

REFERENCE TITLE: vehicle certificates of title

State of Arizona
Senate
Fifty-second Legislature
Second Regular Session
2016

SB 1357

Introduced by
Senator Worsley; Representatives Fann, Gray

AN ACT

AMENDING SECTIONS 28-101, 28-370, 28-2008, 28-2009, 28-2011, 28-2012, 28-2013, 28-2051, 28-2052, 28-2053, 29-2055, 28-2058, 28-2059, 28-2060, 28-2061, 28-2063, 28-2064, 28-2065, 28-2091, 28-2094, 28-2095, 28-2097, 28-2131, 28-2132, 28-2133, 28-2134, 28-2135, 28-2136, 28-2137, 28-2162, 28-2165, 28-3511, 28-3512, 28-3514, 28-4335, 28-4361, 28-4403, 28-4409, 28-4410, 28-4412, 28-4421, 28-4423, 28-4533, 28-4547, 28-4594, 28-5101, 28-5111 AND 47-9311, ARIZONA REVISED STATUTES; RELATING TO VEHICLE TITLES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 28-101, Arizona Revised Statutes, is amended to
3 read:

4 28-101. Definitions

5 In this title, unless the context otherwise requires:

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

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

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

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

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

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

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

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

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

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

21 (v) Is operated on a public highway.

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

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

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

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

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

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

31 (a) A fire department vehicle.

32 (b) A police vehicle.

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

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

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

43 6. "Aviation fuel" means all flammable liquids composed of a mixture
44 of selected hydrocarbons expressly manufactured and blended for the purpose
45 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:
33 (a) An unvacated adjudication of guilt or a determination that a
34 person violated or failed to comply with the law in a court of original
35 jurisdiction or by an authorized administrative tribunal.
36 (b) An unvacated forfeiture of bail or collateral deposited to secure
37 the person's appearance in court.
38 (c) A plea of guilty or no contest accepted by the court.
39 (d) The payment of a fine or court costs.
- 40 ~~14-~~ 16. "County highway" means a public road that is constructed and
41 maintained by a county.
- 42 ~~15-~~ 17. "Dealer" means a person who is engaged in the business of
43 buying, selling or exchanging motor vehicles, trailers or semitrailers and
44 who has an established place of business.

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

1 "incidentally operated or moved on a highway" means travel between a farm and
2 another part of the same farm, from one farm to another farm or between a
3 farm and a place of repair, supply or storage.

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

11 ~~30-~~ 32. "Livery vehicle" means a motor vehicle that:

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

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

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

17 (d) May do any of the following:

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

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

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

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

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

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

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

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

36 (a) Means either:

37 (i) A self-propelled vehicle.

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

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

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

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

6 ~~36-~~ 38. "Motor vehicle fuel" includes all products that are commonly
7 or commercially known or sold as gasoline, including casinghead gasoline,
8 natural gasoline and all flammable liquids, and that are composed of a
9 mixture of selected hydrocarbons expressly manufactured and blended for the
10 purpose of effectively and efficiently operating internal combustion engines.
11 Motor vehicle fuel does not include inflammable liquids that are specifically
12 manufactured for racing motor vehicles and that are distributed for and used
13 by racing motor vehicles at a racetrack, use fuel as defined in section
14 28-5601, aviation fuel, fuel for jet or turbine powered aircraft or the
15 mixture created at the interface of two different substances being
16 transported through a pipeline, commonly known as transmix.

17 ~~37-~~ 39. "Motorcycle" means a motor vehicle that has a seat or saddle
18 for the use of the rider and that is designed to travel on not more than
19 three wheels in contact with the ground but excludes a tractor and a moped.

20 ~~38-~~ 40. "Motorized quadricycle" means a self-propelled motor vehicle
21 to which all of the following apply:

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

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

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

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

28 (e) The vehicle is a commercial motor vehicle as defined in section
29 28-5201.

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

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

34 (h) The vehicle complies with the definition and standards for
35 low-speed vehicles set forth in federal motor vehicle safety standard 500 and
36 49 Code of Federal Regulations ~~section~~ SECTIONS 571.3(b) and 571.500,
37 respectively.

38 ~~39-~~ 41. "Neighborhood electric vehicle" means a self-propelled
39 electrically powered motor vehicle to which all of the following apply:

40 (a) The vehicle is emission free.

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

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

1 ~~40.~~ 42. "Nonresident" means a person who is not a resident of this
2 state as defined in section 28-2001.

3 ~~41.~~ 43. "Off-road recreational motor vehicle" means a motor vehicle
4 that is designed primarily for recreational nonhighway all-terrain travel and
5 that is not operated on a public highway. Off-road recreational motor
6 vehicle does not mean a motor vehicle used for construction, building trade,
7 mining or agricultural purposes.

8 ~~42.~~ 44. "Operator" means a person who drives a motor vehicle on a
9 highway, who is in actual physical control of a motor vehicle on a highway or
10 who is exercising control over or steering a vehicle being towed by a motor
11 vehicle.

12 ~~43.~~ 45. "Owner" means:

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

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

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

20 ~~44.~~ 46. "Pedestrian" means any person afoot. A person who uses an
21 electric personal assistive mobility device or a manual or motorized
22 wheelchair is considered a pedestrian unless the manual wheelchair qualifies
23 as a bicycle. For the purposes of this paragraph, "motorized wheelchair"
24 means a self-propelled wheelchair that is used by a person for mobility.

