

**TITLE 17. TRANSPORTATION**  
**CHAPTER 7. DEPARTMENT OF TRANSPORTATION**  
**THIRD-PARTY PROGRAMS**

*Editor's Note: 17 A.A.C. 7, consisting of Articles 1 through 4, made by final rulemaking at 9 A.A.R. 1630, effective July 5, 2003 (Supp. 03-2).*

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*Article 1, consisting of Section R17-7-101, made by final rulemaking at 9 A.A.R. 1630, effective July 5, 2003 (Supp. 03-2).*

Section

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*Article 2, consisting of Sections R17-7-201 through R17-7-204, made by final rulemaking at 9 A.A.R. 1630, effective July 5, 2003 (Supp. 03-2).*

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*Article 4, consisting of Section R17-7-401, made by final rulemaking at 9 A.A.R. 1630, effective July 5, 2003 (Supp. 03-2).*

Section

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*Article 8, consisting of Sections R17-7-801 through R17-7-802, made by final rulemaking at 12 A.A.R. 2418, effective August 5, 2006 (Supp. 06-2).*

Section

R17-7-801. Repealed  
 R17-7-802. Repealed

**ARTICLE 1. DEFINITIONS**

*Article 1, consisting of Section R17-7-101, made by final rulemaking at 9 A.A.R. 1630, effective July 5, 2003 (Supp. 03-2).*

**R17-7-101. Definitions**

The following definitions apply to this Chapter unless otherwise specified:

“Accountable inventory” means an item that is reproduced by the Department in a consecutively numbered series for:

Recording the number of a completed, issued, or voided item in a log; and

Reporting the number of a completed, issued, or voided item to the Department.

“Activity” means a function or service that is provided by an authorized third party pursuant to A.R.S. Title 28, Chapter 13 and that is performed by a certified individual as defined in this Article.

“Agency head” or “political subdivision head” means the chief officer of an agency or political subdivision or another individ-

ual with authority to act for the agency head or political subdivision head.

“Application Date” means the date an application is received by the Department.

“Authorized third party” means an entity that:

Has written permission from the Department to operate a business under A.R.S. Title 28, Chapter 13; and

Employs or contracts with at least one certified individual to provide a third-party activity.

“Branch” means an authorized third party’s business location that is an additional established place of business.

“Certified individual” means an individual who is certified by the Department under A.R.S. Title 28, Chapter 13 to perform specified activities for an authorized third party as an employee or contractor. The Department may certify an individual as:

A commercial driver license examiner,

A dealer license processor,

A driver license processor,

A driver license trainer,

An office personnel member,

A tax report processor,

A title and registration processor,

A vehicle inspector, or

A vehicle permit processor.

“Commercial driver license examiner” means an individual certified by the Department to administer class A, B, or C driver license skills tests.

“Concentration Banking System” means a type of state bank account, established by the Arizona State Treasurer’s office, for deposit of monies collected by an authorized third party.

“Contact individual” means a principal or designated individual of an authorized third party who communicates with the Department on behalf of the authorized third party.

“Convenience fee” means the amount exceeding the statutorily prescribed fees and taxes that an authorized third party collects and retains for its services.

“Department” means the Arizona Department of Transportation.

“Dealer license processor” means an individual certified by the Department to:

Review applications for vehicle dealer licenses;

Enter information related to the applications in the Department’s database; and

Issue vehicle dealer licenses under A.R.S. Title 28, Chapter 10.

“Driver license processor” means an individual certified by the Department to perform any one or a combination of driver license processing functions under A.R.S. Title 28 as specified in the authorization agreement between the Department and an authorized third party who has engaged the individual to perform those functions.

“Driver license trainer” means an individual certified by the Department to:

Educate and train persons, either practically or theoretically, or both, to operate or drive motor vehicles;

Prepare applicants for an examination given by the Department or an authorized third party driver license provider for a driver license or instruction permit; and

Charge a consideration or tuition for these services.

“Established place of business” means an authorized third party’s business location that is:

Approved by the Department,

Located in Arizona,

Not used as a residence, and

Where the authorized third party performs authorized activities.

“Floor plan” means a Department-approved diagram of a building’s interior, as seen from above, that shows the interior dimensions and the location of doors, windows, and equipment.

“Good standing” means an authorized third party applicant or an applicant seeking certification:

Has not had a similar business license or certification issued suspended, revoked, canceled, or denied within the previous three years of the application date;

Does not owe delinquent fees, taxes, or unpaid balances to the Department;

Has not had any substantiated derogatory information relevant to the requested authorization or certification reported to the Department about the applicant from any state agency or from any consumer protection agency contacted by the Department; or

If the applicant is a former Department employee, a former authorized third party, or a former employee of an authorized third party, has not been dismissed or resigned from a position for cause, including:

Misconduct, or

Resignation from position:

In lieu of dismissal, or

By mutual agreement following allegations of misconduct.

“Log” means a complete, chronological record of accountable inventories and activities performed and kept by the authorized third party as prescribed by the Department.

“Motor vehicle inspection” means vehicle verification as prescribed in A.R.S. § 28-2011.

“Office personnel member” means an individual who does not perform any other of the activities requiring certification under this Chapter and who is certified by the Department as an employee who performs functions that:

Have exposure to protected personal information, or

Has complete oversight and responsibility for all day-to-day operations necessary to ensure full compliance with all applicable program requirements.

“Principal” means any of the following:

If a sole proprietorship, the sole proprietor;

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If a partnership, limited partnership, limited liability partnership, limited liability company, or corporation, the:

Partner;  
 Manager;  
 Member;  
 Officer;  
 Director;  
 Agent; or

If a limited liability company or corporation, each stockholder owning 20 percent or more of the limited liability company or corporation; or

If a political subdivision or government agency, the political subdivision or agency head.

