

SENATE FILE 212  
BY RITTMER AND REDWINE

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

A BILL FOR

1 An Act relating to the offense of driving a motor vehicle when a  
2 license has been revoked or denied for driving while  
3 intoxicated, requiring financial liability coverage for motor  
4 vehicles in this state, providing for the seizure of motor  
5 vehicle registration plates, and providing penalties and  
6 conditional effective dates.

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

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S.F. 212

1 Section 1. Section 321.1, Code 1997, is amended by adding  
2 the following new subsections:

3 NEW SUBSECTION. 24A. "Financial liability coverage" means  
4 any of the following:

5 a. An owner's policy of liability insurance which is  
6 issued by an insurance carrier authorized to do business in  
7 Iowa to or for the benefit of the person named in the policy  
8 as insured, and insuring the person named as insured and any  
9 person using an insured motor vehicle with the express or  
10 implied permission of the named insured against loss from  
11 liability imposed by law for damages arising out of the  
12 ownership, maintenance, or use of an insured motor vehicle  
13 within the United States of America or Canada, but subject to  
14 minimum limits, exclusive of interest and costs, in the  
15 amounts specified in section 321A.21 or specified in another  
16 provision of the Code, whichever is greater.

17 b. A bond filed with the department pursuant to section  
18 321A.24.

19 c. A valid certificate of deposit of money or security  
20 issued by the treasurer of state pursuant to section 321A.25.

21 d. A valid certificate of self-insurance issued by the  
22 department pursuant to section 321A.34.

23 NEW SUBSECTION. 54A. "Proof of financial liability  
24 coverage card" means either a liability insurance card issued  
25 under section 321.20B, a bond insurance card issued under  
26 section 321A.24, a security insurance card issued under  
27 section 321A.25, or a self-insurance card issued under section  
28 321A.34.

29 Sec. 2. NEW SECTION. 321.20B PROOF OF SECURITY AGAINST  
30 LIABILITY.

31 1. Notwithstanding chapter 321A, which requires certain  
32 persons to maintain proof of financial responsibility, a  
33 person shall not drive a motor vehicle which is registered in  
34 this state on the highways of this state unless financial  
35 liability coverage, as defined in section 321.1, subsection

1 24A, is in effect for the motor vehicle and unless the driver  
2 has in the motor vehicle the proof of financial liability  
3 coverage card issued for the motor vehicle.

4 2. An insurance company transacting business in this state  
5 shall issue to its insured owners of motor vehicles registered  
6 in this state a financial liability coverage card for each  
7 registered motor vehicle insured. Each financial liability  
8 coverage card shall identify the registration number of the  
9 motor vehicle insured and shall indicate the expiration date  
10 of the applicable insurance coverage. The financial liability  
11 coverage card shall also contain the name and address of the  
12 insurer, the name of the insured, the type of coverage  
13 provided, and an emergency telephone number of the insurer.

14 3. If the financial liability coverage for a motor vehicle  
15 which is registered in this state is canceled or terminated  
16 effective prior to the expiration date indicated on the  
17 financial liability coverage card issued for the vehicle, the  
18 person to whom the financial liability coverage card was  
19 issued shall return the financial liability coverage card to  
20 the insurer which issued the card for destruction.

21 4. If a peace officer stops a motor vehicle and the driver  
22 is unable to provide proof of financial liability coverage,  
23 the peace officer shall do one of the following:

24 a. Issue a warning citation to the driver.

25 b. Issue a citation and remove the motor vehicle's license  
26 plates and registration from the motor vehicle which has been  
27 operated on the highways of this state without financial  
28 liability coverage being in effect for the motor vehicle, and  
29 remove the license plates and registration from any other  
30 vehicle registered to the person in violation of this section  
31 for which the person is unable to show proof of financial  
32 liability coverage. Upon removing the license plates and  
33 registration the peace officer shall issue a temporary  
34 registration permit and forward the plates to the county  
35 treasurer of the county in which the plates were issued along

1 with a copy of the citation issued by the peace officer. An  
2 owner or driver of a motor vehicle who is charged with a  
3 violation of subsection 1 and whose license plates and  
4 registration have been removed is subject to the following:

5 (1) An owner or driver who produces to the county  
6 treasurer, within thirty days of the time the person's license  
7 plates and registration are removed, proof that financial  
8 liability coverage was in effect for the motor vehicle at the  
9 time the person was stopped and cited, shall be assessed a  
10 fifteen dollar administrative fee by the county treasurer who  
11 shall return the license plates and registration to the person  
12 after payment of the fee.

