

Arkansas Limits Use of License Plate Readers for Repossession


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Recovering collateral after default is rarely easy. In addition to the physical and practical difficulties of repossession, compliance is often a costly and complex issue. And, as is often the case, technological innovations that help with the practical piece may unfortunately implicate the compliance piece. That point was illustrated by a December 5, 2023, opinion from the Office of the Attorney General for the State of Arkansas confirming that it is illegal to use automatic license plate reader systems for repossessions.

The AG's office was asked whether a private business can use license plate readers to track and repossess vehicles. In answering that question, the AG reviewed an Arkansas law governing law enforcement agencies. That law limits the use of "automatic license plate reader systems," which are systems that involve one or more mobile or fixed automated high-speed cameras used in combination with computer algorithms to convert images of license plates into computer-readable data.

Although it is part of the law enforcement code, the law applies broadly to an "individual, corporation, or the State of Arkansas" and makes it unlawful to use an automatic license plate reader system, except for limited purposes. With respect to individuals and companies, the law allows the use of an automatic license plate reader system only to regulate parking or to control access to secured areas. Because those are the only circumstances in the law directed at private businesses, the AG concluded that a company could not use an automatic license plate reader to track and repossess vehicles.

Several other states, including Maryland, Montana, Nebraska, North Carolina, and Utah, have laws that govern the use of automatic license plate reader systems, although with different scopes and requirements.

If you are involved with repossessions and are thinking about using technology to stay ahead, make sure compliance is also part of your consideration. 

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