

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

CHAPTER 276
SENATE BILL 1357

AN ACT

AMENDING SECTIONS 28-101, 28-370, 28-453, 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
46 use in an aircraft but does not include fuel for jet or turbine powered

1 aircraft.

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

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

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

8 8. "Board" means the transportation board.

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

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

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

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

23 ~~11.~~ 13. "Combination of vehicles" means a truck or truck tractor and
24 semitrailer and any trailer that it tows but does not include a forklift
25 designed for the purpose of loading or unloading the truck, trailer or
26 semitrailer.

27 ~~12.~~ 14. "Controlled substance" means a substance so classified under
28 section 102(6) of the controlled substances act (21 United States Code
29 section 802(6)) and includes all substances listed in schedules I through V
30 of 21 Code of Federal Regulations part 1308.

31 ~~13.~~ 15. "Conviction" means:

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

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

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

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

39 ~~14.~~ 16. "County highway" means a public road that is constructed and
40 maintained by a county.

41 ~~15.~~ 17. "Dealer" means a person who is engaged in the business of
42 buying, selling or exchanging motor vehicles, trailers or semitrailers and
43 who has an established place of business.

44 ~~16.~~ 18. "Department" means the department of transportation acting
45 directly or through its duly authorized officers and agents.

46 ~~17.~~ 19. "Digital network or software application" has the same

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

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

7 ~~30-~~ 32. "Livery vehicle" means a motor vehicle that:

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

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

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

13 (d) May do any of the following:

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

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

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

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

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

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

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

31 ~~35-~~ 37. "Motor vehicle":

32 (a) Means either:

33 (i) A self-propelled vehicle.

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

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

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

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

45 ~~36-~~ 38. "Motor vehicle fuel" includes all products that are commonly
46 or commercially known or sold as gasoline, including casinghead gasoline,

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

10 ~~37-~~ 39. "Motorcycle" means a motor vehicle that has a seat or saddle
11 for the use of the rider and that is designed to travel on not more than
12 three wheels in contact with the ground but excludes a tractor and a moped.

13 ~~38-~~ 40. "Motorized quadricycle" means a self-propelled motor vehicle
14 to which all of the following apply:

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

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

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

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

21 (e) The vehicle is a commercial motor vehicle as defined in section
22 28-5201.

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

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

27 (h) The vehicle complies with the definition and standards for
28 low-speed vehicles set forth in federal motor vehicle safety standard 500 and
29 49 Code of Federal Regulations ~~section~~ SECTIONS 571.3(b) and 571.500,
30 respectively.

31 ~~39-~~ 41. "Neighborhood electric vehicle" means a self-propelled
32 electrically powered motor vehicle to which all of the following apply:

33 (a) The vehicle is emission free.

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

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

38 ~~40-~~ 42. "Nonresident" means a person who is not a resident of this
39 state as defined in section 28-2001.

40 ~~41-~~ 43. "Off-road recreational motor vehicle" means a motor vehicle
41 that is designed primarily for recreational nonhighway all-terrain travel and
42 that is not operated on a public highway. Off-road recreational motor
43 vehicle does not mean a motor vehicle used for construction, building trade,
44 mining or agricultural purposes.

45 ~~42-~~ 44. "Operator" means a person who drives a motor vehicle on a
46 highway, who is in actual physical control of a motor vehicle on a highway or

1 who is exercising control over or steering a vehicle being towed by a motor
2 vehicle.

3 ~~43.~~ 45. "Owner" means:

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

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

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

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

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

22 ~~46.~~ 48. "Public transit" means the transportation of passengers on
23 scheduled routes by means of a conveyance on an individual passenger
24 fare-paying basis excluding transportation by a sightseeing bus, school bus
25 or taxi or a vehicle not operated on a scheduled route basis.

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

36 ~~48.~~ 50. "Residence district" means the territory contiguous to and
37 including a highway not comprising a business district if the property on the
38 highway for a distance of three hundred feet or more is in the main improved
39 with residences or residences and buildings in use for business.