“Principal place of business” means an authorized third party’s administrative headquarters, which shall not be used as a residence.

“Skills test” means a set of tests, authorized and approved by the Department and administered by the Department or by an authorized third party commercial driver license examiner or driver license processor to determine whether the applicant possesses the required skills for the type of license for which the applicant applies.

“Skills test route” means a public road or highway driving course, identified by an authorized third party and approved by the Department, for administering skills tests to driver license applicants.

“Tax report processor” means an individual certified by the Department to:

Process fuel tax reports and interstate user fuel tax reports from fuel suppliers, fuel vendors, and motor carriers; and

File the reports with the Department.

“Test site” means a location, identified by an authorized third party, for administering skills tests to driver license applicants that is:

Approved by the Department,

Permanently marked, and

Off the public road or highway.

“Title and registration processor” means an individual certified by the Department to:

Review applications for vehicle certificates of title or registrations under A.R.S. Title 28, Chapter 7;

Enter information related to applications for vehicle certificates of title or registrations into the Department’s database; and

Issue or deny vehicle certificates of title or registrations.

“Vehicle inspector” means an individual certified by the Department to perform motor vehicle inspections.

“Vehicle permit processor” means an individual certified by the Department to:

Review applications for permits or registrations under A.R.S. Title 28, Chapter 3, Articles 18 and 19, and Chapter 7;

Enter information related to the applications in the Department’s database; and

Issue or deny permits or registrations.

“Vicinity” means the area adjacent to, or in the immediate proximity of, any authorized third party’s places of business.

#### Historical Note

New Section made by final rulemaking at 9 A.A.R. 1630, effective July 5, 2003 (Supp. 03-2). Amended by final rulemaking at 12 A.A.R. 2418, effective August 5, 2006 (Supp. 06-2). Amended by exempt rulemaking at 20 A.A.R. 1138, effective May 1, 2014 (Supp. 14-2).

### ARTICLE 2. AUTHORIZATION

*Article 2, consisting of Sections R17-7-201 through R17-7-204, made by final rulemaking at 9 A.A.R. 1630, effective July 5, 2003 (Supp. 03-2).*

#### R17-7-201. Authorization Application Requirements

A. An applicant for third-party authorization shall provide to the Department on request:

1. The applicant’s name, business name, and federal employer identification number;
2. The applicant’s bond status as exempt or nonexempt under A.R.S. Title 28, Chapter 13. If exempt, the applicant must complete a bond exemption form. If nonexempt, the applicant must provide proof of a surety bond pursuant to A.R.S. Title 28, Chapter 13;
3. The name of the person who is the applicant’s principal;
4. The name, title, e-mail address, and telephone number of the applicant’s contact individual;
5. The activities for which the applicant seeks third-party authorization;
6. The address of the applicant’s principal place of business and each established place of business;
7. A statement that the applicant is in good standing;
8. The signature of:
  - a. The sole proprietor,
  - b. All partners,
  - c. A corporate officer,
  - d. A limited liability company manager, or
  - e. The political subdivision head or agency head;
9. The following documents relating to the applicant’s business if the applicant is a:
  - a. Corporation:
    - i. A copy of the articles of incorporation, including any amendments filed with the Arizona Corporation Commission; and
    - ii. Any other official documents, including copies of board meeting minutes and annual reports, that reflect the most recent change to the corporate name, structure, or officers;
  - b. Limited liability company:
    - i. A copy of the articles of organization, including any amendments filed with the Arizona Corporation Commission; or
    - ii. A copy of the application for registration as a foreign limited liability company filed with the Arizona Corporation Commission and a copy of the certificate of registration issued by the Arizona Corporation Commission to a foreign limited liability company;
  - c. Limited partnership, or a limited liability partnership:
    - i. A copy of a valid certificate of existence issued by the Arizona Secretary of State;

- ii. A copy, stamped “Filed” by the Arizona Secretary of State, of a Certificate of Limited Partnership, Certificate of Foreign Limited Partnership, Limited Liability Partnership form, Foreign Limited Liability Partnership form, or Statement of Qualification for Conversion of Limited Partnership or Limited Liability Partnership; or
- iii. A copy of a valid trade name certificate issued by the Arizona Secretary of State; or
- d. Sole Proprietor:
  - i. A copy of a valid certificate of existence issued by the Arizona Secretary of State, or
  - ii. A copy of a valid trade name certificate issued by the Arizona Secretary of State;
- 10. A floor plan for each place of business that includes:
  - a. A computer-generated graphic,
  - b. A blueprint or other photographic reproduction of an architectural plan or technical drawing, or
  - c. A nontechnical drawing made by hand using a straightedge;
- 11. A map, drawing, or narrative description of each skills test route and a photograph or drawing of each test site; and
- 12. Unless exempt pursuant to A.R.S. § 28-5105, a full set of fingerprints for a criminal records check of each principal who must be at least 18 years of age. The applicant is responsible for the cost of the fingerprinting and criminal records check. Each full set of fingerprints shall be impressed on a fingerprint card:
  - a. Supplied by the Department, and
  - b. Completed by a law enforcement agency.
- B. Unless exempt pursuant to A.R.S. § 28-5105, an applicant for a third-party authorization shall submit, for each principal, a statement on a form provided by the Department with the following information:
  - 1. Name, including other names and birth dates used;
  - 2. Residence address;
  - 3. Any suspension, cancellation, revocation, or denial of any similar business license issued by the Department within five years before the application date; and
  - 4. The individual’s signature witnessed by a notary public or a Department agent designated under A.R.S. § 28-370(A).
- C. The authorization application, as provided under subsection (A) and (B), is received within 30 days of application date.