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

31 ~~46.~~ 48. "Public transit" means the transportation of passengers on
32 scheduled routes by means of a conveyance on an individual passenger
33 fare-paying basis excluding transportation by a sightseeing bus, school bus
34 or taxi or a vehicle not operated on a scheduled route basis.

35 ~~47.~~ 49. "Reconstructed vehicle" means a vehicle that has been
36 assembled or constructed largely by means of essential parts, new or used,
37 derived from vehicles or makes of vehicles of various names, models and types
38 or that, if originally otherwise constructed, has been materially altered by
39 the removal of essential parts or by the addition or substitution of
40 essential parts, new or used, derived from other vehicles or makes of
41 vehicles. For the purposes of this paragraph, "essential parts" means
42 integral and body parts, the removal, alteration or substitution of which
43 will tend to conceal the identity or substantially alter the appearance of
44 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.

33 ~~55.~~ 57. "Street" or "highway" means the entire width between the
34 boundary lines of every way if a part of the way is open to the use of the
35 public for purposes of vehicular travel.

36 ~~56.~~ 58. "Taxi" means a motor vehicle that has a seating capacity not
37 exceeding fifteen passengers, including the driver, that is registered as a
38 taxi in this state or any other state, that provides passenger services and
39 that:

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

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

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

4 ~~57.~~ 60. "Traffic survival school" means a school that offers
5 educational sessions to drivers who are required to attend and successfully
6 complete educational sessions pursuant to this title that are designed to
7 improve the safety and habits of drivers and that are approved by the
8 department.

9 ~~58.~~ 61. "Trailer" means a vehicle that is with or without motive
10 power, other than a pole trailer, that is designed for carrying persons or
11 property and for being drawn by a motor vehicle and that is constructed so
12 that no part of its weight rests on the towing vehicle. A semitrailer
13 equipped with an auxiliary front axle commonly known as a dolly is deemed to
14 be a trailer. For the purposes of this paragraph, "pole trailer" has the same
15 meaning prescribed in section 28-601.

16 ~~59.~~ 62. "Transportation network company" has the same meaning
17 prescribed in section 28-9551.

18 ~~60.~~ 63. "Transportation network company vehicle" has the same meaning
19 prescribed in section 28-9551.

20 ~~61.~~ 64. "Transportation network service" has the same meaning
21 prescribed in section 28-9551.

22 ~~62.~~ 65. "Truck" means a motor vehicle designed or used primarily for
23 the carrying of property other than the effects of the driver or passengers
24 and includes a motor vehicle to which has been added a box, a platform or
25 other equipment for such carrying.

26 ~~63.~~ 66. "Truck tractor" means a motor vehicle that is designed and
27 used primarily for drawing other vehicles and that is not constructed to
28 carry a load other than a part of the weight of the vehicle and load drawn.

29 ~~64.~~ 67. "Vehicle" means a device in, on or by which a person or
30 property is or may be transported or drawn on a public highway, excluding
31 devices moved by human power or used exclusively on stationary rails or
32 tracks.

33 ~~65.~~ 68. "Vehicle transporter" means either:

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

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

40 Sec. 2. Section 28-370, Arizona Revised Statutes, is amended to read:

41 28-370. Oaths and acknowledgments; power of attorney;
42 definition

43 A. The director and officers, agents and employees of the department
44 the director designates may administer oaths and acknowledge signatures,

1 without a fee, in any matter connected with the administration of a law the
2 enforcement of which is vested in the director.

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

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

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

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

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

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

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

19 Sec. 3. Section 28-2008, Arizona Revised Statutes, is amended to read:
20 28-2008. Duplicate certificate of title, permit, registration
21 card or 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 the
24 ~~certificate~~, permit, card or plate shall immediately apply for and obtain a
25 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. 4. Section 28-2009, Arizona Revised Statutes, is amended to read:
33 28-2009. Certificate of title; validity

34 The certificate of title is valid for the life of the vehicle as long
35 as the vehicle is owned by the original holder of the title, unless it has
36 been replaced ~~by a duplicate certificate of title~~ pursuant to section
37 28-2008.

38 Sec. 5. Section 28-2011, Arizona Revised Statutes, is amended to read:
39 28-2011. Vehicle inspections

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

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

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

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

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

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

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

14 C. The department shall deposit the inspection fees in the vehicle
15 inspection and CERTIFICATE OF title enforcement fund established by section
16 28-2012.

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

21 Sec. 6. Section 28-2012, Arizona Revised Statutes, is amended to read:

22 28-2012. Vehicle inspection and certificate of title
23 enforcement fund

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

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

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

35 Sec. 7. Section 28-2013, Arizona Revised Statutes, is amended to read:

36 28-2013. Disposition of property; deposit of proceeds

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

42 B. The department shall deposit, pursuant to sections 35-146 and
43 35-147, any proceeds resulting from subsection A of this section, except an
44 investigation or prosecution conducted pursuant to article 3 of this chapter,

1 in the vehicle inspection and CERTIFICATE OF title enforcement fund
2 established by section 28-2012.

3 Sec. 8. Section 28-2051, Arizona Revised Statutes, is amended to read:
4 28-2051. Application for certificate of title; vision screening
5 test

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

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

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

19 B. The application shall contain:

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

22 2. The transferee's complete residence address.