13 (2) An owner or driver who is unable to show that  
14 financial liability coverage was in effect for the motor  
15 vehicle at the time the person was stopped and cited, and  
16 signs an admission of violation on the citation, may do either  
17 of the following:

18 (a) Sign an admission of violation on the citation and  
19 remit to the county treasurer a scheduled fine of two hundred  
20 fifty dollars plus a fifteen dollar administrative fee. Upon  
21 payment of the fine and fee, and providing proof of financial  
22 liability coverage to the county treasurer, the county  
23 treasurer shall return the license plates and registration to  
24 the person.

25 (b) Request an appearance before the court on the matter.  
26 If the matter goes before the court, and the owner or driver  
27 is found guilty of a violation of subsection 1, the court may  
28 impose a fine of two hundred fifty dollars, or the court may  
29 order the person to perform unpaid community service instead  
30 of the fine. Upon the payment of the fine or the entry of the  
31 order for unpaid community service, the county treasurer shall  
32 return the license plates and registration to the person upon  
33 the person providing proof of financial liability coverage and  
34 paying a fifteen dollar administrative fee to the county  
35 treasurer.

1 (3) An owner or driver who fails to provide to the county  
2 treasurer, within thirty days of the time the person's  
3 registration plates are removed, proof that financial  
4 liability coverage was in effect for the motor vehicle at the  
5 time the person was stopped and cited, and does not sign an  
6 admission of violation on the citation, shall not have the  
7 person's license plates or registration returned. The county  
8 treasurer shall destroy the plates and registration and  
9 provide notification to the state department of transportation  
10 that the plates and registration have been destroyed,  
11 including a copy of the citation.

12 c. Issue a citation and impound the motor vehicle. A  
13 vehicle which is impounded may be claimed by a person if the  
14 owner provides proof of financial liability coverage and pays  
15 any applicable fine and the costs of towing and storage for  
16 the motor vehicle. The amount for the costs of towing and  
17 storage shall be paid to the law enforcement agency which  
18 impounds the motor vehicle. If the motor vehicle is not  
19 claimed within thirty days after impoundment, the motor  
20 vehicle may be treated as an abandoned vehicle pursuant to  
21 section 321.89. If the law enforcement agency elects to treat  
22 the motor vehicle as abandoned, the agency shall notify the  
23 registered owner of the motor vehicle that the vehicle shall  
24 be deemed abandoned and shall be sold in the manner provided  
25 in section 321.89 if payment of the total cost of impoundment  
26 is not received within twenty-one days of the mailing of the  
27 notice. Notwithstanding section 321.89, any amount received  
28 from the sale of the motor vehicle shall be retained by the  
29 law enforcement agency which impounds the vehicle.

30 5. This section applies to a motor vehicle subject to  
31 registration under this chapter other than a motor vehicle  
32 identified in section 321.18, subsections 1 through 6, and  
33 subsection 8.

34 6. The director of transportation and the commissioner of  
35 insurance shall adopt rules pursuant to chapter 17A to

1 administer this section.

2 Sec. 3. Section 321.54, unnumbered paragraph 1, Code 1997,  
3 is amended to read as follows:

4 Nonresident owners of foreign vehicles operated within this  
5 state for the intrastate transportation of persons or property  
6 for compensation or for the intrastate transportation of  
7 merchandise shall register and maintain financial liability  
8 coverage as required under section 321.20B for each such  
9 vehicle and pay the same fees therefor ~~as is required with~~  
10 ~~reference to~~ for like vehicles owned by residents of this  
11 state.

12 Sec. 4. Section 321.55, Code 1997, is amended to read as  
13 follows:

14 321.55 REGISTRATION REQUIRED FOR CERTAIN VEHICLES OWNED OR  
15 OPERATED BY NONRESIDENTS.

