Regulatory Analysis

Notice of Intended Action to be published: Iowa Administrative Code 571—Chapter 50
"Regulated Vehicle, Snowmobile and Vessel Bonding"

Iowa Code section(s) or chapter(s) authorizing rulemaking: 321I.31(9), 321G.29(9) and 462A.5A

State or federal law(s) implemented by the rulemaking: Iowa Code sections 321I.31, 321G.29 and 462A.5A

Public Hearing

A public hearing at which persons may present their views orally or in writing will be held as follows:

September 25, 2024	6200 Park Avenue, Suite 200
12 noon to 1 p.m.	Des Moines, Iowa

Public Comment

Any interested person may submit written or oral comments concerning this Regulatory Analysis. Written or oral comments in response to this Regulatory Analysis must be received by the Department of Natural Resources (Department) no later than 4:30 p.m. on the date of the public hearing. Comments should be directed to:

Karmin Klingenberg
Iowa Department of Natural Resources
6200 Park Avenue, Suite 200
Des Moines, Iowa 50321
Phone: 515.326.0430
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Purpose and Summary

Proposed Chapter 50 contains rules related to vehicle and vessel bonding. Pursuant to Iowa Code chapters 321I, 321G, and 462A, customers who are unable to show ownership of their all-terrain vehicles, snowmobiles, or vessels for purposes of obtaining title or registration may file for a bond. This process allows customers to proceed with ownership documentation and use their all-terrain vehicles, snowmobiles, or vessels while also protecting prior owners in case of error or fraud.

This chapter has been reviewed and edited consistent with Executive Order 10. In an attempt to reduce and simplify regulatory burdens, the new chapter proposes to implement a new bonding process similar to what the Iowa Department of Transportation recently implemented for motor vehicles. Under the proposed chapter, the Department may allow all-terrain vehicles, snowmobiles, or vessels that are over 15 years old and have a retail value of $1,000 or less to be registered without obtaining a bond, provided all other statutory and rule requirements are met.

Analysis of Impact

1. Persons affected by the proposed rulemaking:

- Classes of persons that will bear the costs of the proposed rulemaking:

Persons who purchase boats, snowmobiles, and regulated vehicles and do not receive the proper paperwork to transfer ownership will bear the costs.

- Classes of persons that will benefit from the proposed rulemaking:

Persons who purchase boats, snowmobiles, and regulated vehicles and do not receive the proper paperwork to transfer ownership and the owners of units that have a retail value of $1,000 or less and are older than 15 years old will benefit.

2. Impact of the proposed rulemaking, economic or otherwise, including the nature and amount of all the different kinds of costs that would be incurred:

- Quantitative description of impact:

Customers with lower-value and older vehicles will no longer have the financial burden to obtain a bond. The Department estimates that more than 220 cases out of the 530 cases last year would benefit from this proposed chapter.

- Qualitative description of impact:

Customers will see a more efficient process.

3. Costs to the State:

- Implementation and enforcement costs borne by the agency or any other agency:

Department staff will continue to administer this program, but the Department foresees fewer customers needing to obtain a bond and require support through the administrative process.

- Anticipated effect on state revenues:

The Department anticipates an increase in state revenue as a result of allowing units to register when, in the past, customers may have been dissuaded by the bond process and failed to register the units.

4. Comparison of the costs and benefits of the proposed rulemaking to the costs and benefits of inaction:

The benefits to customers and increase in efficiency outweigh a minimal cost.

5. Determination whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rulemaking:

No less costly or less intrusive methods are possible.

6. Alternative methods considered by the agency:

- Description of any alternative methods that were seriously considered by the agency:

None.

- Reasons why alternative methods were rejected in favor of the proposed rulemaking:

Not applicable.

Small Business Impact

If the rulemaking will have a substantial impact on small business, include a discussion of whether it would be feasible and practicable to do any of the following to reduce the impact of the rulemaking on small business:

- Establish less stringent compliance or reporting requirements in the rulemaking for small business.
- Establish less stringent schedules or deadlines in the rulemaking for compliance or reporting requirements for small business.
- Consolidate or simplify the rulemaking's compliance or reporting requirements for small business.
- Establish performance standards to replace design or operational standards in the rulemaking for small business.
- Exempt small business from any or all requirements of the rulemaking.