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

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

26 5. The serial number of the vehicle.

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

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

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

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

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

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

37 (d) The signature of the lessor.

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

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

45 11. Other information required by the department.

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

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

7 1. To a vehicle previously registered:

8 (a) The odometer mileage disclosure statement prescribed by section
9 28-2058.

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

13 2. To a new vehicle:

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

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

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

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

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

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

29 Sec. 9. Section 28-2052, Arizona Revised Statutes, is amended to read:
30 28-2052. Title and registration of foreign vehicles

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

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

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

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

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

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

18 28-2053. Certificate of title without registration

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

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

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

26 ~~3.~~ 2. The applicant certifies that the vehicle was acquired for
27 purposes other than highway use.

28 ~~4.~~ 3. The vehicle was acquired by operation of law.

29 ~~5.~~ 4. The vehicle is an off-road recreational motor vehicle required
30 to be ~~titled~~ ISSUED A CERTIFICATE OF TITLE pursuant to section 28-2061.

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

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

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

37 Sec. 11. Section 28-2055, Arizona Revised Statutes, is amended to
38 read:

39 28-2055. Certificate of title; content requirements; transfer
40 on death provision

41 A. The department or an authorized third party shall ~~print the~~
42 ~~certificate of title, and it shall contain forms for assignment of title or~~
43 ~~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. 12. Section 28-2058, Arizona Revised Statutes, is amended to
23 read:

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

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

28 1. If the vehicle is registered:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

29 Sec. 13. Section 28-2059, Arizona Revised Statutes, is amended to
30 read:

31 ~~28-2059.~~ Obtaining a certificate of title: revocation

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

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

1 Sec. 14. Section 28-2060, Arizona Revised Statutes, is amended to
2 read:

3 28-2060. Transfer of ownership by operation of law

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

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

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

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

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

35 (a) Through notice and sale under the conditions contained in any
36 security agreement, chattel mortgage, conditional sale or other evidence of
37 lien or under the authority given by statute in cases arising under sections
38 33-1021 and 33-1022 or under section 33-1704.

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

42 2. Satisfactory evidence is presented to the director that the sale of
43 the vehicle was fairly and lawfully conducted in conformity with all
44 requirements of law after due notice to the former owner. In cases arising
45 under section 33-1704, a declaration that is signed by both the seller and

1 the buyer and that sets forth compliance with section 33-1704 constitutes
2 satisfactory evidence, and the director may rely on that declaration.

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

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

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

21 F. If ownership of a motor vehicle ~~titled~~ FOR WHICH A CERTIFICATE OF
22 TITLE HAS BEEN ISSUED in this state or another state reverts through
23 operation of state law to a lienholder of record through repossession
24 pursuant to the terms of a security agreement or through another similar
25 instrument that is valid in such state, an affidavit by the lienholder of
26 record stating that the vehicle was repossessed on default of the terms
27 stated in the security agreement or similar instrument is proof of ownership,
28 right of possession and right of transfer. IF THE LIENHOLDER OF RECORD IS A
29 FINANCIAL INSTITUTION AS DEFINED IN SECTION 28-4301, THE LIENHOLDER OF RECORD
30 SHALL ELECTRONICALLY SUBMIT THE REPOSSESSION AFFIDAVIT TO THE DEPARTMENT.
31 The director shall prescribe the form and content of the affidavit. This
32 state and its agencies, employees and agents are not liable for relying in
33 good faith on the content of the affidavit.

34 Sec. 15. Section 28-2061, Arizona Revised Statutes, is amended to
35 read:

36 28-2061. All-terrain vehicles; off-highway vehicles; off-road
37 recreational motor vehicles; certificates of title;
38 exemption

39 A. On the retail sale of a new all-terrain vehicle, off-highway
40 vehicle as defined in section 28-1171 or off-road recreational motor vehicle,
41 the dealer or person first receiving the motor vehicle from the manufacturer
42 shall apply, on behalf of the purchaser, to the department for a certificate
43 of title to the motor vehicle in the name of the purchaser. If satisfied
44 that the application is genuine and regular and that the applicant is
45 entitled to a certificate OF TITLE, the department shall issue a certificate

1 of title to the motor vehicle without requiring registration for the motor
2 vehicle.

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

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

14 Sec. 16. Section 28-2063, Arizona Revised Statutes, is amended to
15 read:

16 28-2063. Mobile home certificate of title; exceptions; fee

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

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

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

25 3. A mobile home that is permanently affixed, as defined in section
26 ~~33-1501 or~~ 42-15201, and for which an affidavit of affixture has been
27 recorded PURSUANT TO SECTION 33-1501. The owner shall surrender the original
28 certificates of title or manufacturer's statements of origin to permanently
29 affixed mobile homes to the department in the manner prescribed by the
30 department. The department shall issue a receipt for the documents
31 surrendered pursuant to this paragraph.

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

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

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

1 Sec. 17. Section 28-2064, Arizona Revised Statutes, is amended to
2 read:

3 28-2064. Electronic certificates of title system:
4 applicability; rules

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

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

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

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

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

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

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

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

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

32 Sec. 18. Section 28-2065, Arizona Revised Statutes, is amended to
33 read:

34 28-2065. Electronic and digital signatures; documents

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

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

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

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

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

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

20 ~~G.~~ E. This section does not limit the use of electronic and digital
21 signatures used by state agencies, boards or commissions pursuant to section
22 41-132.