40 ~~49.~~ 51. "Right-of-way" when used within the context of the regulation
41 of the movement of traffic on a highway means the privilege of the immediate
42 use of the highway. Right-of-way when used within the context of the real
43 property on which transportation facilities and appurtenances to the
44 facilities are constructed or maintained means the lands or interest in lands
45 within the right-of-way boundaries.

46 ~~50.~~ 52. "School bus" means a motor vehicle that is designed for

1 carrying more than ten passengers and that is either:

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

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

8 ~~51.~~ 53. "Semitrailer" means a vehicle that is with or without motive
9 power, other than a pole trailer, that is designed for carrying persons or
10 property and for being drawn by a motor vehicle and that is constructed so
11 that some part of its weight and that of its load rests on or is carried by
12 another vehicle. For the purposes of this paragraph, "pole trailer" has the
13 same meaning prescribed in section 28-601.

14 ~~52.~~ 54. "State" means a state of the United States and the District
15 of Columbia.

16 ~~53.~~ 55. "State highway" means a state route or portion of a state
17 route that is accepted and designated by the board as a state highway and
18 that is maintained by the state.

19 ~~54.~~ 56. "State route" means a right-of-way whether actually used as a
20 highway or not that is designated by the board as a location for the
21 construction of a state highway.

22 ~~55.~~ 57. "Street" or "highway" means the entire width between the
23 boundary lines of every way if a part of the way is open to the use of the
24 public for purposes of vehicular travel.

25 ~~56.~~ 58. "Taxi" means a motor vehicle that has a seating capacity not
26 exceeding fifteen passengers, including the driver, that is registered as a
27 taxi in this state or any other state, that provides passenger services and
28 that:

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

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

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

37 ~~57.~~ 60. "Traffic survival school" means a school that offers
38 educational sessions to drivers who are required to attend and successfully
39 complete educational sessions pursuant to this title that are designed to
40 improve the safety and habits of drivers and that are approved by the
41 department.

42 ~~58.~~ 61. "Trailer" means a vehicle that is with or without motive
43 power, other than a pole trailer, that is designed for carrying persons or
44 property and for being drawn by a motor vehicle and that is constructed so
45 that no part of its weight rests on the towing vehicle. A semitrailer
46 equipped with an auxiliary front axle commonly known as a dolly is deemed to

1 be a trailer. For the purposes of this paragraph, "pole trailer" has the same
2 meaning prescribed in section 28-601.

3 ~~59.~~ 62. "Transportation network company" has the same meaning
4 prescribed in section 28-9551.

5 ~~60.~~ 63. "Transportation network company vehicle" has the same meaning
6 prescribed in section 28-9551.

7 ~~61.~~ 64. "Transportation network service" has the same meaning
8 prescribed in section 28-9551.

9 ~~62.~~ 65. "Truck" means a motor vehicle designed or used primarily for
10 the carrying of property other than the effects of the driver or passengers
11 and includes a motor vehicle to which has been added a box, a platform or
12 other equipment for such carrying.

13 ~~63.~~ 66. "Truck tractor" means a motor vehicle that is designed and
14 used primarily for drawing other vehicles and that is not constructed to
15 carry a load other than a part of the weight of the vehicle and load drawn.

16 ~~64.~~ 67. "Vehicle" means a device in, on or by which a person or
17 property is or may be transported or drawn on a public highway, excluding
18 devices moved by human power or used exclusively on stationary rails or
19 tracks.

20 ~~65.~~ 68. "Vehicle transporter" means either:

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

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

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

28 ~~28-370.~~ Oaths and acknowledgments: power of attorney:
29 definition

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

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

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

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

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

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

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

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

4 Sec. 3. Section 28-453, Arizona Revised Statutes, is amended to read:

5 ~~28-453.~~ Electronic transfer of information

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

10 Sec. 4. Section 28-2008, Arizona Revised Statutes, is amended to read:

11 ~~28-2008.~~ Duplicate certificate of title, permit, registration
12 card or license plates

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

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

23 Sec. 5. Section 28-2009, Arizona Revised Statutes, is amended to read:

24 ~~28-2009.~~ Certificate of title; validity

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

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

30 ~~28-2011.~~ Vehicle inspections

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

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

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

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

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

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

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

3 C. The department shall deposit the inspection fees in the vehicle
4 inspection and **CERTIFICATE OF** title enforcement fund established by section
5 28-2012.

