ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature
First Regular Session

HB 2292: ~~motor vehicle dealers; sales; cancellation~~
NOW: transportation; vehicle sales; license providers
Sponsor: Representative Cook, LD 7
Transmitted to the Governor

Overview

Permits a motor vehicle dealer, a purchaser and any lienholder to rescind or cancel the sale of any motor vehicle if all parties agree and outlined requirements are followed. Allows a third-party driver license provider to perform administrative functions or testing functions or both administrative and testing functions for the issuance and renewal of commercial driver licenses.

History

When a holder of a lien or encumbrance receives a payment in full satisfying the lien or encumbrance, the holder is required to release the lien or encumbrance and notify the owner of the vehicle at the address shown on the certificate of title or, if the holder of the lien or encumbrance has been previously notified of a sale or transfer of the vehicle, the person who is legally entitled to possession that the Arizona Department of Transportation (ADOT) has issued a certificate of title for the vehicle to.

If a holder of a lien or encumbrance who possesses the certificate of title refuses or fails to provide the certificate of title to the person who is legally entitled to possess the certificate on that person's request and within 15 business days after the holder receives payment, ADOT may impose and after the opportunity for an administrative hearing collect a civil penalty of:

1) $50 if the certificate of title is surrendered within three additional business days; or
2) An additional $50 for each day exceeding 18 business days that the certificate of title is not surrendered up to a maximum of $500 for each certificate of title (A.R.S. § 28-2134).

An authorized third-party driver license provider must perform both of the following: 1) driver license skills and written testing; and 2) driver license processing. A person who is a third-party driver license provider may also be authorized to perform certain title and registration functions. An authorized third-party driver license provider must comply with all quality control requirements prescribed by ADOT. An authorized third-party driver license provider may perform administrative and testing functions for the issuance and renewal of commercial driver licenses as authorized by the Director of ADOT and according to federal law (A.R.S. § 28-5101.01).

Provisions

Motor Vehicle Sale Rescission or Cancellation

1. States that when a motor vehicle dealer and purchaser agree to rescind or cancel the sale of a motor vehicle within 30 Days of the date of title application, the motor vehicle dealer is required to document the cancelation or rescission of the sale and submit documentation to ADOT in a manner prescribed by ADOT after receiving the specified documentation from the applicable departments. (Sec. 3)

2. Requires the documentation:
   a) Be completed and submitted to ADOT within 15 business days after the date the parties agreed to cancel or rescind the sale;
   b) Include a copy of the agreement providing for the recission or cancelation of the sale executed by the motor vehicle dealer, purchaser and, if the purchase was financed, the lender who financed the purchase; and
   c) Include a certificate of title if it has been issued or an attestation that the certificate of title has been lost or destroyed. (Sec. 3)

3. Requires ADOT within seven business days of receiving the documentation to:
   a) rescind, cancel or revoke any application for a certificate of title or any issued certificate of title;
   b) refund to the motor vehicle dealer any fees and taxes paid to ADOT, except for:
      i. The $4 certificate of title fee; and
      ii. All applicable fees, reimbursements and retained monies that are authorized for an authorized third party or third-party electronic service provider.
   c) issue a certificate of title to the motor vehicle dealer that shows the dealer as the owner and the odometer mileage reading as recorded at the time of cancellation or rescission. (Sec. 3)

4. Directs the motor vehicle dealer to return all fees, taxes and other monies to the rightful parties if the rightful parties agree to rescind or cancel the sale of a motor vehicle within 30 Days of the date of title application. (Sec. 3)

5. Specifies that a motor vehicle whose sale is canceled or rescinded may not be offered for retail sale until the motor vehicle dealer has received the certificate of title from ADOT. (Sec. 3)

6. Declares a rescission or cancellation of a motor vehicle sale does not negate that the motor vehicle has been the subject of a previous retail sale. (Sec. 3)

7. Requires the motor vehicle dealer to return to a lienholder or a prospective lienholder in connection with the financing of a rescinded or canceled sale:
   a) All refunded monies that the dealer receives from ADOT within three business days after receiving the monies from ADOT; and
   b) All other monies received from a lienholder or prospective lienholder within three business days after the dealer and purchaser agree to rescind or cancel the sale. (Sec. 3)

8. Contains a delayed effective date of January 1, 2024, for the act's provisions relating to the rescission or cancellation of a motor vehicle sale. (Sec. 5)

Miscellaneous

9. Allows an authorized third-party driver license provider to perform administrative functions or testing functions or both administrative and testing functions for the issuance and renewal of commercial driver licenses as authorized by the Director of ADOT. (Sec. 4)

10. Permits the permanent record of a licensed wholesale motor vehicle dealer or broker to be in an electronic format. (Sec. 2)

11. Allows a motor vehicle dealer to give a customer an electronic contract, instead of a written contract. (Sec. 2)

12. Makes a technical change. (Sec. 1)