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

25 Sec. 19. Section 28-2091, Arizona Revised Statutes, is amended to
26 read:

27 28-2091. Salvage certificate of title; stolen vehicle
28 certificate of title; nonrepairable vehicle
29 certificate of title; recovered vehicles; violation;
30 classification; definitions

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

- 42 1. A properly endorsed certificate of title.
- 43 2. A lien satisfaction, if applicable.
- 44 3. The appropriate fees.

1 B. Within thirty days after oral or written acceptance by the owner of
2 an offer in settlement of total loss, if an insurance company or its
3 authorized agent is unable to obtain the documents prescribed by subsection
4 A, paragraphs 1 and 2 of this section, the insurance company or its agent, on
5 a form provided by the department, may submit an application to the
6 department for a salvage certificate of title, stolen vehicle certificate of
7 title or nonrepairable vehicle certificate of title. The application shall
8 include evidence that the insurance company or its agent has made two or more
9 written attempts to obtain the documents prescribed by subsection A,
10 paragraphs 1 and 2 of this section. The application shall include the
11 appropriate fees prescribed by subsection A, paragraph 3 of this section.
12 The insurance company shall indemnify and hold harmless the department for
13 any claims resulting from the issuance of a salvage certificate of title,
14 stolen vehicle certificate of title or nonrepairable vehicle certificate of
15 title pursuant to this subsection.

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

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

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

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

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

40 H. On sale of the vehicle, an owner of a salvage vehicle for which a
41 salvage certificate of title has been obtained or an owner of a nonrepairable
42 vehicle for which a nonrepairable vehicle certificate of title has been
43 obtained shall assign and deliver the salvage certificate of title or
44 nonrepairable vehicle certificate of title **OR A TITLE TRANSFER FORM** to the

1 purchaser and shall notify the department of the name and address of the
2 purchaser.

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

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

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

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

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

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

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

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

43 1. The vehicle is repairable.

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

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

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

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

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

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

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

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

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

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

42 1. The frame is the component part replaced.

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

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

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

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

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

12 T. For the purposes of this section:

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

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

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

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

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

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

37 ~~4.~~ 3. "Salvage vehicle" means a vehicle, other than a nonrepairable
38 vehicle, of a type that is subject to ~~titling~~ THE ISSUANCE OF A CERTIFICATE
39 OF TITLE and registration pursuant to this chapter and that has been stolen,
40 wrecked, destroyed, flood or water damaged or otherwise damaged to the extent
41 that the owner, leasing company, financial institution or insurance company
42 considers it uneconomical to repair the vehicle.

43 ~~5.~~ 4. "Stolen vehicle certificate of title" means a vehicle ownership
44 document issued to the owner of a vehicle that has been stolen and not
45 recovered.

1 Sec. 20. Section 28-2094, Arizona Revised Statutes, is amended to
2 read:

3 28-2094. Dismantling motor vehicle; application fee;
4 certificate of title; exemption

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

- 9 1. An application for a dismantle certificate of title to scrap,
10 dismantle or destroy the vehicle.
11 2. The certificate of title ~~to~~ **OR TITLE TRANSFER FORM OF** the vehicle
12 purchased.
13 3. The registration card of the vehicle.
14 4. The license plate of the vehicle, if any.
15 5. A fee of four dollars.

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

- 19 1. An application for a dismantle certificate of title to dismantle or
20 wreck the vehicle.
21 2. The certificate of title ~~to~~ **OR TITLE TRANSFER FORM OF** the vehicle.
22 3. The registration card of the vehicle.
23 4. The license plate of the vehicle, if any.
24 5. A fee of four dollars.

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

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

1 E. A licensed automotive recycler may dismantle a vehicle without
2 obtaining a dismantle certificate of title in the licensed automotive
3 recycler's name if the vehicle has previously been issued a dismantle
4 certificate of title, a salvage certificate of title or a nonrepairable
5 vehicle certificate of title. The dismantle certificate of title, salvage
6 certificate of title or nonrepairable vehicle certificate of title must be
7 the current title of record. ~~Except as provided in subsection G,~~ An
8 automotive recycler shall file a written request to dismantle the vehicle in
9 a form prescribed by the department. The automotive recycler may begin
10 dismantling the vehicle ~~after completing the requirements imposed by the~~
11 ~~department pursuant to subsection G or~~ after mailing or delivering the
12 request. If the department notifies the automotive recycler of a claim of
13 lien or interest in the vehicle by some other person, the automotive recycler
14 shall cease dismantling or sale of the vehicle and any of its parts until the
15 rights of the other person are determined.

