

REFERENCE TITLE: used motor vehicle dealers; appropriation

State of Arizona
Senate
Fifty-seventh Legislature
First Regular Session
2025

SB 1433

Introduced by
Senator Farnsworth

AN ACT

**AMENDING SECTIONS 28-4361 AND 28-4504, ARIZONA REVISED STATUTES;
APPROPRIATING MONIES; RELATING TO USED MOTOR VEHICLE DEALERS.**

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 28-4361, Arizona Revised Statutes, is amended to
3 read:

4 28-4361. License application; criminal records check;
5 education and training

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

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

11 1. The name and residence of either:

12 (a) The applicant.

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

14 (c) If the applicant is a corporation, each principal officer,
15 director, agent or stockholder who owns twenty percent or more of the
16 corporation and the name of the state in which the corporation was
17 organized.

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

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

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

23 5. The business hours of the applicant.

24 6. A FORM SIGNED BY THE APPLICANT THAT:

25 (a) DEFINES CURBSTONING AS THE ILLEGAL SALE OF VEHICLES WITHOUT
26 PROPER LICENSURE REQUIRED BY THIS CHAPTER.

27 (b) DESCRIBES THE PENALTIES FOR ENGAGING IN A BUSINESS REGULATED BY
28 THIS CHAPTER WITHOUT BEING LICENSED AS REQUIRED IN SECTIONS 28-4499,
29 28-4500, 28-4501 AND 28-4502.

30 ~~6.~~ 7. Other information that the director requires.

31 C. Each applicant who owns twenty percent or more of an entity, and
32 each partner or stockholder who owns twenty percent or more of an entity,
33 and who seeks a new license shall provide:

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

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

41 D. If a licensee adds or changes a partner or stockholder who owns
42 twenty percent or more of the entity and who was not included in the
43 criminal records check on a prior application, the licensee shall notify
44 the department within thirty days of the change. At the time of
45 notification, an application and, if applicable, a full set of

fingerprints and the fee for a criminal records check shall be submitted to the department. If any individual who is added or changed by the licensee is found to be ineligible pursuant to section 28-4365, the director, on completion of the criminal records check, shall advise the licensee and the individual in writing that the license will be revoked, unless the individual is removed from the position, and of the grounds for the action.

E. The requirement for a criminal records check:

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

2. May not apply if the application is for a subsequent license and each applicant who owns twenty percent or more of an entity, and each partner or stockholder who owns twenty percent or more of an entity, either:

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

(b) Are currently licensed under this section.

3. Does not apply to a new motor vehicle dealer who has paid fees pursuant to section 28-4302.

~~F. The director may establish education and training for a person applying for an initial or a renewal of a used motor vehicle dealer or wholesale motor vehicle dealer license pursuant to this section. The director may contract with a private entity to provide the education and training established under this subsection. The private entity that contracts with the director pursuant to this subsection may charge a fee for the education and training.~~

F. A PERSON WHO APPLIES FOR AN INITIAL OR RENEWAL OF A USED MOTOR VEHICLE DEALER LICENSE OR A WHOLESALE MOTOR VEHICLE DEALER LICENSE SHALL COMPLETE A MANDATORY EDUCATION COURSE BEFORE LICENSURE OR RENEWAL THAT:

1. IS ADMINISTERED BY A DEALER-SPECIFIC ASSOCIATION WITH AN ESTABLISHED PRESENCE IN THIS STATE OF AT LEAST FIVE YEARS. A DEALER-SPECIFIC ASSOCIATION THAT ADMINISTERS AN EDUCATION COURSE PURSUANT TO THIS SUBSECTION MAY CHARGE A FEE FOR THE EDUCATION AND TRAINING.

2. COVERS FEDERAL, STATE AND LOCAL REGULATIONS REGARDING MOTOR VEHICLE SALES, INCLUDING CONSUMER PROTECTIONS, FINANCING LAWS, TAX REQUIREMENTS AND LICENSING STANDARDS.

3. INCLUDES AT LEAST SIX HOURS OF INSTRUCTION.

H. SUBSECTION F OF THIS SECTION DOES NOT APPLY TO:

1. A NEW MOTOR VEHICLE FRANCHISE DEALER, MANUFACTURER OR RECYCLER.

2. A MOTOR VEHICLE DEALER THAT WAS LICENSED ON OR BEFORE DECEMBER 31, 2023 UNLESS THE DEALER APPLIES TO OBTAIN A NEW LICENSE TYPE OR TO CHANGE BUSINESS LOCATIONS.

1 Sec. 2. Section 28-4504, Arizona Revised Statutes, is amended to
2 read:

3 28-4504. Motor vehicle dealer enforcement fund

4 A. The motor vehicle dealer enforcement fund is established
5 consisting of civil penalties collected pursuant to section 28-4501 that
6 result from licensed or unlicensed motor vehicle dealer activity. The
7 department shall administer the fund. ~~Monies in the fund are subject to~~
8 ~~legislative appropriations.~~ The director shall deposit all unexpended and
9 unencumbered monies in the fund exceeding ~~two hundred fifty thousand~~
10 ~~dollars~~ \$250,000 at the end of each fiscal year in the state highway fund
11 established by section 28-6991.

12 B. THE MOTOR VEHICLE ENFORCEMENT FUND SHALL BE USED FOR:

13 1. OPERATION EXPENSES TO ENHANCE ENFORCEMENT ACTIVITY RELATED TO
14 INVESTIGATING UNLICENSED MOTOR VEHICLE DEALERS.

15 2. EXPANDING RESOURCES AND SCALING OPERATIONS RELATED TO ENFORCING
16 LICENSING REQUIREMENTS FOR MOTOR VEHICLE DEALERS.

17 Sec. 3. Supplemental appropriation; motor vehicle dealer
18 enforcement fund

19 In addition the to the appropriation made by Laws 2024, chapter 209,
20 section 94, the sum of \$250,000 is appropriated from the motor vehicle
21 dealer enforcement fund established by section 28-4504, Arizona Revised
22 Statutes, as amended by this act, in fiscal year 2024-2025 to the
23 department of transportation for investigation activities relating to
24 unlicensed used motor vehicle dealers.

25 Sec. 4. Emergency

26 This act is an emergency measure that is necessary to preserve the
27 public peace, health or safety and is operative immediately as provided by
28 law.