

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.

Act 410 of the Regular Session

As Engrossed: H3/2/07 H3/12/07

A Bill

1 State of Arkansas  
2 86th General Assembly  
3 Regular Session, 2007

SENATE BILL 295

4  
5 By: Senator Miller  
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8 **For An Act To Be Entitled**

9 AN ACT TO AMEND PORTIONS OF ARKANSAS LAW RELATED  
10 TO DAMAGED MOTOR VEHICLES; AND FOR OTHER  
11 PURPOSES.  
12

13 **Subtitle**

14 AN ACT TO AMEND PORTIONS OF ARKANSAS LAW  
15 RELATED TO DAMAGED MOTOR VEHICLES.  
16  
17

18 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
19

20 SECTION 1. Arkansas Code § 27-14-2301 is amended to read as follows:  
21 27-14-2301. Definitions.

22 As used in this subchapter, unless the context otherwise requires:

23 (1)(A) "Dealer" means any person or business who sells or offers  
24 for sale a motor vehicle after selling or offering for sale five (5) or more  
25 motor vehicles in the previous twelve (12) months or who is a new or used  
26 motor vehicle dealer licensed by or with the State of Arkansas.

27 (B) Persons or businesses that operate as salvage vehicle  
28 pools or salvage vehicle auctions are not dealers under this subchapter when  
29 selling vehicle parts to a dealer;

30 (2) "Motor vehicle" means every self-propelled vehicle, except  
31 motorcycles, motor-driven cycles, and trucks with an unladen weight of ten  
32 thousand pounds (10,000 lbs.) or more, in, upon, or by which any person or  
33 property is or may be transported upon a street or highway;

34 (3)(A) "Occurrence" means the event which caused the motor  
35 vehicle to become damaged.



1                   (B) "Occurrence" includes without limitation collision,  
 2 theft, vandalism, storm, or flood;

3                   ~~(3)~~(4) "Office of Motor Vehicle" or "office" means the Office of  
 4 Motor Vehicle of the Revenue Division of the Department of Finance and  
 5 Administration;

6                   ~~(4)~~(5) "Owner" means an individual, insurance company, or other  
 7 entity with legal title to the motor vehicle; ~~and~~

8                   (6) "Salvage vehicle" means a motor vehicle which is:

9                   (A) Water-damaged; or

10                   (B) Sustains any other damage in an amount equal to or  
 11 exceeding seventy percent (70%) of its average retail value as determined  
 12 under criteria established by rule of the Office of Motor Vehicle; and

13                   ~~(5)~~(7) "Water-damaged" means damage to a motor vehicle caused by  
 14 submerging or partially submerging the vehicle in water to the extent that  
 15 the vehicle was submerged or partially submerged at any water level above the  
 16 dashboard of the vehicle, regardless of the actual dollar amount of the  
 17 damage.

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 19                   SECTION 2. Arkansas Code § 27-14-2302 is amended to read as follows:  
 20                   27-14-2302. Issuance of damage certificate.

21                   ~~(a)(1) When a motor vehicle is water damaged or sustains damage in an~~  
 22 ~~amount equal to or exceeding seventy percent (70%) of its average retail~~  
 23 ~~value, as found in the National Automobile Dealers' Association Official~~  
 24 ~~Price Guide, or other source approved by the Office of Motor Vehicle, the~~  
 25 ~~owner, or insurance company if it obtains ownership of the vehicle through~~  
 26 ~~transfer of title as the result of a settlement of an insurance claim, shall~~  
 27 ~~forward the properly endorsed certificate of title to the office together~~  
 28 ~~with a fee in the amount now or hereafter prescribed by law for the~~  
 29 ~~registration and issuance of a certificate of title~~ When an insurer acquires  
 30 the ownership of a salvage vehicle for which a salvage vehicle title has not  
 31 been issued, the insurer shall surrender the certificate of title for the  
 32 salvage vehicle to the Office of Motor Vehicle within thirty (30) days  
 33 following the acquisition of the certificate of title to the salvage vehicle.

34                   (2)(A) If a motor vehicle becomes a salvage vehicle and an  
 35 insurer indemnifies under the insurance policy, but the insurer does not take  
 36 title to the salvage vehicle, the insurer shall notify the office that the

1 motor vehicle is a salvage vehicle pursuant to the notification procedure  
2 required under this subsection.

3 (B) The office shall attach a note or stamp to any copy of  
4 a title issued by the office or to any reissued or changed title.

5 (C) The note or stamp shall state that the motor vehicle  
6 is a salvage vehicle and shall remain in place until the owner of the vehicle  
7 surrenders the certificate of title on the salvage vehicle and a salvage  
8 vehicle title or prior salvage vehicle title is issued by the office.

9 (3) If a person other than an insurer owns a salvage vehicle for  
10 which a salvage title has not been issued, the owner shall surrender the  
11 certificate of title for the salvage vehicle to the office within thirty (30)  
12 days following the date that the motor vehicle became a salvage vehicle.