#### Historical Note

New Section made by final rulemaking at 9 A.A.R. 1630, effective July 5, 2003 (Supp. 03-2). Amended by final rulemaking at 12 A.A.R. 2418, effective August 5, 2006 (Supp. 06-2). Amended by exempt rulemaking at 20 A.A.R. 1138, effective May 1, 2014 (Supp. 14-2).

#### R17-7-202. Notification of Authorization Approval or Denial and Hearing

- A. Notification. The Department shall send a written and dated notification of approval or denial of third-party authorization application, in accordance with A.R.S. § 28-5107, by regular mail to the mailing address provided on the application.
- B. Administrative Hearing. An applicant whose application for third-party authorization is denied by the Department may request a hearing from the Department on the denial pursuant to A.R.S. § 28-5107 and A.A.C. R17-1-501 through R17-1-514.

#### Historical Note

New Section made by final rulemaking at 9 A.A.R. 1630,

effective July 5, 2003 (Supp. 03-2). Amended by final rulemaking at 12 A.A.R. 2418, effective August 5, 2006 (Supp. 06-2). Amended by exempt rulemaking at 20 A.A.R. 1138, effective May 1, 2014 (Supp. 14-2).

#### R17-7-203. Authorization Agreement

- A. An applicant whose third-party authorization application has been approved must sign an authorization agreement with the Department which specifies the terms and conditions of the third-party authorization before performing any third party program activities.
- B. The third-party authorization agreement may include an addendum identifying the specific requirements unique to each third party program activity.

#### Historical Note

New Section made by final rulemaking at 9 A.A.R. 1630, effective July 5, 2003 (Supp. 03-2). Amended by final rulemaking at 12 A.A.R. 2418, effective August 5, 2006 (Supp. 06-2). Amended by exempt rulemaking at 20 A.A.R. 1138, effective May 1, 2014 (Supp. 14-2).

#### R17-7-204. Authorized Third-party Requirements

- A. An authorized third party shall maintain compliance with all state and federal laws, Department rules, and authorization agreement provisions.
- B. While holding a third-party authorization, any principal or certified individual of an authorized third party shall not have a:
  - 1. Suspension, cancellation, revocation, or denial of another similar business license or agreement issued by the Department; or
  - 2. Delinquent fees, taxes, or unpaid balance owed to the Department.
- C. Until returned to the Department, an authorized third party shall retain the following records at an established place of business or at the principal place of business:
  - 1. All logs and copies of completed, issued, or voided accountable inventory;
  - 2. All unused accountable inventory; and
  - 3. All other paper and electronic records, including all supporting documents, relating to the activities provided by the authorized third party.
- D. On the request of the Department, an authorized third party shall produce and deliver to the Department the records listed in subsection (C).
- E. An authorized third party shall maintain a copy of the certificate issued by the Department relating to each type of authorized activity that a certified individual performs at the business location where the certified individual works.
- F. An authorized third party shall retain a certified individual’s personnel file for a minimum of one year after the certified individual’s last day of work. The personnel file shall include the certified individual’s:
  - 1. Dates of employment,
  - 2. All computer access forms (if applicable), and
  - 3. Computer access termination form (if applicable).
- G. An authorized third party shall comply with the audit and inspection requirements of A.R.S. § 28-5102 and R17-7-401.
- H. An authorized third party shall provide a safe work area adequate in size and otherwise suitable to accommodate all authorized activities.
- I. An authorized third party shall:
  - 1. Have facilities, including the vicinity and equipment, pre-approved or prescribed by the Department;
  - 2. Have one or more established places of business as approved by the Department; and
  - 3. Conduct all authorized activities only at the approved established places of business.

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- J.** An authorized third party shall obtain the Department’s written approval before:
1. Changing the location or floor plan of each established place of business,
  2. Changing a skills test route or test site,
  3. Performing any additional authorized activity,
  4. Conducting any other businesses at an established place of business, or
  5. Using or adopting a name different from the name specified on its authorization agreement.
- K.** An authorized third party shall provide written notice to the Department, within five business days, of any changes, including full name and address, to the list of certified individuals or the contact individual.
- L.** An authorized third party that is open to the public shall post at each place of business the sign required by A.R.S. § 28-5101(J), and a sign provided by the Department that states the business:
1. Is a Department-authorized third-party provider, and
  2. May charge the customer a convenience fee when applicable.
- M.** An authorized third party shall comply with the application requirements of R17-7-201 and provide the required information 30 days before making any ownership changes.
- N.** An authorized third party shall attend all ongoing Department-approved training within the time-frames established by the Department in its authorization agreement.
- O.** An authorized third party shall not employ, contract with, or otherwise engage a current Department employee.
- P.** An authorized third party shall:
1. Submit all documents and corrections, according to state laws, rules, and the terms and conditions of its authorization agreement;
  2. Immediately notify the Department of any unlawful actions relating to motor vehicle transactions that become known to the authorized third party;
  3. Require that a customer submit all supporting documentation prescribed by the Department relating to a transaction before updating the Department databases;
  4. Provide written notice to the Department within 24 hours if a certified individual’s:
    - a. Driver license is suspended, revoked, canceled, or disqualified by the Department, including a commercial driver license medical suspension under A.A.C. R17-4-508;
    - b. Vehicle certificate of title is canceled by the Department; or
    - c. Vehicle registration is suspended or canceled by the Department;
  5. Conduct skills tests, if applicable, only on test routes approved by the Department; and
  6. Maintain all minimum required insurance coverage as prescribed in the authorization agreement.
- Q.** An authorized third party shall not solicit an individual for any purpose on premises rented, leased, or owned by the Department or any other business authorized under this Chapter.

**Historical Note**

New Section made by final rulemaking at 9 A.A.R. 1630, effective July 5, 2003 (Supp. 03-2). Amended by final rulemaking at 12 A.A.R. 2418, effective August 5, 2006 (Supp. 06-2). Amended by exempt rulemaking at 20 A.A.R. 1138, effective May 1, 2014 (Supp. 14-2).

