

1 State of Arkansas
2 89th General Assembly
3 Regular Session, 2013

A Bill

HOUSE BILL 1537

4
5 By: Representatives Rice, Wren, Dale, Ratliff, Hickerson, Eubanks, D. Douglas, Hammer, Payton, Miller

For An Act To Be Entitled

8 AN ACT TO REGULATE THE SALE OF SALVAGE VEHICLES; TO
9 REQUIRE DISCLOSURE OF A SALVAGE VEHICLE ON A
10 CERTIFICATE OF TITLE; AND FOR OTHER PURPOSES.

Subtitle

14 THE SALVAGE VEHICLE CONSUMER SAFETY AND
15 DISCLOSURE ACT.

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

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20 SECTION 1. Arkansas Code § 23-112-602, concerning definitions of the
21 used motor vehicle buyers protection law, is amended to add an additional
22 subdivision to read as follows:

23 (14) "Salvage auction" means the wholesale exchange or sale of
24 wrecked, salvaged, damaged, or water-damaged motor vehicles using an auction
25 format; and

26 (15) "Salvage vehicle" means a motor vehicle, regardless of the
27 age of the vehicle, that is:

28 (A) Water-damaged; or

29 (B) Sustains any other damage in an amount equal to or
30 exceeding seventy percent (70%) of its average retail value as determined
31 under criteria established by rule of the Office of Motor Vehicle.

32 (16) "Water-damaged" means a vehicle damaged by water that has:

33 (A) Saturated or contaminated an electronic or electrical
34 system necessary for the safe and reliable operation of the vehicle; or

35 (B) Risen to the point that it covers the sill and enters
36 the passenger compartment.



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2 SECTION 2. Arkansas Code Title 23, Chapter 112, Subchapter 6 is
3 amended to add additional sections to read as follows:

4 23-112-618. Licensing requirements for salvage auction buyers —
5 Penalty.

6 (a)(1) On and after January 1, 2014, the title of a salvage vehicle
7 sold at a salvage auction shall not be transferred or assigned knowingly by
8 the owner, manager, or person in charge of a salvage auction to anyone other
9 than:

10 (A) A new motor vehicle dealer licensed under § 23-112-
11 301;

12 (B) A used motor vehicle dealer licensed under § 23-112-
13 607; or

14 (C) A person licensed under § 27-14-2001.

15 (2) A violation of subdivision (a)(1) of this section is a Class
16 B misdemeanor.

17 (b) The owner, manager, or person in charge of a salvage auction and a
18 buyer shall report the specifics of the sale of a salvage vehicle at a
19 salvage auction to the National Motor Vehicle Title Information System
20 pursuant to 49 U.S.C. §§ 30501 — 30505, as it existed on January 1, 2013.

21 (c)(1) The owner, manager, or person in charge of a salvage auction
22 shall keep a register of a sale of salvage vehicles for five (5) years from
23 the date of the sale.

24 (2) The register shall include the following:

25 (A) The salvage vehicle information, including the:

26 (i) Make;

27 (ii) Model;

28 (iii) Year;

29 (iv) Body style;

30 (v) Vehicle identification number;

31 (vi) Copy of the front and back of the title filled
32 out to the buyer; and

33 (vii) Copy of any necessary reassignment forms
34 filled out to the buyer;

35 (B) The seller's name and address; and

36 (C) The buyer's:

- 1 (i) Name and address;
- 2 (ii) Motor vehicle dealer's license number; and
- 3 (iii) Reporting identification for the National
- 4 Motor Vehicle Title Information System.

5 (3) The register shall be made available for inspection by law
 6 enforcement officers of the state, county, or municipality during regular
 7 business hours on business days at the salvage auction's business location.

9 23-112-619. Out-of-state motor vehicle dealers authorized to buy motor
 10 vehicles at Arkansas salvage auctions – Requirements.

11 Section 23-112-618 does not prohibit an out-of-state motor vehicle
 12 dealer, wrecker, or dismantler from buying a salvage vehicle at a salvage
 13 auction in the State of Arkansas if:

14 (1) The Arkansas Motor Vehicle Commission has entered into a
 15 reciprocity agreement with a motor vehicle commission or its equivalent in
 16 another state under § 23-112-312 where the out-of-state dealer, wrecker, or
 17 dismantler is licensed; and

18 (2) The out-state motor vehicle dealer, wrecker, or dismantler
 19 complies with § 23-112-618(b).

21 SECTION 3. Arkansas Code § 27-14-713(c)(1)(B), concerning information
 22 on the face of a certificate of title, is amended to add an additional
 23 subdivision to read as follows:

24 (v) If a certificate of title is issued for a
 25 salvage vehicle, the following words printed on the front of the certificate
 26 of title so as to be clear and conspicuous to the purchaser:

27 "SALVAGE VEHICLE - NOT FOR RESALE WITHOUT DISCLOSURE. WARNING: A
 28 SALVAGE VEHICLE MAY NOT BE SAFE FOR OPERATION. SOME STATES PROHIBIT
 29 REGISTRATION OF CERTAIN SALVAGE TITLE VEHICLES, REQUIRE INSPECTIONS BEFORE A
 30 VEHICLE MAY BE REGISTERED, OR REQUIRE THIS VEHICLE TO BE PERMANENTLY KNOWN AS
 31 A SALVAGE VEHICLE. INSURANCE COMPANIES MAY NOT INSURE SALVAGE VEHICLES OR
 32 MAY DO SO ONLY AT A DIMINISHED VALUE FOR PAYMENT OF A CLAIM."

34 SECTION 4. Arkansas Code § 27-14-2302(b), concerning a salvage vehicle
 35 certificate of title, is amended to read as follows:

36 (b) Upon receipt of such a title, ~~there shall be issued~~ a new

1 certificate of title shall be issued with:

2 (1) ~~the~~ The word "salvage" printed in the remarks section on the
3 face of the certificate of title; and

4 (2) The following words printed on the front of the certificate
5 of title so as to be clear and conspicuous to the purchaser:

6 "SALVAGE VEHICLE - NOT FOR RESALE WITHOUT DISCLOSURE. WARNING: A
7 SALVAGE VEHICLE MAY NOT BE SAFE FOR OPERATION. SOME STATES PROHIBIT
8 REGISTRATION OF CERTAIN SALVAGE TITLE VEHICLES, REQUIRE INSPECTIONS BEFORE A
9 VEHICLE MAY BE REGISTERED, OR REQUIRE THIS VEHICLE TO BE PERMANENTLY KNOWN AS
10 A SALVAGE VEHICLE. INSURANCE COMPANIES MAY NOT INSURE SALVAGE VEHICLES OR
11 MAY DO SO ONLY AT A DIMINISHED VALUE FOR PAYMENT OF A CLAIM."

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