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

10 Sec. 7. Section 28-2012, Arizona Revised Statutes, is amended to read:

11 28-2012. Vehicle inspection and certificate of title
12 enforcement fund

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

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

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

24 Sec. 8. Section 28-2013, Arizona Revised Statutes, is amended to read:

25 28-2013. Disposition of property; deposit of proceeds

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

31 B. The department shall deposit, pursuant to sections 35-146 and
32 35-147, any proceeds resulting from subsection A of this section, except an
33 investigation or prosecution conducted pursuant to article 3 of this chapter,
34 in the vehicle inspection and **CERTIFICATE OF** title enforcement fund
35 established by section 28-2012.

36 Sec. 9. Section 28-2051, Arizona Revised Statutes, is amended to read:

37 28-2051. Application for certificate of title; vision screening
38 test

39 A. A person shall apply to the department on a form prescribed or
40 authorized by the department for a certificate of title to a motor vehicle,
41 trailer or semitrailer. The person shall make the application within fifteen
42 days after the purchase or transfer of the vehicle, trailer or semitrailer
43 except that a licensed motor vehicle dealer shall make the application within
44 thirty days after the purchase or transfer. All transferees shall sign the
45 application, except that one transferee may sign the application if both of
46 the following apply:

- 1 1. The application is for the purposes of converting an out-of-state
2 certificate of title to a certificate of title issued pursuant to this
3 article.
- 4 2. The ownership or legal status of the motor vehicle, trailer or
5 semitrailer does not change.
- 6 B. The application shall contain:
- 7 1. The transferee's full name and either the driver license number of
8 the transferee or a number assigned by the department.
- 9 2. The transferee's complete residence address.
- 10 3. A brief description of the vehicle to be ~~titled~~ ISSUED A
11 CERTIFICATE OF TITLE.
- 12 4. The name of the manufacturer of the vehicle.
- 13 5. The serial number of the vehicle.
- 14 6. The last license plate number if applicable and if known and the
15 state in which the license plate number was issued.
- 16 7. If the application is for a certificate of title to a new vehicle,
17 the date of sale by the manufacturer or dealer to the person first operating
18 the vehicle.
- 19 8. If the application is in the name of a lessor:
- 20 (a) The lessor shown on the application as the owner or transferee.
- 21 (b) At the option of the lessor, the lessee shown on the application
22 as the registrant.
- 23 (c) The address of either the lessor or lessee.
- 24 (d) The signature of the lessor.
- 25 9. If the application is for a certificate of title to a specially
26 constructed, reconstructed or foreign vehicle, a statement of that fact. For
27 the purposes of this paragraph, "specially constructed vehicle" means a
28 vehicle not originally constructed under a distinctive name, make, model or
29 type by a generally recognized manufacturer of vehicles.
- 30 10. If an applicant rents or intends to rent the vehicle without a
31 driver, a statement of that fact.
- 32 11. Other information required by the department.
- 33 C. Unless subsection B, paragraph 8 of this section applies, on
34 request of an applicant, the department shall allow the applicant to provide
35 on the CERTIFICATE OF title of a motor vehicle, trailer or semitrailer a post
36 office box address that is regularly used by the applicant.
- 37 D. A person shall submit the following information with an application
38 for a certificate of title:
- 39 1. To a vehicle previously registered:
- 40 (a) The odometer mileage disclosure statement prescribed by section
41 28-2058.
- 42 (b) If the applicant is applying for A CERTIFICATE OF title pursuant
43 to section 28-2060, the applicant's statement of the odometer reading as of
44 the date of application.
- 45 2. To a new vehicle:

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

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

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

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

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

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

16 Sec. 10. Section 28-2052, Arizona Revised Statutes, is amended to
17 read:

18 28-2052. Title and registration of foreign vehicles

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

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

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

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

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

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

6 28-2053. Certificate of title without registration

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

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

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

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

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

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

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

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

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

25 Sec. 12. Section 28-2055, Arizona Revised Statutes, is amended to
26 read:

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

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

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

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

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

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

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

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

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

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

10 28-2058. Transfer of title: odometer mileage disclosure
11 statement

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

14 1. If the vehicle is registered:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

14 Sec. 14. Section 28-2059, Arizona Revised Statutes, is amended to
15 read:

16 28-2059. Obtaining a certificate of title; revocation

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

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

29 Sec. 15. Section 28-2060, Arizona Revised Statutes, is amended to
30 read:

31 28-2060. Transfer of ownership by operation of law

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

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

44 C. If a motor vehicle has been forfeited to the federal government and
45 is sold at public auction pursuant to federal law, the purchaser at the sale
46 takes title free of any liens or encumbrances if federal law so provides. If

1 a motor vehicle has been forfeited to any local or state government entity,
2 agency or political subdivision or to any federal law enforcement agency
3 after the disposition of all claims under the laws of this state, the order
4 of the court forfeiting the vehicle shall transfer good and sufficient title
5 to the transferee and to any subsequent purchaser or transferee. The
6 purchaser or transferee shall register the motor vehicle within thirty days
7 after the sale or transfer, and the department shall issue a certificate of
8 title to the purchaser or transferee on presentation of the evidence of title
9 without any reference to liens or encumbrances.

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

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

17 (a) Through notice and sale under the conditions contained in any
18 security agreement, chattel mortgage, conditional sale or other evidence of
19 lien or under the authority given by statute in cases arising under sections
20 33-1021 and 33-1022 or under section 33-1704.

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

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

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

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

43 2. If license plates are not displayed, a written permit has been
44 obtained from the department or the local authorities having jurisdiction
45 over the highways and a placard that bears the name and address of the person

1 authorizing the movement and that is legible from a distance of one hundred
2 feet during daylight is displayed in plain sight on the vehicle.

3 F. If ownership of a motor vehicle ~~titled~~ **FOR WHICH A CERTIFICATE OF**
4 **TITLE HAS BEEN ISSUED** in this state or another state reverts through
5 operation of state law to a lienholder of record through repossession
6 pursuant to the terms of a security agreement or through another similar
7 instrument that is valid in such state, an affidavit by the lienholder of
8 record stating that the vehicle was repossessed on default of the terms
9 stated in the security agreement or similar instrument is proof of ownership,
10 right of possession and right of transfer. **IF THE LIENHOLDER OF RECORD IS A**
11 **FINANCIAL INSTITUTION AS DEFINED IN SECTION 28-4301, THE LIENHOLDER OF RECORD**
12 **SHALL ELECTRONICALLY SUBMIT THE REPOSSESSION AFFIDAVIT TO THE DEPARTMENT.**
13 The director shall prescribe the form and content of the affidavit. This
14 state and its agencies, employees and agents are not liable for relying in
15 good faith on the content of the affidavit.

16 Sec. 16. Section 28-2061, Arizona Revised Statutes, is amended to
17 read:

18 **28-2061. All-terrain vehicles; off-highway vehicles; off-road**
19 **recreational motor vehicles; certificates of title;**
20 **exemption**

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

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

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

41 Sec. 17. Section 28-2063, Arizona Revised Statutes, is amended to
42 read:

43 **28-2063. Mobile home certificate of title; exceptions; fee**

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

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

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

6 3. A mobile home that is permanently affixed, as defined in section
7 ~~33-1501 or~~ 42-15201, and for which an affidavit of affixture has been
8 recorded PURSUANT TO SECTION 33-1501. The owner shall surrender the original
9 certificates of title or manufacturer's statements of origin to permanently
10 affixed mobile homes to the department in the manner prescribed by the
11 department. The department shall issue a receipt for the documents
12 surrendered pursuant to this paragraph.

