



[HF 674](#) – Motor Vehicle Title and Registration, County of Issuance (LSB1245HZ)
 Staff Contact: Maria Wagenhofer (515.281.5270) maria.wagenhofer@legis.iowa.gov
 Fiscal Note Version – New

Description

[House File 674](#) allows for any county treasurer, instead of the treasurer of the county where the primary user of the vehicle is located, to conduct certain transactions, including accepting applications for and issuing certain certificates of title, accepting applications for and issuing new registrations, and perfecting security interests. Currently, a person must apply for registration and certificate of title from the person’s county of residence or from the county where the primary users of the vehicle are located. The Bill also increases by \$10 various fees required in the registration and titling of vehicles, including establishing a \$10 increase in the fee for new registration. House File 674 subsequently increases the amount the county treasurer is allowed to retain for deposit in the county general fund by \$10 from each fee for certificate of title, perfection of security interest, and new vehicle registration, as seen in **Table 1**.

Table 1 — County Fee Retention Per Transaction Under House File 674

Type of Transaction	Current Fees Retained	Fees Retained Under HF 674
Certificate of Title	\$2.50	\$12.50
Perfection of Security Interests	\$6.00	\$16.00
New Registration	\$1.00	\$11.00

The Bill is effective January 1, 2024.

Background

2008 Iowa Acts, chapter [1113](#), increased the application fees paid to a county treasurer for motor vehicle registration and issuance of certificate of title from \$10 to \$20, and from \$2 to \$10 for salvage titles and titles for motor vehicles returned to a manufacturer. The additional \$10 or \$8 collected from the collected fees is allocated to the Transportation Moves the Economy in the 21st Century (TIME-21) Fund pursuant to Iowa Code section [321.2](#)(15). The TIME-21 Fund is currently set to be repealed on June 30, 2028.

A surcharge of \$5 is also required for the issuance of a certificate of title pursuant to Iowa Code section [321.52A](#).

Iowa Code section [321.152](#) currently allows counties to retain and deposit fees in their general funds. The fees that can be retained are as follows:

- 4.0% of the total collection of each annual or semiannual vehicle registration and each duplicate registration card or plate issued.
- \$2.50 from each fee collected for certificates of title.
- 40.0% of all fees collected for certified copies of certificates of title.
- 60.0% of all fees collected for perfection of security interests.
- 25.0% of each penalty collected for improper business-trade truck registration.

- \$1 from each fee for new registration.
- 25.0% of each penalty collected for improper motorsports recreational vehicle registration.

The remaining revenue collected from a certificate of title transaction, including the \$5 surcharge per title transaction, is deposited into the Statutory Allocations Fund pursuant to Iowa Code section [321.145](#). After statutory distributions, any remaining revenue in the Statutory Allocations Fund is credited to the Road Use Tax Fund (RUTF).

Table 2 includes the total number of transactions at the county level in FY 2022. The transactions are listed as they are identified in the Department of Transportation’s (DOT’s) system.

Table 2 — FY 2022 Initial Registration and Certificate of Title Transactions by Counties

<u>Type of Transaction</u>	<u>FY 2022 Transactions</u>
Title and Registration	888,860
Replacement and Corrected Title	61,462
Manufacturer Buy Back Title	89
Salvage Title	42,151
Security Interests	213,427

In addition to the transactions above, the Iowa DOT estimates that DOT locations processed approximately 2,229 title transactions for commercial vehicles and 2,026 transactions for perfection of security interests in FY 2022.

Assumptions

- FY 2024 transactions will match FY 2022 transactions.
- All “title and registration” transactions involve payment of both the new title fee and the new registration fee. As a result, it is assumed there are 888,860 new title transactions and 888,860 new registration transactions.
- Fee revenue from transactions processed by the Iowa DOT is deposited into the RUTF.
- The fee amount of \$20 established in Iowa Code section [321.23\(1\)](#) is not increased under HF 674. However, the Bill increases the total amount counties can retain in their general funds for transactions under Iowa Code section 321.23(1) by \$10. As a result, the Bill allows counties to keep \$12.50, while \$10 is required to be deposited into the TIME-21 Fund pursuant to Iowa Code section 321.2(15). This results in a discrepancy between the total fee amount (\$20) and the statutory allocations of the fee revenue (\$22.50). For the purposes of this **Fiscal Note**, it is assumed that the TIME-21 Fund would receive the full \$10 and counties would retain only \$10 of the fee under Iowa Code section 321.23(1). Additionally, because the fee amount under Iowa Code section 321.23(1) is not increased, the Statutory Allocations Fund will lose \$7.50 per transaction that is currently credited to the fund under Iowa Code section 321.23(1). It is assumed there will be an estimated 800 transactions of this type annually.
- The Iowa DOT has stated it would incur a one-time information technology labor expense of \$48,000, which would be absorbed with existing resources.

Fiscal Impact

House File 674 is estimated to increase fee revenue retained in county general funds by \$10.5 million in FY 2024 and \$20.9 million annually beginning in FY 2025 (Tables 3 and 4).

Table 3 — Estimated Increase to Counties in FY 2024

<u>Type of Transaction</u>	<u>Estimated Number of Transactions</u>	<u>Estimated Increase in Revenue</u>
Certificate of Title	496,281	\$ 4,960,810
Security Interests	106,714	1,067,135
New Registration	444,430	4,444,300
Total Increase in Revenue		\$ 10,472,245

Table 4 — Estimated Annual Increase to Counties Beginning in FY 2025

<u>Type of Transaction</u>	<u>Estimated Annual Number of Transactions</u>	<u>Estimated Annual Increases in Revenue</u>
Certificate of Title	992,562	\$ 9,923,620
Security Interests	213,427	2,134,270
New Registration	888,860	8,888,600
Total Increase in Revenue		\$ 20,946,490

Additionally, HF 674 is estimated to increase net revenue to the RUTF by \$18,000 in FY 2024 and \$37,000 annually beginning in FY 2025 (Tables 5 and 6).

Table 5 — Estimated Net Increase to the RUTF in FY 2024

<u>Type of Transaction</u>	<u>Estimated Annual Number of Transactions</u>	<u>Estimated Annual Changes in Revenue</u>
Certificate of Title — Commercial Vehicles	1,115	\$ 11,145
Security Interests	1,013	10,130
Titles Under Iowa Code Section 321.23(1)	400	-3,000
Total Increase in Revenue		\$ 18,275

Table 6 — Estimated Annual Net Increase to the RUTF Beginning in FY 2025

<u>Type of Transaction</u>	<u>Estimated Annual Number of Transactions</u>	<u>Estimated Annual Changes in Revenue</u>
Certificate of Title — Commercial Vehicles	2,229	\$ 22,290
Security Interests	2,026	20,260
Titles Under Iowa Code Section 321.23(1)	800	-6,000
Total Increase in Revenue		\$ 36,550

Sources

Department of Transportation
LSA calculations

/s/ Jennifer Acton

March 22, 2023

Doc ID 1371044

The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

www.legis.iowa.gov