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

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

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

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

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

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

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

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

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

1 Sec. 21. Section 28-2095, Arizona Revised Statutes, is amended to
2 read:

3 28-2095. Restored salvage certificate of title; inspections;
4 definitions

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

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

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

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

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

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

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

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

43 I. For the purposes of this section:

44 1. For passenger vehicles, "component parts" includes the cowl or
45 firewall, front end assembly, rear clip, including the roof panel, the roof

1 panel if installed separately and the frame or any portion of the frame, or
2 in the case of a unitized body, the supporting structure that serves as the
3 frame, each door, the hood, each fender or quarter panel, the deck lid or
4 hatchback, each bumper, transmissions or transaxles and an engine or motor.
5 For the purposes of this paragraph:

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

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

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

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

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

25 Sec. 22. Section 28-2097, Arizona Revised Statutes, is amended to
26 read:

27 28-2097. Modular motor homes: definition

28 A. Notwithstanding any other provision of this title:

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

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

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

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

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

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

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

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

22 Sec. 23. Section 28-2131, Arizona Revised Statutes, is amended to
23 read:

24 28-2131. Liens and encumbrances; validity

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

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

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

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

38 Sec. 24. Section 28-2132, Arizona Revised Statutes, is amended to
39 read:

40 28-2132. Indication of lien or encumbrance

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

44 B. The applicant's signature on the application for **A CERTIFICATE OF**
45 title or the application for registration only is consent for the lien or

1 encumbrance to be indicated by the department on its official CERTIFICATE OF
2 title record for the vehicle.

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

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

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

14 28-2133. Index and filing of liens, encumbrances or
15 instruments; constructive notice

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

19 B. The filing and issuance of a new certificate of title as provided
20 in this article is constructive notice to creditors of the owner or to
21 subsequent purchasers of all liens and encumbrances against the vehicle
22 described in the certificate of title, except those that are authorized by
23 law and that are dependent on possession. If the documents referred to in
24 this article are delivered to a registering office or an authorized third
25 party provider of the department within thirty days after the date of their
26 execution, the constructive notice dates from the time of execution.
27 Otherwise, the notice dates from the time of receipt and filing of the
28 documents by the department as shown by its endorsement. For the purposes of
29 this subsection, the time stamp on the documents that is administered by the
30 registering officer or authorized third party provider of the department
31 electronically or otherwise is conclusive as to the time and date of delivery
32 of the documents.

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

44 D. Notwithstanding any other law and except as otherwise provided in
45 this subsection, the failure of a motor vehicle dealer as defined in section

1 28-4301, a finance company or the department to complete the paperwork within
2 thirty days as prescribed in subsection B of this section shall not result in
3 the loss of the vehicle for either the lienholder or the person who purchased
4 the vehicle. This subsection does not limit or negate the powers of a
5 trustee under 11 United States Code section 547 or any successor statute.

6 Sec. 26. Section 28-2134, Arizona Revised Statutes, is amended to
7 read:

8 28-2134. Satisfaction of lien or encumbrance; assignment of
9 obligation by lienholder; civil penalty

10 A. When a holder of a lien or encumbrance receives payment in full
11 satisfying a lien or encumbrance recorded under this article, the holder of
12 the lien or encumbrance shall release the lien or encumbrance and ~~deliver the~~
13 ~~certificate of title to the next holder of a lien or encumbrance entitled to~~
14 ~~possession of the certificate of title or, if there is not another holder of~~
15 ~~a lien or encumbrance entitled to possession of the certificate of title, to~~
16 NOTIFY the owner of the vehicle at the address shown on the certificate of
17 title or, if the holder of the lien or encumbrance has been previously
18 notified of sale or transfer of the vehicle, ~~to~~ the person who is legally
19 entitled to possession THAT THE DEPARTMENT HAS ISSUED A CERTIFICATE OF TITLE
20 TO THE PERSON FOR THE VEHICLE.

21 B. If a holder of a lien or encumbrance assigns the obligation and the
22 holder lawfully has possession of the certificate of title, the holder shall
23 deliver the certificate of title at the time of assignment to the holder's
24 assignee. If a holder of a lien or encumbrance is not entitled to possession
25 of the certificate of title when the holder assigns the obligation, the
26 holder shall immediately deliver the certificate of title to the assignee
27 when the holder becomes lawfully entitled to and obtains lawful possession of
28 the certificate of title. The holder's assignee is entitled to hold the
29 certificate of title until the obligation is satisfied. When the obligation
30 is satisfied, the assignee shall deliver the certificate of title to the next
31 holder of a lien or encumbrance entitled to possession of the certificate of
32 title or, if there is not another holder of a lien or encumbrance entitled to
33 possession of the certificate of title, to the owner of the vehicle as
34 prescribed in subsection A of this section.

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

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

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

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

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

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

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

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

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

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

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

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

26 28-2135. Perfection of security interest in inventory and
27 mobile homes

28 Notwithstanding any other provision in this article:

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

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

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

41 28-2136. Unsatisfied liens

42 A. Except as provided in subsection B of this section, the department
43 may remove from its records a lien on a vehicle required to be ~~titled~~ **ISSUED**
44 **A CERTIFICATE OF TITLE** and registered under section 28-2153 if the lien

1 remains on the records of the department as unsatisfied twelve years after
2 filing with the department.

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

5 Sec. 29. Section 28-2137, Arizona Revised Statutes, is amended to
6 read:

7 28-2137. Restitution lien; removal

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

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

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

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

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

28 Sec. 30. Section 28-2162, Arizona Revised Statutes, is amended to
29 read:

30 28-2162. Delinquent registration; penalty; lien; failure to
31 apply for certificate of title; waiver

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

43 B. Except as provided in section 28-5807, an applicant shall submit
44 the total annual registration fee, the weight fee, any other required fee and
45 the penalty prescribed in subsection A of this section with an application

1 for registration of a vehicle that is submitted after the date the vehicle
2 was required to be registered for the registration year in which registration
3 of the vehicle for the next preceding year expired. If it is determined at
4 the time of renewal, on proof satisfactory to the director, that the vehicle
5 was not operated on the highways of this state before the filing of the
6 application and the registration of the vehicle, the department shall refund
7 or waive the penalty prescribed in subsection A of this section.