16 A nonresident owner or operator engaged in remunerative  
17 employment within the state or carrying on business within the  
18 state and owning or operating a motor vehicle, trailer, or  
19 semitrailer within the state shall register and maintain  
20 financial liability coverage as required under section 321.20B  
21 for each such vehicle and pay the same fees for registration  
22 as are paid for like vehicles owned by residents of this  
23 state. However, this paragraph does not apply to a person  
24 commuting from the person's residence in another state or  
25 whose employment is seasonal or temporary, not exceeding  
26 ninety days.

27 A nonresident owner of a motor vehicle operated within the  
28 state by a resident of the state shall register the vehicle  
29 and shall maintain financial liability coverage as required  
30 under section 321.20B for the vehicle. The nonresident owner  
31 shall pay the same fees for registration as are paid for like  
32 vehicles owned by residents of this state. However,  
33 registration under this paragraph does not apply to is not  
34 required for vehicles being operated by residents temporarily,  
35 not exceeding ninety days. It is unlawful for a resident to

1 operate within the state an unregistered motor vehicle  
2 required to be registered under this paragraph.

3 Sec. 5. Section 321.57, unnumbered paragraph 1, Code 1997,  
4 is amended to read as follows:

5 A dealer owning any vehicle of a type otherwise required to  
6 be registered ~~hereunder~~ under this chapter may operate or move  
7 the ~~same~~ vehicle upon the highways solely for purposes of  
8 transporting, testing, demonstrating, or selling the ~~same~~  
9 vehicle without registering ~~each-such~~ the vehicle, upon  
10 condition that ~~any-such~~ the vehicle display in the manner  
11 prescribed in sections 321.37 and 321.38 a special plate  
12 issued to ~~such~~ the owner as provided in sections 321.58 to  
13 321.62. ~~In-addition-to-the-foregoing,-a~~ However, if the  
14 vehicle is a motor vehicle the dealer shall maintain financial  
15 liability coverage for the motor vehicle as required under  
16 section 321.20B. A new car dealer or a used car dealer may  
17 operate or move upon the highways ~~any~~ a new or used car or  
18 trailer owned by the dealer for either private or business  
19 purposes without registering ~~the-same-providing,-(1)-such~~ it  
20 if the new or used car or trailer is in the dealer's inventory  
21 and is continuously offered for sale at retail, and ~~(2)~~ there  
22 is displayed ~~thereon~~ on it a special plate issued to ~~such~~ the  
23 dealer as provided in sections 321.58 to 321.62.

24 Sec. 6. Section 321.492, unnumbered paragraph 1, Code  
25 1997, is amended to read as follows:

26 Any A peace officer is authorized to stop ~~any~~ a vehicle to  
27 require exhibition of the driver's motor vehicle license, to  
28 require exhibition of the proof of insurance card issued for  
29 the vehicle if the vehicle is a motor vehicle registered in  
30 this state, to serve a summons or memorandum of traffic  
31 violation, to inspect the condition of the vehicle, to inspect  
32 the vehicle with reference to size, weight, cargo, log book,  
33 bills of lading or other manifest of employment, tires, and  
34 safety equipment, or to inspect the registration certificate,  
35 the compensation certificate, travel order, or permit of the

1 vehicle. A peace officer shall require the exhibition of the  
2 proof of financial liability coverage card issued for a  
3 vehicle if the vehicle is a motor vehicle registered in this  
4 state and the vehicle has been stopped for the purpose of  
5 issuing a citation for a traffic violation, the vehicle is  
6 involved in a traffic accident, or the vehicle has been  
7 stopped for the purpose of conducting a safety inspection.

8 Sec. 2. Section 321A.17, subsections 1 through 3, Code  
9 1997, are amended to read as follows:

10 1. Whenever if the department, under any a law of this  
11 state, suspends or revokes the license of any a person upon  
12 receiving record of a conviction or a forfeiture of bail or  
13 revokes the license of any a person pursuant to chapter 321J,  
14 the department shall also suspend the registration for all  
15 motor vehicles registered in the name of the person, except  
16 that the department shall not suspend the registration, unless  
17 otherwise required by law, if the person has previously given  
18 or immediately gives and thereafter maintains proof of  
19 financial responsibility liability coverage, as defined in  
20 section 321.1, with respect to all motor vehicles registered  
21 by the person.