**R17-7-205. Financial Requirements**

If an authorized third party collects monies required to be remitted to the Department under A.R.S. § 28-5101, the authorized third

party shall deposit those monies by the next business day following the transaction date in the designated:

1. Concentration Banking System account, or
2. Account through an electronic method preapproved by the Department.

**Historical Note**

New Section R17-7-205 renumbered from R17-7-705 and amended by exempt rulemaking at 20 A.A.R. 1138, effective May 1, 2014 (Supp. 14-2).

**R17-7-206. Corrective Action**

- A.** The following definitions apply to this Section:
1. “Cancellation” means a Department action that withdraws an authorization or certification issued under A.R.S. Title 28, Chapter 13.
  2. “Suspension” means a Department action that, for a stated period, prohibits:
    - a. An authorized third party from:
      - i. Providing at least one type of third-party activity, or
      - ii. Operating as an authorized third party.
    - b. A certified individual from:
      - i. Performing at least one type of third-party activity, or
      - ii. Working for an authorized third party.
- B.** An authorized third party’s noncompliance with federal or state laws, rules, or the terms and conditions of its authorization agreement requirements may result in corrective action.
- C.** The Department shall send a notice of any corrective actions by regular mail to the mailing address listed in the authorization agreement.
- D.** Corrective actions that the Department may take include probation, suspension, or cancellation of a third-party authorization based on:
1. History of noncompliance,
  2. Frequency and severity of the violation, or
  3. Failure to maintain good standing.

**Historical Note**

New Section R17-7-206 renumbered from R17-7-706 and amended by exempt rulemaking at 20 A.A.R. 1138, effective May 1, 2014 (Supp. 14-2).

**R17-7-207. Cancellation and Suspension**

- A.** The following definitions apply to this Section:
1. “Cancel” has the same meaning as “cancellation” in R17-7-206.
  2. “Suspend” has the same meaning as “suspension” in R17-7-206.
- B.** The Department may cancel or suspend a third-party authorization on determination by the Director that an authorized third party is no longer qualified for authorization under this Chapter, or is in material breach of the authorization agreement with the Department.

**Historical Note**

New Section R17-7-207 renumbered from R17-7-609 and amended by exempt rulemaking at 20 A.A.R. 1138, effective May 1, 2014 (Supp. 14-2).

**ARTICLE 3. CERTIFICATION**

*Article 3, consisting of Sections R17-7-301 and R17-7-302, made by final rulemaking at 9 A.A.R. 1630, effective July 5, 2003 (Supp. 03-2).*

**R17-7-301. Certification Application Requirements**

- A.** A certification applicant shall provide to the Department the following:

1. The applicant's name, residence address, mailing address, telephone number, and date of birth;
  2. The activities for which the applicant seeks certification;
  3. The dates of any employment of the applicant by the Department;
  4. Whether the Department previously denied an application for any certification of the applicant;
  5. The activity the applicant was certified to perform for each previous certification issued to the applicant by the Department;
  6. Whether the Department suspended or canceled any certification listed under subsection (A)(5);
  7. If the applicant previously worked as a certified individual, the names of the last three authorized third parties and professional driving schools that employed or contracted with the applicant, and the dates of the employment or contract work;
  8. The applicant's signature;
  9. A statement that the applicant is in good standing;
  10. A full set of fingerprints, on a fingerprint card supplied by the Department and completed by a law enforcement agency, for a criminal records check;
  11. The applicant's driving record for the 39 months before the application date, which must be dated within 30 days of the application date; and
  12. The official name of the authorized third party at which the applicant will be employed.
- B.** The applicant is responsible for the cost of the finger printing and criminal records check.
- C.** An applicant for a certification shall submit to the Department a statement with the information listed under R17-7-201(B).
- D.** An applicant may be eligible for certification if the applicant:
1. Is at least 18 years of age on the application date or 21 years of age, if the applicant requests certification as a commercial driver license examiner, driver license trainer, or a driver license processor who will be performing driver license skills tests;
  2. Is in good standing;
  3. Successfully completes all training courses required by the Department; and
  4. Submits the certification application as provided in subsections (A) through (C) to the Department within 30 days of the application date.
- E.** An applicant for certification shall:
1. Be employed or under contract for an employer applying for authorization or authorized as an authorized third party.
  2. Not have any driver license suspensions, revocations, or cancellations within 39 months of the application date, including convictions related to:
    - a. Driving under the influence of intoxicating liquor or drugs,
    - b. Reckless driving,
    - c. Racing upon the highway, or
    - d. Leaving the scene of an accident.

**Historical Note**

New Section made by final rulemaking at 9 A.A.R. 1630, effective July 5, 2003 (Supp. 03-2). Amended by final rulemaking at 12 A.A.R. 2418, effective August 5, 2006 (Supp. 06-2). Amended by exempt rulemaking at 20 A.A.R. 1138, effective May 1, 2014 (Supp. 14-2).

**R17-7-302. Notification of Certification Approval or Denial and Hearing**

- A.** Notification. The Department shall send a written and dated notification of certification approval or denial:

1. By regular mail,
  2. To the mailing address provided on the application, and
  3. According to A.R.S. § 28-5107.
- B.** Administrative Hearing. An applicant whose application to become a certified individual is denied by the Department may request a hearing from the Department on the denial pursuant to A.R.S. § 28-5107 and 17 A.A.C. 1, Article 5.

**Historical Note**

New Section made by final rulemaking at 9 A.A.R. 1630, effective July 5, 2003 (Supp. 03-2). Amended by final rulemaking at 12 A.A.R. 2418, effective August 5, 2006 (Supp. 06-2). Amended by exempt rulemaking at 20 A.A.R. 1138, effective May 1, 2014 (Supp. 14-2).

