

House Engrossed Senate Bill

~~ADOT; authorized third parties; CDLs~~  
(now: authorized third parties; ADOT)

State of Arizona  
Senate  
Fifty-sixth Legislature  
First Regular Session  
2023

# SENATE BILL 1101

AN ACT

AMENDING SECTIONS 28-2064 AND 28-5101.01, ARIZONA REVISED STATUTES;  
RELATING TO AUTHORIZED THIRD PARTIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

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

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

6 A. The director may establish a system to require recording of  
7 certificate of title information for newly issued, transferred and  
8 corrected certificates of title, including perfection and release of  
9 security interests, through electronic media in a cost-effective manner in  
10 lieu of the submission and maintenance of paper documents as provided in  
11 this chapter. The director may contract with an association of new motor  
12 vehicle dealers to manage a lien recording system on behalf of the  
13 department at no cost to this state.

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

15 1. Shall:

16 ~~1.~~ (a) Establish procedures for issuing and maintaining an  
17 electronic certificate of title system that is applicable to all  
18 certificate of title transactions performed in this state.

19 ~~2.~~ (b) Develop methods to electronically share information related  
20 to applications for certificates of title with law enforcement agencies  
21 and entities licensed under this title.

22 2. MAY NOT PROHIBIT AN AUTHORIZED THIRD PARTY AS DEFINED IN SECTION  
23 28-5100 FROM PRINTING AN ELECTRONIC CERTIFICATE OF TITLE OR A REGISTRATION  
24 TAB OR WINDSHIELD STICKER.

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

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

29 E. The director may adopt rules as necessary to implement this  
30 section, including the criteria for when the department may issue a paper  
31 certificate of title.

32 Sec. 2. Section 28-5101.01, Arizona Revised Statutes, is amended to  
33 read:

34 28-5101.01. Authorized third party driver license providers;  
35 requirements

36 A. Except as provided in section 28-5101.03, an authorized third  
37 party driver license provider must perform both of the following:

- 38 1. Driver license skills and written testing.
- 39 2. Driver license processing.

40 B. A person who is a third party driver license provider authorized  
41 pursuant to this section may also be authorized pursuant to this article  
42 to perform certain title and registration functions.

1 C. A person who applies for authorization pursuant to this section  
2 shall submit with the application all of the following:

3 1. A bond in a form to be approved by the director and in an amount  
4 of at least \$300,000 for an initial application for authorization pursuant  
5 to this section and an additional \$100,000 for each additional location  
6 providing driver license functions prescribed in subsection A of this  
7 section, except that if the authorized third party is also authorized  
8 pursuant to this article to perform certain title and registration  
9 functions at the same location only a single \$100,000 bond is required for  
10 that location. The total bond amount required by this paragraph shall not  
11 exceed \$1,000,000. The bond requirements of this paragraph do not apply  
12 to government entities prescribed in section 28-5104, subsection E,  
13 paragraphs 1, 2, 3, 5 and 11.

14 2. Documentation that the applicant satisfies all of the following:

15 (a) Has been an authorized third party pursuant to this chapter for  
16 at least the immediately preceding three years.

17 (b) Has conducted an average of at least one thousand retention  
18 transactions per month for the previous calendar year.

19 (c) Is in good standing with the department.

20 (d) Has a facility plan for each location that shows adequate space  
21 and equipment necessary to perform the functions prescribed in subsection  
22 A of this section.

23 3. Documentation that the applicant has during business hours at  
24 least one certified processor qualified to perform at a minimum all of the  
25 following at each location:

26 (a) Fraudulent document recognition.

27 (b) Ignition interlock requirements.

28 (c) Driver license reinstatements.

29 D. A third party driver license provider authorized pursuant to  
30 this section must comply with all quality control requirements prescribed  
31 by the department.

32 E. A third party driver license provider authorized pursuant to  
33 subsection A of this section may perform administrative ~~and~~ FUNCTIONS OR  
34 testing functions OR BOTH ADMINISTRATIVE FUNCTIONS AND TESTING FUNCTIONS  
35 for the issuance and renewal of commercial driver licenses as authorized  
36 by the director and pursuant to federal law.