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

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

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

24 Sec. 18. Section 28-2064, Arizona Revised Statutes, is amended to
25 read:

26 28-2064. Electronic certificates of title system:
27 applicability: rules

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

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

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

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

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

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

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

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

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

11 Sec. 19. Section 28-2065, Arizona Revised Statutes, is amended to
12 read:

13 28-2065. Electronic and digital signatures; documents

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

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

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

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

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

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

43 ~~G.~~ E. This section does not limit the use of electronic and digital
44 signatures used by state agencies, boards or commissions pursuant to section
45 41-132.

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

3 Sec. 20. Section 28-2091, Arizona Revised Statutes, is amended to
4 read:

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

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

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

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

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

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

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

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

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

17 H. On sale of the vehicle, an owner of a salvage vehicle for which a
18 salvage certificate of title has been obtained or an owner of a nonrepairable
19 vehicle for which a nonrepairable vehicle certificate of title has been
20 obtained shall assign and deliver the salvage certificate of title or
21 nonrepairable vehicle certificate of title OR A TITLE TRANSFER FORM to the
22 purchaser and shall notify the department of the name and address of the
23 purchaser.

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

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

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

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

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

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

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

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

19 1. The vehicle is repairable.

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

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

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

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

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

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

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

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

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

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

17 1. The frame is the component part replaced.

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

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

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

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

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

31 T. For the purposes of this section:

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

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

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

41 (b) Is a completely stripped vehicle that is recovered from theft and
42 that is missing the engine or motor, the transmission, all of the bolt-on
43 sheet metal body panels, all of the doors and hatches, substantially all of
44 the interior components and substantially all of the grill and light
45 assemblies or that the owner designates has little or no resale value except

1 its worth as a source of scrap metal or as a source of a vehicle
2 identification number that could be used illegally.

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

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

11 ~~4.~~ 3. "Salvage vehicle" means a vehicle, other than a nonrepairable
12 vehicle, of a type that is subject to ~~titling~~ THE ISSUANCE OF A CERTIFICATE
13 OF TITLE and registration pursuant to this chapter and that has been stolen,
14 wrecked, destroyed, flood or water damaged or otherwise damaged to the extent
15 that the owner, leasing company, financial institution or insurance company
16 considers it uneconomical to repair the vehicle.

17 ~~5.~~ 4. "Stolen vehicle certificate of title" means a vehicle ownership
18 document issued to the owner of a vehicle that has been stolen and not
19 recovered.

20 Sec. 21. Section 28-2094, Arizona Revised Statutes, is amended to
21 read:

22 28-2094. Dismantling motor vehicle; application fee;
23 certificate of title; exemption

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

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

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

32 3. The registration card of the vehicle.

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

34 5. A fee of four dollars.

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

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

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

41 3. The registration card of the vehicle.

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

43 5. A fee of four dollars.

44 C. If the registration card or license plate is lost or destroyed, the
45 applicant shall state in a form prescribed by the department under penalty of
46 perjury the circumstances of the loss or destruction. ~~Except as provided in~~

1 ~~subsection G.~~ On receipt of the documents and fee required by this section,
2 the department shall issue a dismantle certificate of title to the applicant
3 to dismantle or destroy the vehicle. The dismantle certificate of title **OR**
4 **TITLE TRANSFER FORM** authorizes the person to transport or possess the vehicle
5 or to transfer ownership by endorsement on the dismantle certificate of title
6 **OR TITLE TRANSFER FORM**. The department shall not issue a certificate of
7 title for the vehicle if it is dismantled or destroyed.

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

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

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

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

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

44 ~~1. Research methods by which the department and licensed automotive~~
45 ~~recyclers may exchange and maintain information concerning the electronic~~

1 ~~completion of dismantle certificates of title without submitting or receiving~~
2 ~~a paper document.~~

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

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

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

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

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

14 Sec. 22. Section 28-2095, Arizona Revised Statutes, is amended to
15 read:

16 28-2095. Restored salvage certificate of title; inspections;
17 definitions

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

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

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

36 D. A person who possesses a salvage vehicle as defined in section
37 28-2091 and who submits it for inspection as prescribed by this section shall
38 submit to the department paperwork that is satisfactory to the director.
39 Satisfactory paperwork may include copies of invoices, notarized bills of
40 sale or other acceptable proof of ownership for component parts.