If legal and feasible, how does the rulemaking use a method discussed above to reduce the substantial impact on small business?

This rulemaking has no impact on small business.

Text of Proposed Rulemaking

ITEM 1. Rescind 571—Chapter 50 and adopt the following **new** chapter in lieu thereof:

CHAPTER 50
REGULATED VEHICLE, SNOWMOBILE AND VESSEL BONDING

571—50.1(321G,321I) Definitions. For the purposes of this chapter, the following definitions shall apply:

"All-terrain vehicle" means the same as defined in Iowa Code section 321I.1.

"Department" means the department of natural resources.

"Off-road motorcycle" means the same as defined in Iowa Code section 321I.1.

"Off-road utility vehicle" means the same as defined in Iowa Code section 321I.1.

"Regulated vehicle" means all-terrain vehicles, off-road motorcycles, and off-road utility vehicles, either collectively or individually. For purposes of this chapter only, "regulated vehicle" shall also include a snowmobile.

"Snowmobile" means the same as defined in Iowa Code section 321G.1.

"Vessel" means the same as defined in Iowa Code section 462A.2.

"Watercraft" means the same as defined in Iowa Code section 462A.2. Docks, defined in and regulated by 571—Chapter 16, are not watercraft.

DIVISION I
REGULATED VEHICLES

571—50.2(321G,321I) Bond required before issuance of title or registration.

50.2(1) *Procedures.* An applicant for certificate of title who cannot provide the supporting documents required in 571—Chapters 46 and 47 (implementing Iowa Code chapters 321G and 321I) shall be required to complete the following procedures as a condition to obtaining a title and registration. The procedures described are in addition to the regular procedures for titling and registering a regulated vehicle.

a. The applicant shall submit a request form to the department on a form provided by the department. The request form shall include a copy of the written proof of ownership at the time the vehicle was acquired.

b. The applicant shall contact the department and provide identifying information in regard to the regulated vehicle. The required identifying information shall include the manufacturer identification number; registration sticker (if affixed to the regulated vehicle); photographs of the regulated vehicle that show the front, rear, and one side of the regulated vehicle; and any additional information about the regulated vehicle as may be requested by the department. If no manufacturer identification number is currently affixed to the regulated vehicle, the applicant shall complete the department's procedure for obtaining such number, and the assigned number shall be affixed before the applicant may proceed with the registration application process set forth in this chapter.

50.2(2) *Investigation.* The department, upon receipt of sufficient identifying information from an applicant, shall:

a. Search the department's registration records to determine whether there is an owner of record for the regulated vehicle and whether the regulated vehicle has been reported stolen or embezzled;

b. If the department finds a record of prior ownership in the department's registration records, mail the release of ownership and rights to the regulated vehicle by first-class mail to the owner of record at the owner's last-known address. The notice shall state that the owner of record may assert the owner's right to claim the regulated vehicle.

50.2(3) *Letter of release.* Upon receipt of the letter of release by the last registered owner or legal representative, the department may:

a. Provide approval notification to the applicant and the county recorder that there is sufficient evidence to indicate that the applicant is the rightful owner and that there is no known unsatisfied security interest, so the regulated vehicle may be registered and titled in Iowa.

b. Notify the appropriate authorities of the owner's claim to the regulated vehicle. No further action will be completed by the department.

50.2(4) *Letter of release.*

a. If the department receives no response from the owner of record within 30 days after the date of mailing or if the post office returns the notice to the department as undeliverable, the department will continue processing the bond request.

b. The department will determine the current retail value for the same type of regulated vehicle for which the registration is being sought with documentation from J.D. Power (formerly the National Automobile Dealers Association, or NADA) or Kelley Blue Book or through competitive pricing found on the Internet, or the applicant may submit an appraisal of the regulated vehicle by a licensed regulated vehicle dealer.

(1) If the current retail value of the regulated vehicle is $1,000 or less as determined by the department and is over 15 years old, the department may allow the registration of the vehicle.

(2) If the current retail value of the regulated vehicle as determined by the department is more than $1,000, the department will notify the applicant that the following requirements are needed to proceed with the bonding process:

1. A completed registration application form (as provided by the department).
2. Inspection of the regulated vehicle by a representative of the department, with a signature required on the registration application form.
3. A complete surety bond form (as provided by the department).