22 2. Such The license and-registration shall remain  
23 suspended or revoked and shall not ~~at-any-time-thereafter~~ be  
24 renewed nor shall any a license be thereafter issued to such  
25 ~~the person, nor shall any motor vehicle be thereafter~~  
26 ~~registered in the name of such person~~ until permitted under  
27 the motor vehicle laws of this state and not then unless and  
28 until the person ~~shall-give~~ gives and thereafter-maintain  
29 maintains proof of financial responsibility. The registration  
30 shall remain suspended and a motor vehicle shall not be  
31 registered in the name of the person until the person gives  
32 and maintains proof of financial liability coverage, as  
33 defined in section 321.1.

34 3. If a person is not licensed, but by final order or  
35 judgment is convicted of or forfeits any bail or collateral



1 deposited to secure an appearance for trial for any an offense  
2 requiring the suspension or revocation of license, or for  
3 operating an unregistered motor vehicle upon the highways, no  
4 license shall be thereafter issued to such that person and no  
5 ~~motor vehicle shall continue to be registered or thereafter be~~  
6 ~~registered in the name of such person~~ until the person shall  
7 ~~give~~ gives and ~~thereafter maintain~~ maintains proof of  
8 financial responsibility. A motor vehicle registered in the  
9 name of the person shall not continue to be registered and  
10 shall not thereafter be registered until the person gives and  
11 maintains proof of financial liability coverage, as defined in  
12 section 321.1.

13 Sec. 8. Section 321A.24, subsection 1, Code 1997, is  
14 amended to read as follows:

15 1. a. Proof of financial responsibility may be evidenced  
16 by the bond of a surety company duly authorized to transact  
17 business within this state, or a bond with at least two  
18 individual sureties each owning real estate within this state,  
19 and together having equities equal in value to at least twice  
20 the amount of the bond, which real estate shall be scheduled  
21 in the bond approved by a judge or clerk of a the district  
22 court of record, and which ~~said~~ bond shall be conditioned for  
23 payment of the amounts specified in section 321A.1, subsection  
24 10.

25 b. ~~Such~~ The bond shall be filed with the department and  
26 ~~shall is~~ not be cancelable except after ten days' written  
27 notice to the department. ~~Such~~ The director shall issue to  
28 the person filing the bond a bond insurance card for each  
29 motor vehicle registered by the person in the state. The bond  
30 insurance card shall state the name and address of the person  
31 and the motor vehicle registration number of the vehicle for  
32 which the card is issued.

33 c. ~~The bond shall constitute~~ constitutes a lien in favor  
34 of the state upon the real estate so scheduled of any surety,  
35 which lien ~~shall exist~~ exists in favor of any holder of a

1 final judgment against the person who has filed such the bond,  
2 for damages, including damages for care and loss of services,  
3 because of bodily injury to or death of any person, or for  
4 damage because of injury to or destruction of property,  
5 including the loss of use thereof of the property, resulting  
6 from the ownership, maintenance, use, or operation of a motor  
7 vehicle after such the bond was filed, upon the filing of  
8 notice to that effect by the department in the office of the  
9 proper clerk of the district court of the county where such  
10 the real estate shall-be is located. Any An individual surety  
11 so scheduling real estate security shall furnish satisfactory  
12 evidence of title thereto to the property and the nature and  
13 extent of all encumbrances thereon on the property and the  
14 value of the surety's interest therein in the property, in  
15 such the manner as the judge or clerk of the district court of  
16 record approving the bond may-require requires. The notice  
17 filed by the department shall contain, in addition to any  
18 other matters deemed by the department to be pertinent,  
19 contain a legal description of the real estate so scheduled,  
20 the name of the holder of the record title, the amount for  
21 which it stands as security, and the name of the person in  
22 whose behalf proof is so being made. Upon the filing of such  
23 the notice the clerk of the district court of-such-county  
24 shall retain the same notice as part of the records of such  
25 the court and enter upon the encumbrance book the date and  
26 hour of filing, the name of the surety, the name of the record  
27 titleholder, the description of the real estate, and the  
28 further notation that a lien is charged on such the real  
29 estate pursuant to the filed notice filed-hereunder. From and  
30 after the entry of the foregoing notice upon the encumbrance  
31 book all persons whomsoever-shall-be are charged with notice  
32 thereof of it.