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

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

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

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

23 Sec. 31. Section 28-2165, Arizona Revised Statutes, is amended to
24 read:

25 28-2165. Special serial or identification number

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

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

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

44 2. A copy of police or law enforcement agency reports documenting the
45 theft and recovery of the vehicle, a copy of a police or law enforcement

1 agency accident report documenting the extent of damage to the vehicle, a
2 certified copy of documents from an insurance company documenting the precise
3 nature, extent and dollar amount of damage to the vehicle or a sworn
4 statement by the owner, including full and complete supporting documentation,
5 establishing the origin of the vehicle and each major component part of the
6 vehicle.

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

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

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

21 Sec. 32. Section 28-3511, Arizona Revised Statutes, is amended to
22 read:

23 28-3511. Removal and immobilization or impoundment of vehicle;
24 Arizona crime information center database

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

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

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

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

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

43 (d) In furtherance of the illegal presence of an alien in the United
44 States and in violation of a criminal offense, the person is transporting or
45 moving or attempting to transport or move an alien in this state in a vehicle

1 if the person knows or recklessly disregards the fact that the alien has come
2 to, has entered or remains in the United States in violation of law.

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

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

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

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

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

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

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

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

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

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

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

37 (a) Has a valid driver license.

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

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

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

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

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

8 F. The owner of a vehicle that is removed and either immobilized or
9 impounded pursuant to subsection A, B or C of this section, the spouse of the
10 owner and each person ~~identified on the department's record with an~~ WHO HAS
11 PROVIDED THE DEPARTMENT WITH INDICIA OF OWNERSHIP AS PRESCRIBED IN SECTION
12 28-3514 OR OTHER interest in the vehicle THAT EXISTS immediately before the
13 immobilization or impoundment shall be provided with an opportunity for an
14 immobilization or poststorage hearing pursuant to section 28-3514.

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

20 Sec. 33. Section 28-3512, Arizona Revised Statutes, is amended to
21 read:

22 28-3512. Release of vehicle; civil penalties; definition

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

26 1. If the vehicle is a stolen vehicle.

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

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

34 4. If all of the following apply:

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

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

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

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

42 5. For the spouse of the owner or any person who is identified as an
43 owner of the vehicle on the records of the department at the time of removal
44 and either immobilization or impoundment, if the spouse or person was not the
45 driver of the vehicle at the time of removal and either immobilization or

1 impoundment and the spouse or person enters into an agreement with the
2 immobilizing or impounding agency that stipulates that if the spouse or
3 person allows a driver who does not have a valid driving privilege or a
4 driver who commits a violation that causes the spouse's or person's vehicle
5 to be removed and either immobilized or impounded pursuant to this article
6 within one year after any agreement is signed by an immobilizing or
7 impounding agency, the spouse or person will not be eligible to obtain
8 release of the spouse's or person's vehicle before the end of the thirty day
9 immobilization or impoundment period.

10 6. IF THE VEHICLE IS OWNED BY A MOTOR VEHICLE DEALER AND IS DRIVEN BY
11 A CUSTOMER, POTENTIAL CUSTOMER OR EMPLOYEE OF THE MOTOR VEHICLE DEALER AND
12 THE MOTOR VEHICLE DEALER HAS PROVIDED TO THE IMMOBILIZING OR IMPOUNDING
13 AGENCY INDICIA OF THE MOTOR VEHICLE DEALER'S OWNERSHIP OF THE VEHICLE,
14 INCLUDING A CERTIFICATE OF TITLE OR A MANUFACTURER-ISSUED CERTIFICATE OR
15 STATEMENT OF ORIGIN.

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

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

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

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

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

36 C. The owner or the owner's spouse if the vehicle is released to the
37 owner's spouse is responsible for paying all immobilization, towing and
38 storage charges related to the immobilization or impoundment of the vehicle
39 and any administrative charges established pursuant to section 28-3513,
40 unless the vehicle is stolen and the theft was reported to the appropriate
41 law enforcement agency. If the vehicle is stolen and the theft was reported
42 to the appropriate law enforcement agency, the operator of the vehicle at the
43 time of immobilization or impoundment is responsible for all immobilization,
44 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

1 Sec. 34. Section 28-3514, Arizona Revised Statutes, is amended to
2 read:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

42 G. Failure of the owner, the spouse of the owner or other person or
43 the other person's agent to request an immobilization or poststorage hearing
44 within ten days after the date on the notice prescribed in subsection E of

1 this section or to attend a scheduled hearing satisfies the immobilization or
2 poststorage hearing requirement.

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

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

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

18 Sec. 35. Section 28-4335, Arizona Revised Statutes, is amended to
19 read:

20 28-4335. Wholesale motor vehicle dealer or broker

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

22 1. Is required to be licensed pursuant to this chapter AND TO BE A
23 LEGAL RESIDENT OF THIS STATE.

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

25 3. Shall maintain a place of business in which records of the business
26 are kept.

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

29 Sec. 36. Section 28-4361, Arizona Revised Statutes, is amended to
30 read:

31 28-4361. License application; criminal records check

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

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

37 1. The name and residence of either:

38 (a) The applicant.