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

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

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

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

10 I. For the purposes of this section:

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

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

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

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

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

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

37 Sec. 23. Section 28-2097, Arizona Revised Statutes, is amended to
38 read:

39 28-2097. Modular motor homes; definition

40 A. Notwithstanding any other provision of this title:

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

1 inspection of the vehicle and shall brand the **CERTIFICATE OF** title
2 refurbished.

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

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

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

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

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

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

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

33 Sec. 24. Section 28-2131, Arizona Revised Statutes, is amended to
34 read:

35 **28-2131. Liens and encumbrances; validity**

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

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

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

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

3 Sec. 25. Section 28-2132, Arizona Revised Statutes, is amended to
4 read:

5 28-2132. Indication of lien or encumbrance

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

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

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

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

22 Sec. 26. Section 28-2133, Arizona Revised Statutes, is amended to
23 read:

24 28-2133. Index and filing of liens, encumbrances or
25 instruments; constructive notice

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

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

43 C. The method provided in subsection B of this section for giving
44 constructive notice of a lien or encumbrance on a vehicle required to be
45 ~~issued~~ ISSUED A CERTIFICATE OF TITLE and registered under section 28-2153 or
46 a mobile home required to be ~~issued~~ ISSUED A CERTIFICATE OF TITLE under

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

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

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

17 28-2134. Satisfaction of lien or encumbrance; assignment of
18 obligation by lienholder; civil penalty

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

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

44 C. If a holder of a lien or encumbrance who possesses a certificate of
45 title as provided in this article refuses or fails to surrender the
46 certificate of title to the person who is legally entitled to possession of

1 the certificate of title on that person's request and within fifteen business
2 days after the holder receives payment in full satisfaction of the holder's
3 lien or encumbrance, after an opportunity for an administrative hearing, the
4 department may impose and collect a civil penalty from the holder of the lien
5 or encumbrance to be deposited, PURSUANT TO SECTIONS 35-146 AND 35-147, in
6 the state highway fund established by section 28-6991 as follows:

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

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

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

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

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

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

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

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

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

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

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

34 28-2135. Perfection of security interest in inventory and
35 mobile homes

36 Notwithstanding any other provision in this article:

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

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

1 Sec. 29. Section 28-2136, Arizona Revised Statutes, is amended to
2 read:

3 28-2136. Unsatisfied liens

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

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

11 Sec. 30. Section 28-2137, Arizona Revised Statutes, is amended to
12 read:

13 28-2137. Restitution lien; removal

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

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

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

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

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

34 Sec. 31. Section 28-2162, Arizona Revised Statutes, is amended to
35 read:

36 28-2162. Delinquent registration; penalty; lien; failure to
37 apply for certificate of title; waiver

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

1 operated on the highways during the year for which the application for
2 registration is made.

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

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

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

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

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

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

30 28-2165. Special serial or identification number

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

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

43 1. A sworn statement by the owner that the owner is the lawful owner
44 of the vehicle and that sets forth the basis for the claim of ownership,
45 including documentation such as purchase contracts, bills of sale, invoices
46 and receipts for the original vehicle and any replacement parts that replaced

1 damaged portions of the original vehicle that bore original manufacturer's
2 serial or identification numbers.

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

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

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

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

25 Sec. 33. Section 28-3511, Arizona Revised Statutes, is amended to
26 read:

27 28-3511. Removal and immobilization or impoundment of vehicle:
28 Arizona crime information center database

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

40 (a) Has a valid driver license.

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

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

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

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

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

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

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

23 Sec. 34. Section 28-3512, Arizona Revised Statutes, is amended to
24 read:

25 28-3512. Release of vehicle; civil penalties; definition

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

29 1. If the vehicle is a stolen vehicle.