13 (4)(A) If a person other than an insurer acquires ownership of a  
14 salvage vehicle after the time it becomes a salvage vehicle but prior to the  
15 issuance of a salvage title, and a good faith estimate of the repair cost is  
16 over seventy percent (70%) of its average retail value at the time the  
17 vehicle is acquired, the owner shall surrender the certificate of title to  
18 the salvage vehicle to the office within thirty (30) days following the date  
19 of acquisition of the certificate of title to the salvage vehicle. If the  
20 vehicle has no resale value except as a source for parts or scrap, the owner  
21 may request that the office issue the vehicle a "parts only" title and the  
22 vehicle shall be dismantled for parts or scrap and shall be titled as such in  
23 the State of Arkansas.

24 (B) Subdivision (a)(4)(A) of this section shall  
25 become effective on January 1, 2008.

26 (b) Upon receipt of such title, there shall be issued a new  
27 certificate of title with the word "~~damaged~~ salvage" printed in the remarks  
28 section on the face of the title.

29 (c)(1) An Arkansas certificate of title issued from an out-of-state  
30 certificate of title or comparable ownership document which carries a  
31 designation such as "damaged", "salvaged", "water-damaged", "reconstructed",  
32 "rebuilt", or other similar classification shall have a brand notation  
33 printed in the remarks section on its face as would be required by this  
34 subchapter to be printed on an Arkansas certificate of title issued under the  
35 provisions of either subsection (b) or subsection (e) of this section.

36 (2)(A) Provided, however, an Arkansas certificate of title shall

1 not be issued from an out-of-state junking certificate or other ownership  
2 document bearing a designation of "junk", "parts only", "nonrepairable", or  
3 similar classification, it being the intent of this section that any motor  
4 vehicle damaged to the extent that it has been so designated shall be  
5 dismantled for *parts or scrap and shall not be ~~titled~~ registered in the State*  
6 *of Arkansas, but may receive a "parts only" title.*

7 (B)(i) An Arkansas title may be issued only if the state  
8 that placed the designation on the certificate of title or issued the junking  
9 certificate removes the designation or cancels the junking certificate and  
10 replaces it with a certificate of title.

11 (ii) The designation placed on the certificate of  
12 title or issuance of junking certificate may be modified or removed only by  
13 that state.

14 (iii) No court of this state shall have jurisdiction  
15 to change or modify the designation or finding of another state issuing a  
16 certificate of title or the junking certificate.

17 (d)(1) When any motor vehicle issued a "~~damaged~~ salvage" certificate  
18 of title, or similar branded title by another state, is rebuilt or  
19 reconstructed, the owner shall, within ten (10) working days, make  
20 application to the office for the registration and issuance of a new  
21 certificate of title to the motor vehicle.

22 (2) The application shall be accompanied by the "~~damaged~~  
23 salvage" certificate of title, or similar title issued by another state, a  
24 fee in the amount now or hereafter prescribed by law for the registration and  
25 issuance of a certificate of title, and a sworn statement executed by the  
26 rebuildler or restorer on a form prescribed by the office describing the types  
27 of repairs performed, listing all parts replaced, and including the vehicle  
28 identification number of any parts bearing such a number or a derivative  
29 thereof.

30 (e)(1) Upon receipt of such "~~damaged~~ salvage" certificate of title, or  
31 similar title issued by another state, and the sworn statement required to be  
32 submitted by subsection (d) of this section, there shall be issued a new  
33 certificate of title with the words "~~previous damage~~ rebuilt" printed in the  
34 remarks section on the face of the title.

35 (2) Such brand shall be carried forward and printed in the  
36 remarks section on the face of all titles issued thereafter for such motor

1 vehicle.

2 (f) The sworn statement submitted pursuant to subsection (d) of this  
3 section shall be maintained by the office as a part of the permanent title  
4 record of the motor vehicle in question, and the information contained  
5 therein shall be made available to any prospective buyer or transferee upon  
6 request.

7 (g)(1) If an insurer has the responsibility under this subchapter to  
8 surrender the certificate of title on a salvage vehicle for which it has  
9 taken title or to notify the office that a motor vehicle is a salvage  
10 vehicle, prior salvage vehicle, or "parts only" vehicle, the insurer may  
11 delegate its responsibility to surrender the certificate of title or to  
12 notify the office to a servicing organization or to a buyer of the salvage  
13 vehicle from the insurer.

14 (2) The insurer shall remain responsible under Arkansas law if  
15 the servicing organization or buyer fails to properly surrender the title or  
16 notify the department.

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18 SECTION 3. Arkansas Code § 27-14-2305 is amended to read as follows:  
19 27-14-2305. Applicability of subchapter.

20 (a) The provisions of this subchapter shall not apply to motor  
21 vehicles more than ~~five (5)~~ seven (7) model years old prior to the calendar  
22 year of the occurrence.

23 (b) Any title which is branded pursuant to this subchapter shall  
24 retain the brand on the title for the life of the vehicle.

25  
26 /s/ Miller

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28 **APPROVED: 3/22/2007**