33 3. If the bond is canceled, the person who filed the bond  
34 shall surrender to the director all bond insurance cards  
35 issued to the person.

1 Sec. 9. Section 321A.25, subsection 1, Code 1997, is  
2 amended to read as follows:

3 1. ~~With respect to accidents occurring on or after January~~  
4 ~~17, 1981, and before January 17, 1983, proof of financial~~  
5 ~~responsibility may be evidenced by the certificate of the~~  
6 ~~state treasurer that the person named in the certificate has~~  
7 ~~deposited with the treasurer forty thousand dollars in cash,~~  
8 ~~or securities such as may legally be purchased by a state bank~~  
9 ~~or for trust funds of a market value of forty thousand~~  
10 ~~dollars, and with respect to accidents occurring on or after~~  
11 ~~January 17, 1983, proof~~ Proof of financial responsibility may  
12 be evidenced by the certificate of the state treasurer of  
13 state that the person named in the certificate has deposited  
14 with the treasurer of state fifty-five thousand dollars in  
15 cash, or securities such as which may legally be purchased by  
16 a state bank or for trust funds of a market value of fifty-  
17 five thousand dollars. The treasurer of state shall promptly  
18 notify the director of transportation of the name and address  
19 of the person to whom the certificate has been issued. Upon  
20 receipt of the notification, the director of transportation  
21 shall issue to the person a security insurance card for each  
22 motor vehicle registered in this state by the person. The  
23 security insurance card shall state the name and address of  
24 the person and the registration number of the motor vehicle  
25 for which the card is issued. The state treasurer of state  
26 shall not accept a deposit and issue a certificate for it and  
27 the department shall not accept the certificate unless  
28 accompanied by evidence that there are no unsatisfied  
29 judgments of any character against the depositor in the county  
30 where the depositor resides.

31 Sec. 10. Section 321A.32, subsection 3, Code 1997, is  
32 amended to read as follows:

33 3. Any A person who shall ~~forge~~ forges or, without  
34 authority, ~~sign any~~ signs a notice provided for under section  
35 321A.5 that a policy or bond is in effect, or any evidence of

1 ~~proof of~~ financial responsibility, ~~or any evidence of~~  
2 ~~financial liability coverage as defined in section 321.1,~~ or  
3 who files or offers for filing any such notice or evidence of  
4 ~~proof~~ knowing or having reason to believe that it is forged or  
5 signed without authority, ~~shall be~~ is guilty of a serious  
6 misdemeanor.

7 Sec. 11. Section 321A.34, subsections 2 and 3, Code 1997,  
8 are amended to read as follows:

9 2. The department may, ~~in the department's discretion,~~  
10 upon the application of such a person, issue a certificate of  
11 self-insurance ~~when if~~ the department is satisfied that such  
12 ~~the person is possessed~~ has and will continue to be possessed  
13 ~~of~~ have the ability to pay judgments obtained against ~~such the~~  
14 person for damages arising out of the ownership, maintenance,  
15 or use of any vehicle owned by ~~such the~~ person. The  
16 department shall issue to each person who has in effect a  
17 valid certificate of self-insurance, a self-insurance card for  
18 each motor vehicle registered in this state by the person.  
19 The card shall state the name and address of the person and  
20 shall state the registration number of the motor vehicle for  
21 which the card was issued.

22 3. Upon not less than five days' notice and a hearing  
23 pursuant to ~~such the~~ notice, the department may upon  
24 reasonable grounds cancel a certificate of self-insurance.  
25 Failure to pay ~~any a~~ judgment for damages arising out of the  
26 ownership, maintenance, or use of any vehicle owned by ~~such~~  
27 ~~the~~ self-insurer within thirty days after ~~such the~~ judgment  
28 ~~shall have become~~ becomes final ~~shall constitute~~ constitutes a  
29 reasonable ground for the cancellation of a certificate of  
30 self-insurance. Upon the cancellation of a certificate of  
31 self-insurance, the person who was issued the certificate  
32 shall surrender to the director all self-insurance cards  
33 issued to the person.

