

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas  
2 84th General Assembly  
3 Regular Session, 2003  
4

# A Bill

SENATE BILL 821

5 By: Senators Madison, G. Jeffress  
6  
7

## For An Act To Be Entitled

9 AN ACT TO CREATE THE DEMONSTRATION LICENSE PLATE  
10 FOR THE USE OF LICENSED MOTOR VEHICLE DEALERS; TO  
11 ELIMINATE THE USE OF THE DEALER'S LICENSE PLATE  
12 FOR MOTOR VEHICLE DEALERS AND SALESMEN; AND FOR  
13 OTHER PURPOSES.  
14

## Subtitle

15 TO CREATE THE DEMONSTRATION LICENSE  
16 PLATE FOR THE USE OF LICENSED MOTOR  
17 VEHICLE DEALERS AND ELIMINATE THE USE OF  
18 THE DEALER'S LICENSE PLATE FOR MOTOR  
19 VEHICLE DEALERS.  
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22

23 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
24

25 SECTION 1. Arkansas Code § 27-14-305 is amended to read as follows:

26 27-14-305. Penalty for using or making unofficial license plates.

27 (a) It shall be unlawful for the owner of any automobile, truck,  
28 trailer or semitrailer, motorcycle, or motorcycle sidecar to display any  
29 license plates that are not furnished by the Director of the Department of  
30 Finance and Administration.

31 (b)(1) It shall be unlawful for any person, firm, or corporation to  
32 reproduce or paint any license plate or registration card in this state.

33 (2) It shall be unlawful for any licensed new or used motor  
34 vehicle dealer or other person or business to place an advertisement for the  
35 dealer or business on the rear of a vehicle in the shape of a license plate.

36 (3) It shall be unlawful for any licensed new or used motor



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1 vehicle dealer or other person or business to place a placard or plate on a  
 2 vehicle stating that registration has been applied for or any similar  
 3 statement.

4 (c)(1) Any person, firm, or corporation violating the provisions of  
 5 this section shall be deemed guilty of a misdemeanor and, upon conviction,  
 6 shall be fined in any sum not less than one hundred dollars (\$100) nor more  
 7 than five hundred dollars (\$500).

8 (2) Any new or used motor vehicle dealer in violation of  
 9 subdivision (b)(2) or (b)(3) of this section shall be subject to the  
 10 penalties under § 27-14-2503 for misuse of a demonstration license plate.

11

12 SECTION 2. Arkansas Code § 27-14-601(a)(6), concerning the fee for  
 13 dealer's license plates, is amended to read as follows:

14 (6) Dealers.

15 (A) A "dealer", for the purposes of this subdivision  
 16 (a)(6), is a person, firm, or corporation engaged in the business of buying  
 17 and selling vehicles subject to registration in this state.

18 (B)(i) As a condition precedent to obtaining ~~dealer's~~  
 19 demonstration license plates, the dealer shall furnish the director a  
 20 certification by the sheriff of the county in which the applicant's business  
 21 is located, or, if located within a city of the first class, a certification  
 22 by an officer of the metropolitan police department that the applicant is a  
 23 vehicle dealer and has a bona fide, established place of business used  
 24 exclusively for the sale of vehicles, an office used exclusively for such  
 25 business, a telephone listed in the name of the business, and a sign  
 26 identifying the establishment as a vehicle dealership. Certification shall be  
 27 required for all renewals of ~~dealer~~ demonstration license plates. This dealer  
 28 certification shall not apply to dealers licensed by the Department of  
 29 Arkansas State Police or the Arkansas Motor Vehicle Commission or the  
 30 Arkansas Manufactured Home Commission and who are regulated by those  
 31 authorities.

32 (ii) Upon furnishing such certification to the  
 33 director, or a copy of the dealer's license from either the Department of  
 34 Arkansas State Police or the Arkansas Motor Vehicle Commission, and the  
 35 payment of a fee of one hundred dollars (\$100), the dealer shall be issued a  
 36 master demonstration license plate and upon the payment of a fee of twenty-

1 five dollars (\$25.00) per plate shall be issued a ~~dealer's~~ extra  
 2 demonstration license plate. There is no limit to the number of ~~dealer's~~  
 3 extra demonstration license plates which may be purchased by a dealer.  
 4 However, the dealer must secure a master license plate for each separate  
 5 place of business.

