

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

As Engrossed: H3/13/13

A Bill

HOUSE BILL 1537

5 By: Representatives Rice, Wren, Dale, Ratliff, Hickerson, Eubanks, D. Douglas, Hammer, Payton, Miller
6

For An Act To Be Entitled

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

Subtitle

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

17
18 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
19

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

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

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

28 (A) Water-damaged; or

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

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

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

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



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

4 23-112-618. Licensing requirements for salvage auction buyers —
5 Penalty.

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

10 (A) A new motor vehicle dealer licensed under § 23-112-
11 301;

12 (B) A used motor vehicle dealer licensed under § 23-112-
13 607; or

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

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

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

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

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

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

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

36 (2) The register shall include the following:

- 1 (A) The salvage vehicle information, including the:
2 (i) Make;
3 (ii) Model;
4 (iii) Year;
5 (iv) Body style;
6 (v) Vehicle identification number;
7 (vi) Copy of the front and back of the title filled
8 out to the buyer; and
9 (vii) Copy of any necessary reassignment forms
10 filled out to the buyer;
11 (B) The seller's name and address; and
12 (C) The buyer's:
13 (i) Name and address;
14 (ii) Motor vehicle dealer's license number; and
15 (iii) Reporting identification for the National
16 Motor Vehicle Title Information System.

17 (3) The register shall be made available for inspection by law
18 enforcement officers of the state, county, or municipality during regular
19 business hours on business days at the salvage auction's business location.
20

21 23-112-619. Out-of-state motor vehicle dealers authorized to buy motor
22 vehicles at Arkansas salvage auctions – Requirements.

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

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

30 (2) The out-state motor vehicle dealer, wrecker, or dismantler
31 complies with § 23-112-618(b).
32

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

36 (v) If a certificate of title is issued for a

1 salvage vehicle, the following words printed on the front of the certificate
2 of title so as to be clear and conspicuous to the purchaser:

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

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

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

15 (A) Salvage;

16 (B) Prior salvage;

17 (C) Damaged;

18 (D) Prior damaged;

19 (E) Junked;

20 (F) Nonrepairable; or

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

23
24 SECTION 5. Arkansas Code § 27-14-2301(6) and (7), concerning the
25 definitions used in disclosure of damage and repair on a certificate of
26 title, are amended to read as follows:

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

29 (A) Water-damaged; or

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

33 (7) "Water-damaged" means ~~damage to a motor vehicle caused by~~
34 ~~submerging or partially submerging the vehicle in water to the extent that~~
35 ~~the vehicle was submerged or partially submerged at any water level above the~~
36 ~~dashboard of the vehicle, regardless of the actual dollar amount of the~~

1 ~~damage a motor vehicle damaged by water that has:~~

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

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

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7 SECTION 6. Arkansas Code § 27-14-2302(b), concerning a salvage vehicle
8 certificate of title, is amended to read as follows:

9 (b) Upon receipt of such a title, ~~there shall be issued~~ a new
10 certificate of title shall be issued with:

11 (1) the The word "salvage" printed in the remarks section on the
12 face of the certificate of title; and

13 (2) The following words printed on the front of the certificate
14 of title so as to be clear and conspicuous to the purchaser:

15 "SALVAGE VEHICLE - NOT FOR RESALE WITHOUT DISCLOSURE. WARNING: A
16 SALVAGE VEHICLE MAY NOT BE SAFE FOR OPERATION. SOME STATES PROHIBIT
17 REGISTRATION OF CERTAIN SALVAGE TITLE VEHICLES, REQUIRE INSPECTIONS BEFORE A
18 VEHICLE MAY BE REGISTERED, OR REQUIRE THIS VEHICLE TO BE PERMANENTLY KNOWN AS
19 A SALVAGE VEHICLE.

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21 /s/Rice
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