34 Sec. 12. Section 321C.21, Code 1997, is amended to read as  
35 follows:

1 321J.21 DRIVING WHILE LICENSE DENIED OR REVOKED.

2 1. A person whose motor vehicle license or nonresident  
3 operating privilege has been denied or revoked as provided in  
4 this chapter and who drives a motor vehicle upon the highways  
5 of this state while the license or privilege is denied or  
6 revoked commits a serious misdemeanor, punishable as a  
7 scheduled fine under section 805.8, subsection 2, paragraph  
8 "ae", except that, notwithstanding section 805.12, the clerk  
9 of the district court shall remit one-quarter of the fine to  
10 the law enforcement agency of the peace officer making the  
11 arrest. If the court determines that the defendant is guilty  
12 of the offense but is unable to pay the fine, the court may  
13 alternatively order the defendant to perform unpaid community  
14 service instead of the fine.

15 2. The In addition to the imposition of the fine or  
16 sentence of community service, the department, upon receiving  
17 the record of the conviction of a person under this section  
18 upon a charge of driving a motor vehicle while the license of  
19 the person was revoked or denied, shall extend the period of  
20 revocation or denial for an additional like period, and the  
21 department shall not issue a new license during the additional  
22 period.

23 Sec. 13. Section 326.25, Code 1997, is amended by adding  
24 the following new subsection:

25 NEW SUBSECTION. 4. Upon a determination that the motor  
26 vehicle does not have financial liability coverage as required  
27 under section 321.20B.

28 Sec. 14. Section 805.8, subsection 2, Code 1997, is  
29 amended by adding the following new paragraph:

30 NEW PARAGRAPH. ad. If, in connection with a motor vehicle  
31 accident, a person is charged and found guilty of a violation  
32 of section 321.20B, subsection 1, the scheduled fine is five  
33 hundred dollars, otherwise the scheduled fine for a violation  
34 of section 321.20B, subsection 1, is two hundred fifty  
35 dollars. If the violation is admitted and section 805.9

1 applies. the violation shall be chargeable upon uniform  
2 citation and complaint, indictment, or county attorney's  
3 information. If the violation is not admitted, the violation  
4 shall be chargeable only upon indictment or county attorney's  
5 information. In either case, if the defendant is convicted,  
6 the conviction shall be of an indictable offense.

7 Notwithstanding section 805.12, fines collected pursuant to  
8 this paragraph shall be submitted to the state court  
9 administrator and distributed fifty percent to the victim  
10 compensation fund established in section 912.14, twenty-five  
11 percent to the county in which such fine is imposed, and  
12 twenty-five percent to the general fund of the state.

13 Sec. 15. Section 805.8, subsection 2, Code 1997, is  
14 amended by adding the following new paragraph:

15 NEW PARAGRAPH. ae. For violation of section 321A.21, the  
16 scheduled fine is one thousand dollars. If the violation is  
17 admitted and section 805.9 applies, the violation shall be  
18 chargeable upon uniform citation and complaint, indictment, or  
19 county attorney's information. If the violation is not  
20 admitted, the violation shall be chargeable only upon  
21 indictment or county attorney's information. In either case,  
22 if the defendant is convicted, the conviction shall be of an  
23 indictable offense.

24 Sec. 16. EFFECTIVE DATES -- RULES -- NOTIFICATION.

25 Sections 1 through 11 and 13 and 14 of this Act take effect  
26 January 1, 1998. However, in order to implement this Act, the  
27 insurance division of the department of commerce and the  
28 director of transportation shall each adopt rules as required  
29 under this Act which shall be effective by October 1, 1997.

30 The treasurer of state shall notify the director of  
31 transportation of the names and addresses of persons who are  
32 issued valid certificates under section 321A.25, subsection 1,  
33 Code 1997, by November 1, 1997, and after that date the  
34 treasurer of state shall notify the director of transportation  
35 as required under section 9 of this Act. Insurance carriers

1 authorized to do business in this state and the director of  
2 transportation shall distribute proof of insurance cards as  
3 required under this Act by December 1, 1997.

