

# Department of Finance and Administration

## Legislative Impact Statement

**Bill: SB479**

**Bill Subtitle: TO AUTHORIZE AND REQUIRE THE ISSUANCE OF A TITLE FOR A WATERCRAFT; AND TO CREATE THE ARKANSAS MOTORBOAT REGISTRATION AND TITLING ACT.**

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### **Basic Change :**

**Sponsor: Sen. Sample**

SB479 allows for watercraft titling. Arkansas has no law requiring the issuance of title for watercraft. Therefore, lienholders cannot file a lien on watercraft that is reflected in the Office of Motor Vehicle records, other than watercraft listed on a lien contract surrendered for the watercraft trailer. Currently, ownership of watercraft is transferred on a small space on the registration certificate. Transferring ownership on a certificate of title would be a much more secure method of transferring ownership since a title document is much more secure than a registration document. Issuance of title for watercraft would be a deterrent to theft of watercraft.

### **Revenue Impact :**

Unknown increase of title fees for new boat purchases manufactured on and after January 1, 2020.

### **Taxpayer Impact :**

For new boats manufactured on and after January 1, 2020, customers would be required to obtain a title as well as a registration for their watercraft and pay the ten-dollar (\$10.00) title fee when initially applying for title and registration in their name. Customers would be required to surrender the watercraft's manufacturer's certificate of origin (MCO) for a new watercraft or the previous owner's title if a used watercraft. Lienholders could have their lien noted on a certificate of title and hold the title until the lien is satisfied.

### **Resources Required :**

Additional programing will be required and is estimated to cost \$45,000.00.

### **Time Required :**

Adequate time is provided for implementation.

### **Procedural Changes :**

Program the motor vehicle system for changes. Revise the Motor Vehicle Procedures manual and distribute revised manual to State Revenue Offices.

### **Other Comments :**

None.

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### Legal Analysis :

Motorboats are not currently titled in Arkansas. This bill is a consumer protection bill that resulted from inquiries from Arkansas citizens requesting the issuance of motorboat titles to ensure that motorboats are not sold without knowledge of existing security interests and to minimize the potential for the trafficking and sale of stolen motorboats. Currently, 37 states issue titles to motorboats, including the neighboring states of Oklahoma and Texas. This bill incorporates many existing provisions of Arkansas law concerning the titling of motor vehicles to ensure that the titling of motorboats is handled in a similar fashion as the titling of registered motor vehicles.

A summary of this bill is as follows:

Section 1: While leases in Arkansas are subject to the provisions of Chapter 2A in Title 4, the code does provide that they are also subject to certain other statutory requirements. Currently, § 4-2A-104(1)(a) provides that leases are subject to certificate of title statutes including those that concern the filing of liens and encumbrances on motor vehicles. This section adds in the applicable reference for motorboat certificate of title statutes.

Section 2: The filing of a financing statement is not necessary to perfect a security interest in property subject to certain statutory provisions. This section adds the motorboat security interest statutes to this list.

Sections 3 and 4: Designates the fee revenue that will be collected from motorboat registration and titling as special revenues.

Sections 5 and 6: Makes technical corrections to the definitions related to the registration and titling of motorboats.

Section 7: Expands existing law to add the requirement that any regulation adopted pursuant to the Arkansas Motorboat Registration and Titling Act must be filed in designated stated offices as a public record.

Section 8: Establishes that fees collected under Chapter 101, with some exceptions, shall be credited to the Boating Safety Account Fund.

Section 9: Authorizes the refund of application fees if the application was refused or rejected, or the fees were not required. Also allows payments of fees to be made by credit card.

Sections 10 through 14: Amends existing law regarding the application, renewal, and issuance of motorboat certificates of number. In order to be issued a certificate of number, the applicant must file all required documents, pay all required fees, provided proof of assessment and payment of person property taxes for the motorboat, and proof of liability insurance where applicable.

Section 15: Creates a new subchapter to be called the Arkansas Motorboat Registration and Titling Act. The purpose is to establish the requirements and procedures for registering with a certificate of number and titling motorboats manufactured on and after January 1, 2020.