

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1735

Bill Subtitle: TO AMEND ARKANSAS LAW CONCERNING THE DISCLOSURE OF DAMAGE AND REPAIR ON A CERTIFICATE OF TITLE.

Basic Change : Sponsor: Representative Payton

Under current law, the threshold of physical damage for which a motor vehicle must be issued a salvage title is equal or exceeding seventy percent (70%) of its average retail value. The bill would change the threshold to damage totaling at least five thousand dollars and at least seventy percent (70%) of its average retail value. Under current law, the threshold of water damage for which a motor vehicle must be issued a salvage title is water damage caused by submerging or partially submerging the vehicle in water to any level above the dashboard of the vehicle regardless of the dollar amount. The bill changes the threshold to damage caused by water that saturated or contaminated an electronic component or electrical system necessary for the safe and reliable operation of the vehicle or rose to the point that it covered the motor vehicle's door sill and entered the passenger compartment.

Under current law motor vehicles at least seven (7) model years old prior to the calendar year of damage are exempt from the salvage title law. The bill removes the age limit for which for which motor vehicles are exempt.

Revenue Impact :

None.

Taxpayer Impact :

Persons who wreck their motor vehicles and retain the salvage vehicle, and insurance companies who take salvage vehicles in settlement, would be required to obtain salvage titles at the lower damage thresholds. Insurance companies would be required to provide more notifications of salvage vehicles to the department on vehicles for which they do not take possession, due to the lower damage thresholds.

Resources Required :

No additional resources required.

Time Required :

Adequate time is provided.

Procedural Changes :

Revise Motor Vehicle Procedures Manual and distribute revisions to Revenue Offices.

Other Comments :

None

Legal Analysis :

HB1735 amends § 27-14-2301(6) and (7) concerning the definitions of "salvage vehicle" and "water-damaged" to be disclosed on the certificate of title. HB1735 also amends § 27-14-2305 such that any motor vehicle title branded pursuant to this subchapter shall retain the brand on the title for the life of the vehicle.