

INTERIM STUDY PROPOSAL 2013-110

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

*As Engrossed: H3/13/13*

**A Bill**

HOUSE BILL 1537

5  
6 By: Representatives Rice, Wren, Dale, Ratliff, Hickerson, Eubanks, D. Douglas, Hammer, Payton, Miller  
7 Filed with: Interim House Committee on Public Transportation  
8 pursuant to A.C.A. §10-3-217.

**For An Act To Be Entitled**

9  
10 AN ACT TO REGULATE THE SALE OF SALVAGE VEHICLES; TO  
11 REQUIRE DISCLOSURE OF A SALVAGE VEHICLE ON A  
12 CERTIFICATE OF TITLE; AND FOR OTHER PURPOSES.  
13

**Subtitle**

14  
15  
16 THE SALVAGE VEHICLE CONSUMER SAFETY AND  
17 DISCLOSURE ACT.  
18

19  
20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
21

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

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

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

30 (A) Water-damaged; or

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

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

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

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

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

6           23-112-618. Licensing requirements for salvage auction buyers —  
7 Penalty.

8           (a)(1) Except as provided in subdivision (a)(2) of this section, on  
9 and after January 1, 2014, the title of a salvage vehicle sold at a salvage  
10 auction shall not be transferred or assigned knowingly by the owner, manager,  
11 or person in charge of a salvage auction to anyone other than:

12                   (A) A new motor vehicle dealer licensed under § 23-112-  
13 301;

14                   (B) A used motor vehicle dealer licensed under § 23-112-  
15 607; or

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

17           (2) A person may purchase no more than two (2) salvage vehicles  
18 a year at a salvage auction under this section.

19           (3) A violation of subdivision (a)(1) of this section shall be  
20 assessed a penalty not to exceed one thousand dollars (\$1,000).

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

25           (2) The owner, manager, or person in charge of a salvage auction  
26 shall report to the Department of Arkansas State Police a sale of a salvage  
27 vehicle to a person that is not licensed as a new motor vehicle dealer under  
28 § 23-112-301, licensed as a used motor vehicle dealer under § 23-112-607, or  
29 licensed under § 27-14-2001.

30           (3) The owner, manager, or person in charge of a salvage auction  
31 shall not sell a salvage vehicle to a person under subdivision (a)(2) of this  
32 section if the Department of Arkansas State Police has notified the owner of  
33 a salvage auction in writing that the person has met or exceeded the limit of  
34 two (2) salvage vehicles a year.

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

4       (2) The register shall include the following:

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

6                   (i) Make;

7                   (ii) Model;

8                   (iii) Year;

9                   (iv) Body style;

10                  (v) Vehicle identification number;

11                  (vi) Copy of the front and back of the title filled  
12 out to the buyer; and

13                  (vii) Copy of any necessary reassignment forms  
14 filled out to the buyer;

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

16           (C) The buyer's:

17                   (i) Name and address;

18                   (ii) Motor vehicle dealer's license number; and

19                   (iii) Reporting identification for the National  
20 Motor Vehicle Title Information System.

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

24  
25       23-112-619. Out-of-state motor vehicle dealers authorized to buy motor  
26 vehicles at Arkansas salvage auctions – Requirements.

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

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

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

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

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

7 "SALVAGE VEHICLE - NOT FOR RESALE WITHOUT DISCLOSURE. WARNING: A  
8 SALVAGE VEHICLE MAY NOT BE SAFE FOR OPERATION. SOME STATES PROHIBIT  
9 REGISTRATION OF CERTAIN SALVAGE TITLE VEHICLES, REQUIRE INSPECTIONS BEFORE A  
10 VEHICLE MAY BE REGISTERED, OR REQUIRE THIS VEHICLE TO BE PERMANENTLY KNOWN AS  
11 A SALVAGE VEHICLE.

12  
13 SECTION 4. Arkansas Code § 27-14-725(b), concerning vehicle  
14 identification verification, is amended to add an additional subdivision to  
15 read as follows:

16 (3) Presents a title or other ownership document from the State  
17 of Arkansas for a vehicle purchased from a salvage auction that bears any of  
18 the following designations:

19 (A) Salvage;

20 (B) Prior salvage;

21 (C) Damaged;

22 (D) Prior damaged;

23 (E) Junked;

24 (F) Nonrepairable; or

25 (G) Any other designation that is substantially similar to  
26 the designations stated in this subdivision (b)(3).

27  
28 SECTION 5. Arkansas Code § 27-14-2301(6) and (7), concerning the  
29 definitions used in disclosure of damage and repair on a certificate of  
30 title, are amended to read as follows:

31 (6) "Salvage vehicle" means a motor vehicle, regardless of the  
32 age of the motor vehicle, that is:

33 (A) Water-damaged; or

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