50.2(5) *Approval.* If the department determines that the applicant has complied with this rule, that there is sufficient evidence to indicate that the applicant is the rightful owner, and that there is no known unsatisfied security interest, the department shall forward the original application to the county recorder and notify the applicant that the regulated vehicle may be registered and titled in Iowa.

50.2(6) *Disapproval.* If the department determines that the applicant has not complied with this rule, that there is sufficient evidence to indicate that the applicant may not be the rightful owner, that there is an unsatisfied security interest, or that the owner of record asserts a claim for the regulated vehicle, the department shall not authorize issuance of a certificate of title or registration receipt and shall notify the applicant in writing of the reason(s).

DIVISION II
VESSELS

571—50.3(462A) Bond required before issuance of title or registration.

50.3(1) *Procedures.* An applicant for certificate of title who cannot provide the supporting documents required in 571—Chapters 46 and 47 (implementing Iowa Code chapters 321G and 321I) shall be required to complete the following procedures as a condition to obtaining a title and registration. The procedures described are in addition to the regular procedures for titling and registering a vessel.

a. The applicant shall submit a request form to the department on a form provided by the department. The request form shall include a copy of the written proof of ownership at the time the vessel was acquired.

b. The applicant shall contact the department and provide identifying information in regard to the vessel. The required identifying information shall include the manufacturer identification number; registration sticker (if affixed to the regulated vessel); photographs of the vessel that show the front, rear, and one side of the vessel; and any additional information about the vessel as may be requested by the department. If no manufacturer identification number is currently affixed to the vessel, the applicant shall complete the department's procedure for obtaining such number, and the assigned

number shall be affixed before the applicant may proceed with the registration application process set forth in this chapter.

50.3(2) *Investigation.* The department, upon receipt of sufficient identifying information from an applicant, shall:

a. Search the department's registration records to determine whether there is an owner of record for the vessel and whether the vessel has been reported stolen or embezzled;

b. If the department finds a record of prior ownership in the department's registration records, mail the release of ownership and rights to the vessel by first-class mail to the owner of record at the owner's last-known address. The notice shall state that the owner of record may assert the owner's right to claim the vessel.

50.3(3) *Letter of release.* Upon receipt of the letter of release by the last registered owner or legal representative, the department may:

a. Provide approval notification to the applicant and the county recorder that there is sufficient evidence to indicate that the applicant is the rightful owner and that there is no known unsatisfied security interest, so the vessel may be registered and titled in Iowa.

b. Notify the appropriate authorities of the owner's claim to the vessel. No further action will be completed by the department.

50.3(4) *Letter of release.*

a. If the department receives no response from the owner of record within 30 days after the date of mailing or if the post office returns the notice to the department as undeliverable, the department will continue processing the bond request.

b. The department will determine the current retail value for the same type of vessel for which the registration is being sought with documentation from J.D. Power (formerly NADA) or Kelley Blue Book or through competitive pricing found on the Internet, or the applicant may submit an appraisal of the vessel by a licensed vessel dealer.

(1) If the current retail value of the vessel is $1,000 or less as determined by the department and is over 15 years old, the department may allow the registration of the vehicle.

(2) If the current retail value of the vessel as determined by the department is more than $1,000, the department will notify the applicant that the following requirements are needed to proceed with the bonding process:

1. A completed registration application form (as provided by the department).

2. Inspection of the vessel by a representative of the department, with a signature required on the registration application form.

3. A complete surety bond form (as provided by the department).

50.3(5) *Approval.* If the department determines that the applicant has complied with this rule, that there is sufficient evidence to indicate that the applicant is the rightful owner, and that there is no known unsatisfied security interest, the department shall forward the original application to the county recorder and notify the applicant that the vessel may be registered and titled in Iowa.

50.3(6) *Disapproval.* If the department determines that the applicant has not complied with this rule, that there is sufficient evidence to indicate that the applicant may not be the rightful owner, that there is an unsatisfied security interest, or that the owner of record asserts a claim for the vessel, the department shall not authorize issuance of a certificate of title or registration receipt and shall notify the applicant in writing of the reason(s).

These rules are intended to implement Iowa Code sections 321I.31(9), 321G.29(9) and 462A.5A.