

FILED JAN 17 1989

SENATE FILE 2089  
BY LIND

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to refunds and credits of vehicle registration  
2 fees.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25

S.F. 2089

1 Section 1. Section 321.46, subsection 3, paragraph e, Code  
2 1989, is amended by striking the paragraph.

3 Sec. 2. Section 321.126, subsection 6, Code 1989, is  
4 amended to read as follows:

5 6. If a vehicle is sold or junked ~~within-thirty-days-after~~  
6 ~~a-replacement-vehicle-has-been-purchased-and-the-title-and~~  
7 ~~registration-for-the-replacement-vehicle-issued~~, the owner in  
8 whose name the vehicle was registered may within thirty days  
9 after the date of sale or junking make claim to the department  
10 for a refund of the sold or junked vehicle's registration fee  
11 subject to the following limitations:

12 a. The refund shall be computed on the basis of the number  
13 of unexpired months remaining in the registration year at the  
14 time the vehicle was sold or junked and shall be rounded to  
15 the nearest whole dollar. Section 321.127, subsection 1, does  
16 not apply.

17 b. The refund shall ~~not-exceed-the-amount-of-the~~  
18 ~~registration-fee-for-the-replacement-vehicle-and-shall~~ only be  
19 allowed if ~~the-replacement-vehicle-was-registered-within-the~~  
20 ~~time-specified-for-registration-under-section-321-46,~~  
21 subsection-1 the application is made at least forty-five days  
22 prior to the vehicle's registration expiration date.

23 c. The refund shall only be allowed if the owner provides  
24 the credit copy of the registration receipt for the vehicle  
25 sold or junked ~~and-a-photocopy-of-the-registration-receipt-for~~  
26 ~~the-replacement-vehicle.~~

27 d. This subsection does not apply to vehicles registered  
28 under chapter 326.

29 Sec.,3. Section 321.128, Code 1989, is amended to read as  
30 follows:

31 321.128 PAYMENT AUTHORIZED.

32 The department may make the payments under sections 321.126  
33 and 321.127, when sufficient proof of such destruction by  
34 accident, or the junking and entire elimination of identity as  
35 a motor vehicle, theft, or storage by an owner entering the

1 military service of the United States in time of war, is  
2 properly certified, approved by the county treasurer, and  
3 filed with the department. This section does not apply to  
4 refunds for sold vehicles under section 321.126, subsection 6.

5 EXPLANATION

6 This bill provides for the refund of vehicle registration  
7 fees for vehicles sold or junked. Under the current Code  
8 provisions such refunds are only allowed if the vehicle is  
9 sold or junked within 30 days after a replacement vehicle has  
10 been purchased and the title and registration for the  
11 replacement vehicle issued.

12 Refunds are not allowed if application is not made at least  
13 45 days prior to the vehicle's registration expiration date or  
14 if the refund would be for less than \$5.

15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35

SENATE FILE 2089  
FISCAL NOTE

A fiscal note for Senate File 2089 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Senate File 2089 provides for the refund of vehicle registration fees for vehicles sold or junked. Under the current code provisions, such refunds are only allowed if the vehicle is sold or junked within thirty days after a replacement vehicle has been purchased and the title and registration for the replacement vehicle issued. Refunds are not allowed if application is not made at least 45 days prior to the vehicle's registration expiration date or if the refund would be for less than \$5.

Assumptions

1. 175,000 vehicles a year are sold or junked and not replaced.
2. Average refund is \$20.
3. Additional administrative costs of 20% above the refund would be generated.
4. Refund applications are made at least 45 days prior to the registration expiration date.

Fiscal Effect

1. Annual Road Use Tax Fund loss from increased refunds:  $175,000 \times \$20 = \$3,500,000$
2. Administrative costs (20%):  $\$3,500,000 \times 20\% = \$700,000$
3. Total cost:  $\$3,500,000 + \$700,000 = \$4,200,000$

The estimated \$3,500,000 loss to the Road Use Tax Fund would decrease the amount of funds available for cities and counties for road construction. Currently, cities receive 20% of the Road Use Tax Fund formula allocation and counties receive 32.5%. The revenue loss to cities and counties through the implementation of this bill would be as follows:

1. Cities:  $\$3,500,000 \times 20\% = \$700,000$
2. Counties:  $\$3,500,000 \times 32.5\% = \$1,137,500$

(Source: Department of Transportation)

(LSB 7760s, DLR)

FILED FEBRUARY 1, 1990

BY DENNIS PROUTY, FISCAL DIRECTOR