

28 (vi) Agricultural machinery.

29 ~~7.~~ 6. "Person" means an individual, partnership, association, trust,
30 corporation, or other legal entity.

1 ~~8.~~ 7. "Retail buyer" or "buyer" means a person who buys a motor
2 vehicle from a retail seller, not for the purpose of resale, and who executes
3 a retail installment contract in connection therewith.

4 ~~9.~~ 8. "Retail installment contract" or "contract":

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

9 (b) Includes:

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

17 (ii) A secondary motor vehicle finance transaction.

18 ~~10.~~ 9. "Retail installment transaction" means any transaction
19 evidenced by a retail installment contract entered into between a retail
20 buyer and a retail seller wherein the retail buyer buys a motor vehicle from
21 the retail seller at a cost payable in one or more deferred installments.
22 The cash sale price of the motor vehicle, the amount included for insurance
23 if a separate charge is made and the finance charge shall together constitute
24 the cost of the motor vehicle.

25 ~~11.~~ 10. "Retail seller" or "seller" means a person who sells a motor
26 vehicle to a retail buyer for purposes other than resale under or subject to
27 a retail installment contract. For the purposes of paragraph ~~13~~ 12 of this
28 section "seller" means a person who sells and retains the use of the motor
29 vehicle.

30 ~~12.~~ 11. "Sales finance company":

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

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

4 (c) Does not include:

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

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

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

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

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

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

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

23 (c) Does not include any commercial transaction as defined in section
24 44-291.

25 Sec. 52. Section 44-282, Arizona Revised Statutes, is amended to read:
26 44-282. Licensing of sales finance companies required; penalty

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

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

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

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

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

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

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

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

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

4 G. A license shall be obtained for each separate place of business at
5 or from which a licensee transacts business. Each license shall specify the
6 location of the office or branch and must be conspicuously displayed there.
7 In case such location is changed, the administrator shall endorse the change
8 of location on the license on the payment of the fee prescribed in section
9 6-126, subsection A, ~~paragraph 25~~.

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

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

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

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

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

4 44-294. Records

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

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

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

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

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

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

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

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

1 rights of a lien creditor is equivalent to the filing of a financing
2 statement under this chapter. Except as otherwise provided in subsection D
3 of this section and section 47-9313 and section 47-9316, subsections D and E
4 for goods covered by a certificate of title, a security interest in property
5 subject to a statute, regulation or treaty described in subsection A of this
6 section may be perfected only by compliance with those requirements, and a
7 security interest so perfected remains perfected notwithstanding a change in
8 the use or transfer of possession of the collateral.

9 C. Except as otherwise provided in subsection D of this section and
10 section 47-9316, subsections D and E, duration and renewal of perfection of a
11 security interest perfected by compliance with the requirements prescribed by
12 a statute, regulation or treaty described in subsection A of this section are
13 governed by the statute, regulation or treaty. In other respects, the
14 security interest is subject to this chapter.

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

20 Amend title to conform

SYLVIA ALLEN

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