6 (iii)(a) Upon furnishing certification to the  
 7 director or a copy of the dealer's license from the Arkansas Manufactured  
 8 Home Commission and upon the payment of fifty dollars (\$50.00), the  
 9 manufactured home dealer shall be issued certification from the director for  
 10 the purpose of assigning manufactured home titles.

11 (b) Each location shall be treated as a  
 12 separate entity, and certification by the department shall be required for  
 13 each location.

14 (C) When a dealer's master license plate or extra license  
 15 plate is attached to any dealer-owned motor vehicle, the motor vehicle may be  
 16 driven or operated upon the public highways ~~for any purpose consistent with~~  
 17 ~~the operation of the dealership, by the licensed dealer or any other person~~  
 18 ~~authorized by the licensed dealer~~ as provided by § 27-14-2502.

19 ~~(D) Any dealer who pleads guilty or nolo contendere to, or~~  
 20 ~~who is found guilty of, the misuse of a dealer license plate or of allowing~~  
 21 ~~anyone else to misuse a dealer license plate shall be fined not more than two~~  
 22 ~~hundred fifty dollars (\$250) for the first offense, not more than five~~  
 23 ~~hundred dollars (\$500) for the second offense, and not more than one thousand~~  
 24 ~~dollars (\$1000) for the third and subsequent offenses.~~

25  
 26 SECTION 3. Arkansas Code § 27-14-1701 is amended to read as follows:

27 27-14-1701. Operation of vehicles under special plates.

28 (a) A manufacturer ~~or dealer~~ owning any vehicle of a type otherwise  
 29 required to be registered under this chapter may operate or move it upon the  
 30 highways solely for purposes of transporting, testing, demonstrating, or  
 31 selling it without registering each vehicle, upon condition that any such  
 32 vehicle display, in the manner prescribed in § 27-14-716, a special plate  
 33 issued to the owner as provided in this subchapter.

34 (b) A transporter may operate or move any vehicle of like type upon  
 35 the highways solely for the purpose of delivery, upon likewise displaying a  
 36 similar plate issued to him as provided in this subchapter.

1 (c) The provisions of this subchapter shall not apply to work or  
 2 service vehicles owned by a manufacturer, or transporter, ~~or dealer~~.

3  
 4 SECTION 4. Arkansas Code § 27-14-1702 is amended to read as follows:  
 5 27-14-1702. Application for and issuance of certificates and special  
 6 plates.

7 (a) Any manufacturer, or transporter, ~~or dealer~~ may make application  
 8 to the office, upon the appropriate form, for a certificate containing a  
 9 general distinguishing number and for one (1) or more pairs of special plates  
 10 or single special plates, as appropriate, to various types of vehicles  
 11 subject to registration under this chapter. The applicant shall also submit  
 12 proof of his status as a bona fide manufacturer, or transporter, ~~or dealer~~,  
 13 as may reasonably be required by the office.

14 (b) The office, upon granting any such application, shall issue to the  
 15 applicant a certificate containing the applicant's name and address and the  
 16 general distinguishing number assigned to the applicant.

17 (c)(1) The office shall also issue a special plate or plates as  
 18 applied for, which shall have displayed thereon the general distinguishing  
 19 number assigned to the applicant.

20 (2) Each plate or pair of plates so issued shall also contain a  
 21 number or symbol identifying it or them from every other plate or pair of  
 22 plates bearing the same general distinguishing number.

23  
 24 SECTION 5. Arkansas Code Title 27, Chapter 14, is amended to add an  
 25 additional subchapter to read as follows:

26 Subchapter 25. Demonstration License Plate.

27  
 28 27-14-2501. Motor vehicle dealers eligible.

29 (a) Any person licensed as a new motor vehicle dealer under § 27-112-  
 30 302 or as a used motor vehicle dealer under § 23-112-607 may apply for a  
 31 demonstration license plate.

32 (b) A demonstration license plate may be placed on any motor vehicle  
 33 subject to registration that is held in the sale inventory of a new or used  
 34 motor vehicle dealer.

35  
 36 27-14-2502. Purpose of the demonstration license plate.

1       (a) A demonstration license plate may be used to drive a motor vehicle  
2 upon the highways for the following purposes:

3               (1) For a test drive with a customer present in the vehicle;

4               (2) To refuel the vehicle;

5               (3) To obtain mechanical or other services to repair, modify, or  
6 clean the vehicle; or

7               (4) To transport the vehicle to another licensed motor vehicle  
8 dealer or to an auction for sale.