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

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

44 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
33 each partner or stockholder who owns twenty ~~per-cent~~ PERCENT or more of an
34 entity, either:

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

37 (b) Are currently licensed under this section.

38 3. DOES NOT APPLY TO A NEW MOTOR VEHICLE DEALER.

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

41 28-4403. Record requirements; motor vehicle information;
42 inspection; liability; electronic submission

43 A. A licensee shall keep and maintain at the licensee's established
44 place of business, or place of business if the licensee is a broker or a

1 wholesale motor vehicle dealer, a permanent record in the form prescribed by
2 the director containing:

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

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

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

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

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

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

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

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

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

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

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

42 F. ~~Beginning January 1, 2014,~~ A wholesale motor vehicle dealer shall
43 submit electronically to the department any documents that are requested by
44 the department during the wholesale motor vehicle dealer's reported business
45 hours and that are prescribed in this section. The wholesale motor vehicle

1 dealer shall submit the requested documents within forty-eight hours after
2 the request is transmitted.

3 Sec. 38. Section 28-4409, Arizona Revised Statutes, is amended to
4 read:

5 28-4409. Evidence of ownership requirement; exception

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

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

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

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

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

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

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

33 Sec. 39. Section 28-4410, Arizona Revised Statutes, is amended to
34 read:

35 28-4410. Consignment contracts; definitions

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

40 1. A consignment contract or dealer acquisition contract.

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

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

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

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

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

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

11 F. A dealer in motor vehicles, trailers or semitrailers may offer for
12 sale or sell a motor vehicle, trailer or semitrailer without having a duly or
13 regularly assigned certificate of title in the dealer's possession if the
14 dealer possesses a complete photocopy of the duly or regularly assigned
15 certificate of title, the original of which has been delivered to a financial
16 institution or a subsidiary of the financial institution pursuant to an
17 inventory financing arrangement.

18 G. For the purposes of this section:

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

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

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

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

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

32 Sec. 40. Section 28-4412, Arizona Revised Statutes, is amended to
33 read:

34 **28-4412. Guaranty disclosure: used motor vehicles: definition**

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

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

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

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

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

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

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

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

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

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

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

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

26 Sec. 41. Section 28-4421, Arizona Revised Statutes, is amended to
27 read:

28 28-4421. Selling dealer's duties

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

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

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

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

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

40 Sec. 42. Section 28-4423, Arizona Revised Statutes, is amended to
41 read:

42 28-4423. Wholesale motor vehicle auction dealers; sign; title
43 stamp

44 Each wholesale motor vehicle auction dealer shall:

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

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

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

11 Sec. 43. Section 28-4533, Arizona Revised Statutes, is amended to
12 read:

13 **28-4533. Dealer's certificate; dealer license plates; fees**

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

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

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

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

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

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

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

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

42 C. The department, on granting the application, shall issue to the
43 applicant a certificate containing the applicant's name and address and the
44 general distinguishing number assigned to the applicant and the dealer

1 license plates for which the applicant applied on payment of the fee provided
2 in this section.

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

- 5 1. Thirty dollars, if the dealer is not a motorcycle dealer.
- 6 2. Ten dollars, if the dealer is a motorcycle dealer.

7 E. The director may recall, redesign and reissue dealer license plates
8 pursuant to this article. The plate or pair of plates issued shall contain a
9 number or symbol distinguishing them from every other plate or pair of plates
10 issued to the same dealer. The director shall not allow a request for dealer
11 license plates to be combined with a request for a personalized special plate
12 issued pursuant to section 28-2406. Reissued dealer license plates shall be
13 distributed as determined by the director.

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

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

19 Sec. 44. Section 28-4547, Arizona Revised Statutes, is amended to
20 read:

21 28-4547. Requirements for temporary registration plates

22 A. A dealer shall not:

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

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

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

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

36 Sec. 45. Section 28-4594, Arizona Revised Statutes, is amended to
37 read:

38 28-4594. Altered serial or identification number; contraband;
39 seizure; disposition

40 A. Except if a manufacturer's serial or identification number of a
41 motor vehicle or major component part of a vehicle is removed, defaced,
42 altered or destroyed with the permission of the department or if a special
43 serial or identifying number issued by the department has been properly
44 affixed to a vehicle pursuant to section 28-2165, a motor vehicle or major
45 component part of the vehicle that has had the manufacturer's or department's

1 serial or identification number removed, defaced, altered or destroyed and a
2 serial or identification number so removed are contraband.

3 B. A law enforcement agency shall both:

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

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

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

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

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

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

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

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

42 (c) If the original identification numbers cannot be permanently or
43 temporarily restored or the last owner as identified on official title
44 records cannot be found, the county attorney in the county in which the motor
45 vehicle or major component part of a vehicle was seized or the attorney

1 general, within sixty days after the date of seizure or such other reasonable
2 time as is set by the court, shall file a petition or action in the superior
3 court in the county in which the item was seized or in Maricopa county to
4 forfeit the motor vehicle or major component part of a vehicle to this state
5 for use or other appropriate disposition by the law enforcement agency that
6 seized the item or for such other disposition as the state deems
7 appropriate. The petition shall set forth probable cause that the item is
8 contraband. A copy of the petition or notice of pending forfeiture shall be
9 served on the person from whom the item was seized by certified mail to the
10 person's last known address.