**R17-7-303. General Requirements of a Certified Individual**

- A.** A certified individual shall:
1. Submit all documents and corrections, according to all state laws and rules and the authorization agreement between the Department and the authorized third party;
  2. Immediately notify the authorized third party of unlawful actions relating to motor vehicle transactions;
  3. Require that a customer submit all supporting documentation relating to a transaction before updating the Department databases;
  4. Provide notification within 24 hours to the authorized third party if the certified individual's:
    - a. Driver license is suspended, revoked, canceled, or disqualified by the Department;
    - b. Vehicle certificate of title is canceled by the Department; or
    - c. Vehicle registration is suspended or canceled by the Department;
  5. Provide notification within 5 business days to the authorized third party of any changes to the certified individual's name or address; and
  6. Attend ongoing Department-approved training, including, if applicable, a commercial driver license refresher training course, before each renewal of the authorization agreement.
- B.** A certified individual shall not:
1. Witness or notarize signatures on documents relating to a transaction unless the customer submits appropriate identification; or
  2. Solicit an individual for any purpose on the premises rented, leased, or owned by the Department or any other business authorized under this Chapter.

**Historical Note**

New Section R17-7-303 renumbered from R17-7-704 and amended by exempt rulemaking at 20 A.A.R. 1138, effective May 1, 2014 (Supp. 14-2).

**R17-7-304. Corrective Action**

- A.** The following definitions apply to this Section:
1. "Cancel" has the same meaning as "cancellation" in R17-7-206.
  2. "Suspend" has the same meaning as "suspension" in R17-7-206.
- B.** A certified individual's noncompliance with federal or state laws, rules, or the terms and conditions of the authorization agreement between the Department and the authorized third party may result in corrective action.
- C.** The Department shall send a notice of any corrective actions by regular mail to the mailing address provided by the authorized third party.

- D. Corrective actions that the Department may take include probation, suspension, or cancellation of an individual's certification based on:
1. History of noncompliance,
  2. Frequency and severity of the violation, or
  3. Failure to maintain good standing.

**Historical Note**

New Section R17-7-304 made by exempt rulemaking at 20 A.A.R. 1138, effective May 1, 2014 (Supp. 14-2).

**R17-7-305. Cancellation and Suspension**

- A. The following definitions apply to this Section:
1. "Cancel" has the same meaning as "cancellation" in R17-7-206.
  2. "Suspend" has the same meaning as "suspension" in R17-7-206.
- B. The Department may cancel or suspend certification on determination by the Director that a certified individual is no longer qualified for certification under this Chapter, or has committed a material breach of the authorization agreement between the Department and the authorized third party.

**Historical Note**

New Section R17-7-305 made by exempt rulemaking at 20 A.A.R. 1138, effective May 1, 2014 (Supp. 14-2).

**ARTICLE 4. AUDITS AND INSPECTION**

*Article 4, consisting of Section R17-7-401, made by final rulemaking at 9 A.A.R. 1630, effective July 5, 2003 (Supp. 03-2).*

**R17-7-401. Audits and Inspection**

- A. During an onsite audit or inspection, employees or agents of the Department, any law enforcement agency, or the Federal Motor Carrier Safety Administration may:
1. Request, review, audit, inspect, copy, or seize all paper, photographic, audio, and electronic records generated in the performance of any activities under this Chapter, whether in the possession of a current or former authorized third party or a certified individual;
  2. Examine the site of any places of business or other location where any of the materials in subsection (A)(1) are kept or may be found, or where any activities under this Chapter are or have been conducted during current or previous periods of authorization or certification; and
  3. Interview all or any of the authorized third party's:
    - a. Current or former employees or contractors,
    - b. Current or former certified individuals, and
    - c. Customers during current or previous periods of authorization or certification.
- B. If Department personnel or the Department's representative conducts an onsite audit outside Arizona under A.R.S. § 28-5102(B)(3), the Department shall charge, and the authorized third party shall timely pay, for the costs of the audit, as well as any fees authorized under A.R.S. § 28-5102. The audit charge and payment shall include the Arizona Department of Administration reimbursement amounts for out-of-state travel authorized by A.R.S. Title 38, Chapter 4, Article 2 and stated in Section II-D of the Arizona Accounting Manual prepared by the Arizona Department of Administration, which is available on the Arizona General Accounting Office web site at [www.gao.az.gov](http://www.gao.az.gov).

**Historical Note**

New Section made by final rulemaking at 9 A.A.R. 1630, effective July 5, 2003 (Supp. 03-2). Amended by final rulemaking at 12 A.A.R. 2418, effective August 5, 2006 (Supp. 06-2). Amended by exempt rulemaking at 20 A.A.R. 1138, effective May 1, 2014 (Supp. 14-2).

**ARTICLE 5. SELECTION PANEL**

**R17-7-501. Definitions**

The following definition applies to this Article, unless otherwise specified:

"Selection Panel" means a committee, designated by the Director and comprised of Department personnel, to review and evaluate a potential applicant under Articles 2 and 3 of this Chapter.

**Historical Note**

New Section made by final rulemaking at 12 A.A.R. 2418, effective August 5, 2006 (Supp. 06-2). Amended by exempt rulemaking at 20 A.A.R. 1138, effective May 1, 2014 (Supp. 14-2).

**R17-7-502. Selection Panel**

- A. For the selection panel process, an applicant:
1. Shall submit a completed Third Party Authorization Interest form as provided by the Department,
  2. Shall submit a business plan with information as required by the Department, and
  3. May attend an interview conducted by Department personnel.
- B. The selection panel shall evaluate documentation as required in subsections (A)(1) and (A)(2) for each applicant.
- C. The selection panel shall forward the results of the evaluation to the appropriate Department program.