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

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

37 4. If all of the following apply:

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

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

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

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

45 5. For the spouse of the owner or any person who is identified as an
46 owner of the vehicle on the records of the department at the time of removal

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

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

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

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

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

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

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

38 C. The owner or the owner's spouse if the vehicle is released to the
39 owner's spouse is responsible for paying all immobilization, towing and
40 storage charges related to the immobilization or impoundment of the vehicle
41 and any administrative charges established pursuant to section 28-3513,
42 unless the vehicle is stolen and the theft was reported to the appropriate
43 law enforcement agency. If the vehicle is stolen and the theft was reported
44 to the appropriate law enforcement agency, the operator of the vehicle at the
45 time of immobilization or impoundment is responsible for all immobilization,
46 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.

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

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

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

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

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

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

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

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

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

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

41 Sec. 35. Section 28-3514, Arizona Revised Statutes, is amended to
42 read:

43 28-3514. Hearings; notice of immobilization or storage;
44 definition

45 A. If a peace officer removes and either immobilizes or impounds a
46 vehicle pursuant to section 28-3511, the immobilizing or impounding agency

1 may provide the owner, the spouse of the owner and any other person
2 ~~identified on the department's record as having an~~ PROVIDING INDICIA OF
3 OWNERSHIP OR OTHER interest in the vehicle immediately before the
4 immobilization or impoundment with the opportunity for an immobilization or
5 poststorage hearing to determine the validity of the immobilization or
6 storage or consider any mitigating circumstances relating to the
7 immobilization or storage or release of the vehicle before the end of the
8 thirty day immobilization or impoundment period. If the immobilizing or
9 impounding agency provides the opportunity for an immobilization or
10 poststorage hearing, the immobilizing or impounding agency shall conduct the
11 hearing in accordance with any of the following:

- 12 1. In the immobilizing or impounding agency's jurisdiction.
- 13 2. Telephonically.
- 14 3. Pursuant to procedures prescribed by the immobilizing or impounding
15 agency to transfer the authority to conduct the immobilization or poststorage
16 hearing to a law enforcement agency in the jurisdiction in which the owner,
17 the spouse of the owner, the owner's agent or any person identified in the
18 department's record as having an interest in the vehicle immediately before
19 the immobilization or impoundment resides.

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

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

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

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

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

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

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

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

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

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

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

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

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

45 I. In compliance with the requirements of this section, the vehicle
46 owner, the vehicle owner's spouse or another person **having WHO HAS** an

1 interest in the vehicle OR WHO HAS PROVIDED THE DEPARTMENT WITH INDICIA OF
2 OWNERSHIP OR OTHER INTEREST IN THE VEHICLE THAT EXISTS immediately before the
3 immobilization or impoundment shall have an opportunity for a single
4 poststorage hearing for the release of the vehicle by either the immobilizing
5 or impounding agency or a justice court but not both.

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

9 Sec. 36. Section 28-4335, Arizona Revised Statutes, is amended to
10 read:

11 28-4335. Wholesale motor vehicle dealer or broker

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

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

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

16 3. Shall maintain a place of business in which records of the business
17 are kept.

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

20 Sec. 37. Section 28-4361, Arizona Revised Statutes, is amended to
21 read:

22 28-4361. License application; criminal records check

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

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

28 1. The name and residence of either:

29 (a) The applicant.

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

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

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

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

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

40 5. The business hours of the applicant.

41 6. Other information that the director requires.

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

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

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

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

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

16 E. The requirement for a criminal records check:

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

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

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

26 (b) Are currently licensed under this section.

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

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

35 Sec. 38. Section 28-4403, Arizona Revised Statutes, is amended to
36 read:

37 28-4403. Record requirements; motor vehicle information;
38 inspection; liability; electronic submission

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

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

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

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

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

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

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

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

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

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

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

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

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

42 Sec. 39. Section 28-4409, Arizona Revised Statutes, is amended to
43 read:

44 28-4409. Evidence of ownership requirement; exception

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

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

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

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

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

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

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

27 Sec. 40. Section 28-4410, Arizona Revised Statutes, is amended to
28 read:

29 28-4410. Consignment contracts; definitions

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

- 34 1. A consignment contract or dealer acquisition contract.
- 35 2. The most recent registration card for the vehicle.
- 36 3. A statement by the lienholder disclosing all unsatisfied liens, if
37 applicable.

