

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1537

Bill Subtitle: THE SALVAGE VEHICLE CONSUMER SAFETY AND DISCLOSURE ACT.

Basic Change :

Representatives Rice, Wren, Dale, Ratliff, Hickerson, Eubanks, D. Douglas, Hammer, Miller

The bill adds a new provision related to salvage auctions and the sale of salvage vehicles. The bill adds a new definition of "salvage vehicle" that conflicts with the definition under §27-14-2302. The bill adds sections establishing requirements for assignments of title for sale of salvage vehicles at auctions, restricting such assignments to licensed new and used motor vehicle dealers and persons with licensed wreckers; requires auctions to report the specifics of sales of salvage vehicles to the National Motor Vehicle Title Information System (NMVTIS); and requires salvage auctions to keep a register of sales of salvage vehicles for five (5) years from the date of sale. Out of state motor vehicle dealers, wreckers, and dismantlers are authorized to buy salvage vehicles from a salvage auction if the Arkansas Motor Vehicle Commission has entered into a reciprocity agreement with its counterpart in the state where out of state dealers, wreckers, and dismantlers are licensed.

The bill adds a new subdivision to §27-14-713 requiring that additional language must be printed on the title of a salvage vehicle as follows:

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

Revenue Impact :

None.

Taxpayer Impact :

Taxpayers applying for salvage vehicle titles would receive a title with the additional language on the title.

Resources Required :

Minimal resources would be required.

Time Required :

Adequate time is provided.

Procedural Changes :

Program motor vehicle computer system to print the new language on salvage titles.

Other Comments :

None

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Legal Analysis :

HB1537 amends The Used Motor Vehicle Buyers Protection Act to: 1) place restrictions on the sale of, and transfer of title to buyers of, salvage vehicles, 2) place sale reporting requirements upon sellers and buyers of salvage vehicles at salvage auction, and 3) place an additional notice and warning on titles to salvage vehicles.

Beginning January 1, 2014, titles to salvage vehicles sold at a salvage auction shall not be transferred or assigned knowingly by the owner, manager or person in charge of a salvage auction to anyone other than Arkansas licensed new and used motor vehicle dealers and Arkansas licensed dealers and wreckers. Selling to anyone else, other than out of state dealers, wreckers, or dismantlers licensed in states with whom the Arkansas Motor Vehicle Commission has entered into reciprocity agreements and who agree to report the sale to the National Motor Vehicle Title Information System (NMVTIS), is considered a class B misdemeanor. The bill does not specifically address online salvage auctions performed in this state, but the definition of salvage auction is broad enough to include such auctions.

The bill requires disclosure of certain consequences of owning a salvage vehicle (such as a warning that it may not be safe for operation, may not be insurable, or may be excluded from registration in some states) on the front of the title if a certificate of title is issued for a salvage vehicle. Under current law, there may be instances in which a salvage title has not been issued for a salvage vehicle. For instance, insurers are required to notify the Department when a vehicle becomes a salvage vehicle, but the insurer does not take title to the vehicle. In that instance, the Department notes within its records that the vehicle is a salvage vehicle. If the owner does not obtain a salvage title as required by law, an individual or entity performing a salvage auction may not be aware the vehicle is a salvage vehicle, and the first record of the disclosure and warning on the title may take place when a buyer applies for title.

The bill does not contain an emergency clause.