**Historical Note**

New Section made by final rulemaking at 12 A.A.R. 2418, effective August 5, 2006 (Supp. 06-2). Amended by exempt rulemaking at 20 A.A.R. 1138, effective May 1, 2014 (Supp. 14-2).

**ARTICLE 6. COMMERCIAL DRIVER LICENSE EXAMINATION PROGRAM**

**R17-7-601. Definitions**

The following definitions apply to this Article, unless otherwise specified:

"CDL" means commercial driver license.

"CDLE" means commercial driver license examination.

"CDLE coach or transit bus" means the program activity for administering examinations for a Passenger (P) endorsement on a CDL.

"CDLE school bus" means the program activity for administering examinations for a School Bus (S) endorsement on a CDL.

"CDLE truck" means the program activity for administering examinations for a Class A, B, or C license.

"Monthly reconciliation report" means an authorized third party CDLE program's report of accountable inventory.

**Historical Note**

New Section made by final rulemaking at 12 A.A.R. 2418, effective August 5, 2006 (Supp. 06-2). Amended by exempt rulemaking at 20 A.A.R. 1138, effective May 1, 2014 (Supp. 14-2).

**R17-7-602. Activities**

The authorized and certified activities for the CDLE Program are:

1. CDLE coach or transit bus,
2. CDLE school bus, or
3. CDLE truck.

**Historical Note**

New Section made by final rulemaking at 12 A.A.R.

2418, effective August 5, 2006 (Supp. 06-2). Amended by exempt rulemaking at 20 A.A.R. 1138, effective May 1, 2014 (Supp. 14-2).

**R17-7-603. Additional Authorization Application Requirements for CDLE Program**

In addition to satisfying the requirements of R17-7-201, an applicant for third-party authorization shall:

1. Submit the following:
  - a. Photographs and a floor plan of the principal place of business that shows the location of the accountable inventory storage,
  - b. Photographs and a floor plan of each established place of business,
  - c. A test route that complies with the specifications provided by the Department, and
  - d. Photographs and a diagram with the dimensions of any proposed CDL test site. The physical dimensions of the site shall comply with the specifications provided by the Department. The test site shall provide sufficient room to perform all skill maneuvers, be obstacle free and be off the roadway.
2. Provide to the Department a copy of the current lease or other written agreement for the use of the land if the applicant does not own the land on which the place of business or test site is located.
3. Ensure that each place of business and test site:
  - a. Meets all local zoning requirements, and
  - b. Is not used as a residence.

**Historical Note**

New Section made by final rulemaking at 12 A.A.R. 2418, effective August 5, 2006 (Supp. 06-2). Amended by exempt rulemaking at 20 A.A.R. 1138, effective May 1, 2014 (Supp. 14-2).

**R17-7-604. Additional Certification Application Requirements for Commercial Driver License Examiners**

**A.** In addition to satisfying the requirement of R17-7-301, an applicant for certification as a commercial driver license examiner shall:

1. Possess a valid Arizona driver license of the class and endorsement representative of the examinations to be administered by the commercial driver license examiner;
2. Not have a driver license suspension, cancellation, revocation, or disqualification within 39 months of the application date, including a CDL medical suspension under A.A.C. R17-4-508, or a conviction or finding of responsibility for any violation under A.R.S. § 28-3312 within five years of the application date; and
3. Have a minimum of three years of driving experience pertaining to the operation of a commercial vehicle representative of the type and class for which the applicant is seeking certification.

**B.** An authorized third party that has entered into an authorization agreement may withdraw a certification application if the examiner applicant has failed to meet certification requirements.

**Historical Note**

New Section made by final rulemaking at 12 A.A.R. 2418, effective August 5, 2006 (Supp. 06-2). Amended by exempt rulemaking at 20 A.A.R. 1138, effective May 1, 2014 (Supp. 14-2).

**R17-7-605. Additional Authorized CDLE Program Requirements**

In addition to satisfying the requirements of R17-7-204, the authorized third party shall:

1. Ensure all vehicles used for examination:
  - a. Are representative of the class and type for which the individual is seeking a driver license;
  - b. Are maintained in a safe operating condition;
  - c. Comply with registration and insurance requirements set forth in A.R.S. Title 28, Chapters 7, 9, 15, and 16; and
  - d. Comply with applicable Federal Motor Carrier Safety Regulations;
2. Maintain compliance with applicable federal rules and the federal rules as adopted by the Department under 17 A.A.C. Chapter 5, Article 2;
3. Allow employees or agents of the Department, any law enforcement agency, or the Federal Motor Carrier Safety Administration without prior notice to do any of the following:
  - a. Take the tests administered by the authorized third party as if the employee or agent is a test applicant,
  - b. Co-score along with the commercial driver license examiner during skills tests to compare pass or fail results,
  - c. Retest a sample of drivers who were examined by the authorized third party, or
  - d. Provide access to a vehicle for use under this subsection;
4. Maintain the following records at the authorized third party's principal place of business:
  - a. A copy of its current authorization agreement with the Department,
  - b. A copy of the current commercial driver license examiner's certificate for each examiner,
  - c. A copy of each completed skills test score sheet for the current calendar year and the past two calendar years,
  - d. A copy of the authorized third party's approved skills test routes and test sites, and
  - e. A copy of each commercial driver license examiner's training record;
5. Submit to the Department by the fifth day of each month, a monthly reconciliation report. If the authorized third party fails to timely submit a monthly reconciliation report, the Department may:
  - a. Give an oral or written warning for the first untimely report,
  - b. Send a letter of concern for the second untimely report in a 12-month period, or
  - c. Suspend or cancel the authorization for the third untimely report in a 12-month period; and
6. Verify each CDL applicant:
  - a. Possesses a valid Arizona driver license with a photograph and a valid Department-issued commercial instruction permit for the class and endorsement of the vehicle to be used in the skills test, and
  - b. Has successfully completed the CDL written tests.

