

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1702

As Engrossed: 3/10/2015

Bill Subtitle: TO AMEND THE PROCEDURES RELATED TO THE ISSUANCE OF REGISTRATION AND TITLE TO MOTOR VEHICLES ACQUIRED BY OPERATION OF LAW; TO DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.

Basic Change : Sponsors: Representative D. Douglas and Senator B. Pierce

Under current law, an Arkansas title may be issued for a repossessed vehicle by filing a direct lien at a fee of one dollar (\$1.00), then executing an Affidavit of Repossession. Fees are the ten-dollar (\$10.00) title fee and the one-dollar (\$1.00) fee to transfer the registration. Under these limited requirements, clear Arkansas titles are issued for vehicles registered in other states, to out of state lienholders, who have financed vehicles to out of state residents. These clear Arkansas titles are issued for these vehicles located outside Arkansas with limited knowledge as to the condition of the vehicle, or the circumstances with regard to the owners, lien holders, or motor vehicle dealers in the state where the vehicle is located. The bill amends the Arkansas Code to prohibit the issuance of repossession titles for vehicles last registered out of state unless the applicant provides an out of state title reflecting the lienholder. Exceptions to this new provision are:

1. If an Arkansas auto auction has an agreement to sell repossessed vehicles for an out of state lienholder, and executes an affidavit stating that the vehicle will be sold by an Arkansas auction with whom the lienholder has an agreement;
2. For an out of state vehicle sold to by an Arkansas licensed dealer to an Arkansas resident; and
3. For an out of state vehicle sold by out of state licensed dealers to Arkansas residents.

The Office of Motor Vehicle may request information from the auto auction to verify the provision in exception number 1 above.

The bill as originally written stated that a requirement for title by operation of law is a copy of the instrument "creating and evidencing" the lien or encumbrance. The bill as engrossed makes a technical correction to state "creating or evidencing" the lien or encumbrance.

The bill as originally written stated that as a requirement for transfer by operation by law, an affidavit would be required to state the motor vehicle "would be sold" at an Arkansas auction with whom the lienholder has made a written agreement. The bill as engrossed changes "would be sold" to "would be offered for sale" at such auction.

Revenue Impact :

Possible unknown decrease in title fees to the Arkansas State Police Retirement Fund and the 1995 Revenue Building Fund, depending on whether out of state lienholders are able to comply with the new requirements.

Taxpayer Impact :

No impact on Arkansas taxpayers.

Resources Required :

No additional resources required.

Time Required :

Adequate time is provided.

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Procedural Changes :

Revise Motor Vehicle Procedures Manual and distribute revisions to Revenue Office.

Other Comments :

None.

Legal Analysis :

Two amendments were made to the original version of HB1702 as engrossed, amending § 27-14-907. Subsection (b)(2)(B)(ii) was further amended so that the lienholder may present a copy of the instrument creating *or evidencing* the lien or encumbrance, along with the other requirements. Subsection (b)(3)(B) was further amended requiring submission of an affidavit affirming the motor vehicle would be *offered for sale* by the auto auction with whom the lienholder has made the agreement.