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

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

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

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

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

10 G. For the purposes of this section:

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

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

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

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

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

24 Sec. 41. Section 28-4412, Arizona Revised Statutes, is amended to
25 read:

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

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

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

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

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

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

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

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

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

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

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

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

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

16 Sec. 42. Section 28-4421, Arizona Revised Statutes, is amended to
17 read:

18 28-4421. Selling dealer's duties

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

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

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

30 Sec. 43. Section 28-4423, Arizona Revised Statutes, is amended to
31 read:

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

34 Each wholesale motor vehicle auction dealer shall:

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

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

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

45 Sec. 44. Section 28-4533, Arizona Revised Statutes, is amended to
46 read:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6 Sec. 45. Section 28-4547, Arizona Revised Statutes, is amended to
7 read:

8 28-4547. Requirements for temporary registration plates

9 A. A dealer shall not:

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

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

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

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

23 Sec. 46. Section 28-4594, Arizona Revised Statutes, is amended to
24 read:

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

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

35 B. A law enforcement agency shall both:

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

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

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

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

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

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

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

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

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

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

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

1 Sec. 47. Section 28-5101, Arizona Revised Statutes, is amended to
2 read:

3 28-5101. Third party authorization

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

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

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

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

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

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

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

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

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

- 36 1. One dollar of each initial, renewal, replacement or duplicate
37 registration fee for a vehicle or an aircraft.
- 38 2. One dollar of each initial, duplicate or transfer **CERTIFICATE OF**
39 title fee for a vehicle or an aircraft.
- 40 3. An amount equal to two ~~per-cent~~ **PERCENT** of each vehicle license tax
41 payment or aircraft license tax payment the authorized third party collects
42 and submits to the department or four dollars for each registration year or
43 part of a registration year, whichever is more. The reimbursement amount
44 shall not exceed the amount of vehicle license tax or aircraft license tax
45 collected.

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

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

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

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

20 8. One dollar for each fuel tax permit.

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

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

25 11. One dollar for each abandoned vehicle payment.

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

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

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

32 15. One dollar of each twelve dollar fee paid pursuant to section
33 28-2356.

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

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

37 G. For authorized third party electronic service partners, the amount
38 of compensation and the amount of reimbursements for transactions shall be
39 negotiated by the department and the authorized third party electronic
40 service partner and shall be set forth in the written agreement authorizing
41 the third party electronic service partner. If reimbursement is made for
42 individual transactions, the reimbursements shall not exceed the amounts
43 specified in subsections F, H and I of this section. Other forms of
44 compensation or reimbursements for services may be specified in the written
45 agreement. Compensation and reimbursements provided for by the written
46 agreement may include the development and implementation of information

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

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

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

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

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

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

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

19 Sec. 48. Section 28-5111, Arizona Revised Statutes, is amended to
20 read:

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

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

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

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

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

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

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

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

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

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

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

14 Sec. 49. Section 47-9311, Arizona Revised Statutes, is amended to
15 read:

16 47-9311. Perfection of security interests in property subject
17 to certain statutes, regulations and treaties

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

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

25 2. A statute of this state that provides for central filing of or that
26 requires indication on a certificate of title of a security interest in the
27 property, including title 28, chapter 7, article 4, and that requires
28 indication of the security interest on a certificate of title for a vehicle
29 required to be ~~titled~~ ISSUED A CERTIFICATE OF TITLE and registered under
30 section 28-2153 and for a mobile home required to be titled under section
31 28-2063; or

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

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

1 C. Except as otherwise provided in subsection D of this section and
2 section 47-9316, subsections D and E, duration and renewal of perfection of a
3 security interest perfected by compliance with the requirements prescribed by
4 a statute, regulation or treaty described in subsection A of this section are
5 governed by the statute, regulation or treaty. In other respects, the
6 security interest is subject to this chapter.

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

APPROVED BY THE GOVERNOR MAY 17, 2016.

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