**Historical Note**

New Section made by final rulemaking at 12 A.A.R. 2418, effective August 5, 2006 (Supp. 06-2). Amended by exempt rulemaking at 20 A.A.R. 1138, effective May 1, 2014 (Supp. 14-2).

**R17-7-606. Certified Commercial Driver License Examiner Requirements**

**A.** In addition to satisfying the requirements of R17-7-303, a certified commercial driver license examiner shall:

1. Comply with all state and federal laws, rules, and the terms and conditions of the authorization agreement

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requirements between the Department and the authorized third party;

2. Maintain compliance with all certification requirements as prescribed in R17-7-301;
  3. Not administer any examination unless the CDL applicant meets the requirements of all statutes, rules and policies relating to driver licensing;
  4. Conduct skills tests only on Department-approved test routes; and
  5. Complete, in the presence of the CDL applicant, the score sheet at the time of the skills test. The score sheet is valid for 30 calendar days from the day the CDL applicant completes the skills test.
- B.** If the commercial driver license examiner's CDL is suspended, revoked, canceled, or disqualified, the certified commercial driver license examiner shall not administer any CDLE.
- C.** A commercial driver license examiner shall not accompany an applicant into any office or testing location rented, leased, or owned by the Department.

**Historical Note**

New Section made by final rulemaking at 12 A.A.R. 2418, effective August 5, 2006 (Supp. 06-2). Amended by exempt rulemaking at 20 A.A.R. 1138, effective May 1, 2014 (Supp. 14-2).

**R17-7-607. Repealed****Historical Note**

New Section made by final rulemaking at 12 A.A.R. 2418, effective August 5, 2006 (Supp. 06-2). Repealed by exempt rulemaking at 20 A.A.R. 1138, effective May 1, 2014 (Supp. 14-2).

**R17-7-608. Repealed****Historical Note**

New Section made by final rulemaking at 12 A.A.R. 2418, effective August 5, 2006 (Supp. 06-2). Repealed by exempt rulemaking at 20 A.A.R. 1138, effective May 1, 2014 (Supp. 14-2).

**R17-7-609. Renumbered****Historical Note**

New Section made by final rulemaking at 12 A.A.R. 2418, effective August 5, 2006 (Supp. 06-2). Section R17-7-609 renumbered to R17-7-207 by exempt rulemaking at 20 A.A.R. 1138, effective May 1, 2014 (Supp. 14-2).

**ARTICLE 7. DRIVER LICENSE TRAINING PROVIDER PROGRAM****R17-7-701. Definitions**

The following definitions apply to this Article unless otherwise specified:

“Driver license training provider” means a business enterprise conducted by an individual, association, partnership, or corporation that educates and trains persons, either practically or theoretically, or both, to operate or drive motor vehicles; that prepares applicants for an examination given by the state for a driver license or instruction permit; and that charges a consideration or tuition for these services.

“Minimum professional training standards” means the Department's approved basic content of material to be presented to and understood by the student through evaluation.

**Historical Note**

New Section made by final rulemaking at 12 A.A.R.

2418, effective August 5, 2006 (Supp. 06-2). Amended by exempt rulemaking at 20 A.A.R. 1138, effective May 1, 2014 (Supp. 14-2).

**R17-7-702. Additional Authorization Application Requirements for Driver License Training Providers**

In addition to satisfying the requirements of R17-7-201, an applicant for third-party authorization shall:

1. Submit the following:
  - a. The specified course of instruction which will be offered, and
  - b. Sample copies of the contracts that will be offered to prospective students or given to enrolled students.
2. Provide a certified statement that the applicant will meet the minimum professional training standards as set forth by the Department. The minimum professional training standards will be provided to the applicant and included in the authorization agreement.
3. Provide a copy of any current leases or agreements for the use of the land or buildings on which the applicant's places of business and training sites are located.
4. Ensure that all places of business and training sites:
  - a. Meet all local zoning requirements, and
  - b. Are not used as a residence.

**Historical Note**

New Section made by final rulemaking at 12 A.A.R. 2418, effective August 5, 2006 (Supp. 06-2). Section repealed; new Section made by exempt rulemaking at 20 A.A.R. 1138, effective May 1, 2014 (Supp. 14-2).

**R17-7-703. Additional Certification Application Requirements for Driver License Trainers**

In addition to satisfying the requirements of R17-7-301, an applicant for certification as a driver license trainer shall satisfy all of the following:

1. Pass an examination given by the Department consisting of an actual demonstration or a written test, or both, covering:
  - a. Traffic laws;
  - b. Safe driving practices;
  - c. Operation of motor vehicles;
  - d. Knowledge of teaching methods, techniques, and practices; and
  - e. Authorized third-party statutes and rules, business ethics, office procedures, and elementary record-keeping;
2. Have at least a high school diploma or its equivalent;
3. Hold a valid Arizona driver license;
4. Be physically and mentally able to safely operate a motor vehicle and to train others in the operation of motor vehicles. To substantiate this requirement, the Department may require a properly signed and completed certificate of medical examination conducted by a person qualified and licensed to practice medicine in this state; and
5. Provide other information the Department deems pertinent for determining the applicant's good moral character.

**Historical Note**

New Section made by final rulemaking at 12 A.A.R. 2418, effective August 5, 2006 (Supp. 06-2). Section repealed; new Section made by exempt rulemaking at 20 A.A.R. 1138, effective May 1, 2014 (Supp. 14-2).