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

16 Sec. 46. Section 28-5101, Arizona Revised Statutes, is amended to
17 read:

18 28-5101. Third party authorization

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

- 21 1. Title and registration.
- 22 2. Motor carrier licensing and tax reporting.
- 23 3. Dealer licensing.
- 24 4. Driver licensing as prescribed in sections 28-5101.01, 28-5101.02
25 and 28-5101.03.

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

31 ~~1-~~ The written agreement between the department and the authorized
32 third party electronic service provider may be for a limited number of
33 services and may limit the persons that may receive the services.

34 ~~2-~~ An authorized third party electronic service partner shall meet the
35 requirements established by the department and shall be selected through a
36 competitive bid process.

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

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

41 E. Except as provided in subsection F of this section, an authorized
42 third party or an authorized third party electronic service provider shall
43 submit to the department all statutorily prescribed fees and taxes it
44 collects. In addition to the statutorily prescribed fees and taxes, an
45 authorized third party or an authorized third party electronic service

- 1 provider may collect and retain a reasonable and commensurate fee for its
2 services.
- 3 F. In addition to payment pursuant to section 28-374, the department
4 shall reimburse the authorized third party or third party electronic service
5 provider as follows:
- 6 1. One dollar of each initial, renewal, replacement or duplicate
7 registration fee for a vehicle or an aircraft.
- 8 2. One dollar of each initial, duplicate or transfer **CERTIFICATE OF**
9 title fee for a vehicle or an aircraft.
- 10 3. An amount equal to two ~~per-cent~~ **PERCENT** of each vehicle license tax
11 payment or aircraft license tax payment the authorized third party collects
12 and submits to the department or four dollars for each registration year or
13 part of a registration year, whichever is more. The reimbursement amount
14 shall not exceed the amount of vehicle license tax or aircraft license tax
15 collected.
- 16 4. Four dollars for each initial, renewal, replacement or duplicate
17 application that the third party processes and that relates to driver
18 licenses, nonoperating identification licenses or permits. An authorized
19 third party may add the cost for expedited processing of renewal, replacement
20 or duplicate applications if requested by the applicant.
- 21 5. An amount equal to two ~~per-cent~~ **PERCENT** of each overweight or
22 excess size vehicle registration or permit fee the third party collects and
23 submits to the department or one dollar for each overweight or excess size
24 vehicle registration or permit processed, whichever is more.
- 25 6. One dollar for each motor vehicle or special motor vehicle record,
26 excluding motor vehicle records released to commercial recipients, including
27 insurers and their authorized agents.
- 28 7. Five dollars or one-fourth of one ~~per-cent~~ **PERCENT** of the fuel
29 taxes reported, whichever is greater, for each fuel tax report filed
30 electronically. ~~In fiscal years 2008-2009 through 2012-2013, the maximum~~
31 ~~annual amount retained each year shall not exceed one million five hundred~~
32 ~~thousand dollars. Beginning in fiscal year 2013-2014, The maximum annual~~
33 amount retained each year shall not exceed four hundred eighty thousand
34 dollars.
- 35 8. One dollar for each fuel tax permit.
- 36 9. One dollar for each nonsufficient funds or dishonored check
37 payment.
- 38 10. One dollar for each abandoned vehicle report processed, except for
39 applications for crushed vehicles.
- 40 11. One dollar for each abandoned vehicle payment.
- 41 12. Two dollars for each initial special or personalized license plate
42 application.
- 43 13. One dollar for each initial, renewal or replacement vehicle dealer
44 license plate.

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

3 15. One dollar of each twelve dollar fee paid pursuant to section
4 28-2356.

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

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

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

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

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

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

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

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

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

36 Sec. 47. Section 28-5111, Arizona Revised Statutes, is amended to
37 read:

38 28-5111. Electronic transmission and recording of title,
39 registration and driver license; program; authorized
40 third party

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

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

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

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

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

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

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

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

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

32 Sec. 48. Section 47-9311, Arizona Revised Statutes, is amended to
33 read:

34 **47-9311. Perfection of security interests in property subject**
35 **to certain statutes, regulations and treaties**

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

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

43 2. A statute of this state that provides for central filing of or that
44 requires indication on a certificate of title of a security interest in the
45 property, including title 28, chapter 7, article 4, and that requires

1 indication of the security interest on a certificate of title for a vehicle
2 required to be ~~titled~~ ISSUED A CERTIFICATE OF TITLE and registered under
3 section 28-2153 and for a mobile home required to be titled under section
4 28-2063; or

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

9 B. Compliance with the requirements of a statute, regulation or treaty
10 described in subsection A of this section for obtaining priority over the
11 rights of a lien creditor is equivalent to the filing of a financing
12 statement under this chapter. Except as otherwise provided in subsection D
13 of this section and section 47-9313 and section 47-9316, subsections D and E
14 for goods covered by a certificate of title, a security interest in property
15 subject to a statute, regulation or treaty described in subsection A of this
16 section may be perfected only by compliance with those requirements, and a
17 security interest so perfected remains perfected notwithstanding a change in
18 the use or transfer of possession of the collateral.

19 C. Except as otherwise provided in subsection D of this section and
20 section 47-9316, subsections D and E, duration and renewal of perfection of a
21 security interest perfected by compliance with the requirements prescribed by
22 a statute, regulation or treaty described in subsection A of this section are
23 governed by the statute, regulation or treaty. In other respects, the
24 security interest is subject to this chapter.

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