Department of Finance and Administration

Legislative Impact Statement

Bill: HB1707 Amendment Number: Engrossment 3/28/13 (Am #S1)
Bill Subtitle: TO AMEND ARKANSAS LAW CONCERNING TEMPORARY PREPRINTED PAPER
BUYER'S TAGS FOR MOTOR VEHICLES; AND TO DECLARE AN EMERGENCY.

Basic Change:

Representative Overbey

Under current law, the fee for a temporary tag for a motor vehicle sold by a licensed dealer cannot exceed \$2.50. The bill raises that limit to a fee not to exceed \$4.00. DFA is responsible for setting the fee. The fees are collected by DFA when the vehicle is registered. The bill also adds vehicle color to the required information necessary to issue the temporary tag. Currently all fees collected for issuance of temporary tags are deposited to the State Treasury and credited as general revenues.

Amendment 1 provides that, if fees are increased in excess of \$3.00, amounts collected in excess of \$3.00 are to be deposited to the State Treasury to be credited as cash revenue to the DFA Revenue Services Division to offset administrative costs. The bill as amended also adds provisions to allow DFA to suspend or terminate a dealer's ability to issue temporary tags if it determines that the dealer has issued temporary tags to the same buyer for the same vehicle in excess of the number allowed by law. Suspension for the first occurrence is six (6) months, one (1) year for the second occurrence, and termination for a third or subsequent occurrences. The bill as amended provides that a dealer who has been suspended or terminated may request a hearing upon being suspended or terminated, and sets forth the hearing process.

Revenue Impact :

A revenue impact will only occur should the temporary tag fee ultimately be increased.

Taxpayer Impact :

No immediate taxpayer impact. If a temporary tag increase is approved, vehicle owners, who purchase motor vehicles from dealers, would pay the additional amount of the increase.

Resources Required:

None

Time Required :

Adequate time is provided.

Procedural Changes:

Program the motor vehicle computer system to calculate the new fee.

Legal Analysis:

This amendment clarifies that \$1.00 of the \$4.00 paper buyer's tag fee will be cash funds for DFA to offset administrative costs. The \$3.00 portion of the fee continues to be general revenue.

This amendment also allows DFA to suspend or terminate a dealer's authority to issue temporary preprinted paper buyer's tags if the dealer incorrectly issues more than one tag to the same buyer to allow the buyer to extend the time to register or uses a paper tag in a manner that is not an authorized use of the tag. A dealer who is suspended or terminated is given due process rights to a hearing to contest the suspension or termination.

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