**R17-7-704. Additional Authorized Driver License Training Provider Program Requirements**

In addition to satisfying the requirements of R17-7-204, the authorized third party shall comply with the following:

1. The director shall approve, and may modify, in writing the minimum professional training standards that each authorized third party driver license training provider shall teach to its students. Those minimum professional training standards shall be included in the authorization agreement.
2. The established place of business of each authorized third party driver license training provider must be used only for activities authorized by the Department.
3. Each established place of business shall meet all requirements of state law, local ordinances, and the accessibility requirements of the Americans with Disability Act of 1990 (42 U.S.C. 12101 et seq.). The Department may require proof of compliance with local zoning ordinances.
4. An authorized third party driver license training provider must post its office hours in a conspicuous place clearly visible to the public within that location and be open to the public during the posted hours. The person left in charge of the office during the posted office hours must be fully trained to give pertinent information to the public as well as give information to any representative of the Department or to any law enforcement agency.
5. The authorized third party driver license training provider shall provide adequate facilities for any student being given instruction in other than behind-the-wheel driver training.
6. An authorized third party driver license training provider shall maintain the following records at an established place of business or at the principal place of business and make them available for audit and inspection during normal business hours:
  - a. All records setting forth the name, address, contract number, and terms of payment with respect to every person receiving training of any kind, or any other service relating to the operation of a motor vehicle. These records must also contain the date, type, and duration of all training, including the name of the certified individual giving the lessons and the license plate number, make, and model of the vehicle used to conduct the training.
  - b. A record of all receipts and disbursements.
  - c. A record of all training vehicle maintenance and repairs.
7. If an authorized third party driver license training provider enters into a written contract with any person or group of persons receiving training relating to the operation of a motor vehicle, the training provider shall give the original contract to the student or the student's agent who executes the contract and shall retain a copy of the contract in its records.
8. An authorized third party driver license training provider shall equip each motor vehicle used for driver training with:
  - a. If the motor vehicle is equipped with an automatic transmission, at least a dual braking device that enables an accompanying driver license trainer to bring the motor vehicle under control in case of emergency; and
  - b. If the motor vehicle is equipped with a standard transmission, at least a dual clutch and braking device that enables an accompanying driver license trainer to bring the motor vehicle under control in case of emergency.
9. An authorized third party driver license training provider must maintain all motor vehicles in safe operating condition at all times.
10. An authorized third party driver license training provider shall conduct training only on test routes approved by the Department.
11. An authorized third party driver license training provider shall not:
  - a. Indicate or represent in any advertisement that the training provider can issue or guarantee issuance of a driver license in any jurisdiction,
  - b. Imply or represent that the training provider can in any way influence the Department or an authorized third party in the issuance of a driver license, or
  - c. Imply or represent that preferential or advantageous treatment from the Department or an authorized third party can be obtained.
12. An authorized third party driver license training provider or a certified trainer shall not accompany any student into any examining office or testing location rented, leased, or owned by the Department or an authorized third party for the purpose of taking a driver license examination.
13. In case of loss or mutilation, a duplicate authorization certificate may be issued by the Department on submission of a properly signed and completed application accompanied by an affidavit setting forth the circumstances. The affidavit must show the date the previously-issued authorization certificate was lost, mutilated, or destroyed, and the circumstances involving its loss, mutilation, or destruction.
14. An authorization for a driver training provider is non-transferable.

#### Historical Note

New Section made by final rulemaking at 12 A.A.R. 2418, effective August 5, 2006 (Supp. 06-2). Section R17-7-704 renumbered to R17-7-303; new Section R17-7-704 made by exempt rulemaking at 20 A.A.R. 1138, effective May 1, 2014 (Supp. 14-2).

#### R17-7-705. Certified Driver License Trainer Requirements

- A. In addition to satisfying the requirements of R17-7-303, a certified driver license trainer shall maintain compliance with all certification requirements as prescribed in R17-7-301.
- B. In case of loss or mutilation, a duplicate certification may be issued by the Department on submission of a properly signed and completed application accompanied by an affidavit setting forth the circumstances. The affidavit must show the date the previously-issued certification was lost, mutilated, or destroyed, and the circumstances involving its loss, mutilation, or destruction.
- C. A driver license trainer certification is nontransferable.

#### Historical Note

New Section made by final rulemaking at 12 A.A.R. 2418, effective August 5, 2006 (Supp. 06-2). Section R17-7-705 renumbered to R17-7-205; new Section R17-7-705 made by exempt rulemaking at 20 A.A.R. 1138, effective May 1, 2014 (Supp. 14-2).

#### R17-7-706. Renumbered

#### Historical Note

New Section made by final rulemaking at 12 A.A.R. 2418, effective August 5, 2006 (Supp. 06-2). Section R17-7-706 renumbered to R17-7-206 by exempt rulemaking at 20 A.A.R. 1138, effective May 1, 2014 (Supp. 14-2).

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**R17-7-707. Repealed**

**Historical Note**

New Section made by final rulemaking at 12 A.A.R. 2418, effective August 5, 2006 (Supp. 06-2). Section R17-7-707 repealed by exempt rulemaking at 20 A.A.R. 1138, effective May 1, 2014 (Supp. 14-2).

**ARTICLE 8. REPEALED**

**R17-7-801. Repealed**

**Historical Note**

New Section made by final rulemaking at 12 A.A.R.

2418, effective August 5, 2006 (Supp. 06-2). Section R17-7-801 repealed by exempt rulemaking at 20 A.A.R. 1138, effective May 1, 2014 (Supp. 14-2).

**R17-7-802. Repealed**

**Historical Note**

New Section made by final rulemaking at 12 A.A.R. 2418, effective August 5, 2006 (Supp. 06-2). Section R17-7-801 repealed by exempt rulemaking at 20 A.A.R. 1138, effective May 1, 2014 (Supp. 14-2).