

State of Arkansas

As Engrossed: S4/8/25

95th General Assembly

## A Bill

Regular Session, 2025

HOUSE BILL 1688

By: Representative Cavanaugh

By: Senator Stone

### For An Act To Be Entitled

AN ACT TO AMEND ARKANSAS LAW CONCERNING THE USE OF A  
DEALER'S EXTRA LICENSE PLATE; AND FOR OTHER PURPOSES.

### Subtitle

TO AMEND ARKANSAS LAW CONCERNING THE USE  
OF A DEALER'S EXTRA LICENSE PLATE.

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

SECTION 1. Arkansas Code § 27-14-1704 is amended to read as follows:  
27-14-1704. Dealer's extra license plates.

(a) Each dealer as defined in § 27-14-601(a)(6) shall furnish the  
Secretary of the Department of Finance and Administration with a list of each  
~~manager, sales manager, and salesperson~~ user authorized under this section to  
operate ~~a motor vehicle~~ one (1) or more new or used motor vehicles to which a  
dealer's extra license plate issued to the dealer has been or will be  
attached:

(1) Upon initial application for dealer's extra license plates  
as provided in § 27-14-1702; and

(2) Upon renewal of dealer's extra license plates as provided in  
§ 27-14-1703.

(b)(1) The dealer's extra license plate may be used only by the  
dealer, ~~manager, or salesperson~~ and the owners, officers, managers, or  
salespersons of the dealer and only for the following authorized purposes:

~~(1)~~(A) To drive to and from work;

~~(2)~~(B) For business or personal trips inside or outside  
the dealer's county of residence;



1                   ~~(3)~~(C) To transport the vehicle; ~~or~~

2                   ~~(4)~~(D) To demonstrate the vehicle;

3                   (E) To drive the vehicle in community related events,  
4 including without limitation parades, car shows, festivals, fairs, trade  
5 shows, and school or university events; or

6                   (F) To comply with a manufacturer's terms of dealership  
7 sales and service agreements.

8                   (2) "Manager" under subdivision (b)(1) of this section includes  
9 without limitation a regional manager, a division manager, a department  
10 manager, and a sales manager.

11           (c) Neither the dealer's extra license plate issued under this section  
12 nor the dealer's master plate issued under § 27-14-601(a)(6) shall be used  
13 for purposes of allowing a prospective buyer to test drive a vehicle unless  
14 the dealer, ~~manager, or salesperson~~ or an owner, officer, manager, or  
15 salesperson of the dealer is present in the vehicle.

16           (d) In addition to any other penalty prescribed by this chapter, any  
17 dealer, ~~manager, salesperson, or employee~~ or owner, officer, manager, or  
18 salesperson of a dealer who pleads guilty or nolo contendere to or who is  
19 found guilty of the misuse of a dealer's extra license plate or dealer's  
20 master plate or of allowing anyone else to misuse a dealer's extra license  
21 plate or dealer's master plate shall be fined not more than two hundred fifty  
22 dollars (\$250) for the first offense, not more than five hundred dollars  
23 (\$500) for the second offense, and not more than one thousand dollars  
24 (\$1,000) for the third and subsequent offenses.

25           (e)(1)(A) In addition to any other penalty prescribed by this chapter,  
26 the secretary may suspend some or all of the dealer's extra license plates  
27 issued to a dealer if the secretary determines that the dealer ~~or any~~  
28 ~~manager, sales manager, or salesperson~~ or an owner, officer, manager, or  
29 salesperson of the dealer either misused a dealer's extra license plate or  
30 allowed the use of a dealer's extra license plate by a person who is not  
31 authorized by this section to use a dealer's extra license plate.

32                   (B) A suspension of the dealer's extra license plates  
33 under this section does not require that the dealer's master license plate be  
34 suspended.

35                   (C) The secretary shall:

36                           (i) Notify the dealer in writing of a suspension of

1 the dealer's extra license plates that is authorized under this section; and

2 (ii) Provide information regarding the misuse or  
3 unauthorized use upon which the suspension was based in the notice.

4 (D) The dealer's extra license plates shall be suspended  
5 for:

6 (i) Six (6) months for the first misuse or  
7 unauthorized use of the dealer's extra license plates; or

8 (ii) One (1) year for any subsequent misuse or  
9 unauthorized use.

10 (2)(A) Any dealer who desires a hearing on the suspension shall  
11 notify the secretary in writing within twenty (20) days after receipt of the  
12 notice of suspension.

13 (B) A hearing officer appointed by the secretary shall  
14 schedule a hearing in an office of the Revenue Division of the Department of  
15 Finance and Administration in the county of the dealer's principal place of  
16 business, unless the secretary and the dealer agree to another location for  
17 the hearing or agree that the hearing shall be held by telephone.

18 (C) Hearings conducted under this section shall be subject  
19 to the Arkansas Administrative Procedure Act, § 25-15-201 et seq.

20 (D) The hearing officer shall render his or her decision  
21 in writing to modify, reverse, or affirm the suspension of the dealer's extra  
22 license plates based upon the evidence presented at the hearing and shall  
23 serve a copy of the decision on the dealer.

24 (3)(A)(i) If the decision sustains, in whole or in part, the  
25 suspension of the dealer's extra license plates, the dealer may file suit  
26 within thirty (30) days of receipt of the decision in the Pulaski County  
27 Circuit Court or the circuit court of the county of the dealer's principal  
28 place of business.

29 (ii) The dealer shall serve a copy of the petition on  
30 the secretary.

31 (iii) The appeal will not operate as a stay of the  
32 order of suspension that will remain in effect and be terminated only in the  
33 event a decision reversing the suspension is issued by the circuit court.

34 (B) An appeal from the circuit court shall be in  
35 accordance with the laws governing appeals.

36 (f) Any and all uses of a new or used motor vehicle for sale to which

1 a dealer's extra license plate has been attached, including without  
2 limitation use by persons authorized under subdivision (b)(1) of this section  
3 and use by persons not authorized under subdivision (b)(1) of this section,  
4 shall not constitute a withdrawal from stock and are otherwise exempt from  
5 the Arkansas gross receipts tax levied by the Arkansas Gross Receipts Act of  
6 1941, § 26-52-101 et seq., and the Arkansas compensating use tax levied by  
7 the Arkansas Compensating Tax Act of 1949, § 26-53-101 et seq.

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9 /s/Cavanaugh  
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