9       (b) It shall be a violation of this section to operate a motor vehicle  
10 with a demonstration license plate for a purpose other than those listed in  
11 subsection (a) of this section.

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13       27-14-2503. Penalties.

14       (a) Any person who is found guilty, or pleads guilty or nolo  
15 contendere to violating § 27-14-2502 shall be fined:

16               (1) Five hundred dollars (\$500) for a first offense;

17               (2) One thousand dollars (\$1,000) for a second offense within  
18 one (1) year;

19               (3) Five thousand dollars (\$5,000) for a third or subsequent  
20 offense within one (1) year.

21       (b)(1) If the arresting officer is an officer of the Department of  
22 Arkansas State Police, fifty percent (50%) of the fine shall be deposited in  
23 the State Treasury and credited to the Department of Arkansas State Police  
24 Fund to be used for the purchase and maintenance of state police vehicles.

25               (2) If the arresting officer is a county law enforcement  
26 officer, fifty percent (50%) of the fine shall be deposited in that county  
27 fund used for the purchase and maintenance of rescue, emergency medical, and  
28 law enforcement vehicles, communications equipment, animals owned or used by  
29 law enforcement agencies, life-saving medical apparatus, and law enforcement  
30 apparatus to be used for those purposes.

31               (3) If the arresting officer is a municipal law enforcement  
32 officer, fifty percent (50%) of the fine shall be deposited in that municipal  
33 fund used for the purchase and maintenance of rescue, emergency medical, and  
34 law enforcement vehicles, communications equipment, animals owned or used by  
35 law enforcement agencies, lifesaving medical apparatus, and law enforcement  
36 apparatus to be used for those purposes.

1           (c)(1) Upon entry of a conviction for violating § 27-14-2502, the  
 2 court shall transmit a copy of the conviction showing the plate number of the  
 3 demonstration license plate used on the vehicle to the Office of Motor  
 4 Vehicle of the Department of Finance and Administration and to the assessor  
 5 of the county where the dealership is located.

6           (2) The Office of Motor Vehicle shall transmit a copy of any  
 7 convictions received to the agency that issued a dealer's license to the  
 8 dealership that has been issued the demonstration license plate.

9           (3) The Office of Motor Vehicle shall suspend the demonstration  
 10 license plate of a dealership using a demonstration license plate in  
 11 violation of § 27-14-2502 as follows:

12                   (A) For seven (7) days for a second offense in one (1)  
 13 year;

14                   (B) For thirty (30) days for a third offense in one (1)  
 15 year; and

16                   (C) For one (1) year for a fourth or subsequent offense in  
 17 one (1) year.

18           (4) The Arkansas Motor Vehicle Commission or the Arkansas  
 19 Department of State Police shall suspend the dealership license of a  
 20 dealership that has had a demonstration license plate used in violation of §  
 21 27-14-2502 as follows:

22                   (A) For seven (7) days for a second offense in one (1)  
 23 year;

24                   (B) For thirty (30) days for a third offense in one (1)  
 25 year; and

26                   (C) For one (1) year for a fourth or subsequent offense in  
 27 one (1) year.

28           (d) It is an affirmative defense to a prosecution for violating § 27-  
 29 14-2502 if the operator of the motor vehicle or the dealer has assessed the  
 30 motor vehicle with county assessor as personal property, the vehicle has been  
 31 registered with the Arkansas Department of Finance and Administration, and  
 32 sales tax upon the vehicle was paid.

33  
 34           SECTION 6. EMERGENCY CLAUSE. It is found and determined by the  
 35 General Assembly of the State of Arkansas that the misuse of dealer plates  
 36 has resulted in the loss of tax revenue for the public schools and other

1 essential services of the state; that this bill will provide additional  
2 revenues by assuring that all motor vehicles used for purposes other than  
3 demonstration and related activities have paid the appropriate taxes as  
4 imposed by law; and that it is necessary to implement this act at the  
5 beginning of the State's fiscal year to improve the financial status of state  
6 revenues. Therefore, an emergency is declared to exist and this act being  
7 necessary for the preservation of the public peace, health, and safety shall  
8 become effective on July 1, 2003.

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