4 This section, being deemed of immediate importance, takes  
5 effect upon enactment.

6 Sections 12 and 15 of this Act take effect July 1, 1997.

7 Sec. 17. CONDITIONAL EFFECTIVENESS PROVISION.

8 Notwithstanding section 16 of this Act, sections 1 through 11  
9 and 13 and 14 of this Act shall not take effect unless an  
10 appropriation is made in accordance with section 25B.2,  
11 subsection 3.

12

#### EXPLANATION

13 This bill prohibits a person from driving a motor vehicle  
14 registered in this state on the highways of this state unless  
15 financial liability coverage is in effect for the motor  
16 vehicle. A violation is subject to a \$500 fine if the  
17 violation is in connection with a motor vehicle accident,  
18 otherwise the scheduled fine is \$250. Pursuant to Article 1,  
19 section 11, of the Constitution of the State of Iowa, because  
20 the fine is greater than \$100, it must be treated as an  
21 indictable offense. The bill provides that fines collected  
22 are to be distributed by the state court administrator 50  
23 percent to the victim compensation fund, 25 percent to the  
24 county in which the fine is collected, and 25 percent to the  
25 general fund of the state.

26 The driver of the motor vehicle is also subject to a  
27 conviction for a violation if the driver does not have in the  
28 motor vehicle a proof of financial liability coverage card  
29 issued for the motor vehicle. However, a person charged with  
30 not having in the motor vehicle a proof of financial liability  
31 coverage card will not be convicted if the person produces in  
32 court, within 30 days after being charged, proof that the  
33 motor vehicle was covered by financial liability coverage at  
34 the time of the driver's arrest. Under the bill, financial  
35 liability coverage includes either liability insurance, the

1 filing of a bond, the deposit of money or securities, or a  
2 certification of self-insurance.

3 The bill provides that if a peace officer stops a motor  
4 vehicle and the driver is unable to provide proof of financial  
5 liability coverage, the peace officer is to issue a warning  
6 citation to the driver, issue a citation and remove the  
7 license plates and registration from the motor vehicle which  
8 has been operated on the highways of this state without  
9 financial liability coverage being in effect for the motor  
10 vehicle, and remove the license plates and registration from  
11 any other vehicle registered to the person in violation of  
12 this section for which the person is unable to show proof of  
13 financial liability coverage, or issue a citation and impound  
14 the motor vehicle. The bill provides for the return of the  
15 license plates and registration, or vehicle upon the payment  
16 of certain costs, including a \$15 administrative fee to the  
17 county treasurer. A vehicle which is impounded and which is  
18 not claimed is deemed abandoned. Any amount received from the  
19 sale of the motor vehicle is to be retained by the law  
20 enforcement agency impounding the vehicle.

21 Proof of financial liability coverage is not required for  
22 issuance of a certificate of title.

23 The bill creates and internally cites new Code section  
24 321.20B and new subsections 24A and 54A of Code section 321.1.

25 This bill provides for a scheduled fine of \$1,000 for  
26 driving a motor vehicle when the defendant's license has been  
27 revoked or denied for operating a motor vehicle while  
28 intoxicated under Code chapter 321J. If the court determines  
29 the defendant cannot afford to pay such a fine, the court may  
30 alternatively sentence the defendant to perform community  
31 service as determined by the court. One-quarter of the fine  
32 amount shall be allocated by the court to the arresting  
33 entity. Pursuant to Article 1, section 11, of the Iowa  
34 Constitution, because the fine is greater than \$100, it must  
35 be treated as an indictable offense.



1 The bill generally takes effect January 1, 1998, but  
2 certain administrative actions are required prior to that date  
3 to allow for the bill's implementation.

4 This bill may create a state mandate under chapter 25B.  
5 The bill's effectiveness is conditioned upon an appropriation  
6 being made in accordance with Code section 25B.2, which  
7 provides that a political subdivision is not required to  
8 perform a mandated activity unless the legislation specifies  
9 the amount or proportion of the cost of the state mandate  
10 which the state is to pay annually.

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