

Blodgett, Chair
Welter
May

HSB 543

TRANSPORTATION

Succeeded by
HF

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
TRANSPORTATION BILL BY
CHAIRPERSON WELTER)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act prohibiting motor vehicle manufacturers, distributors,
2 wholesalers, and importers from being licensed as, owning an
3 interest in, operating, or controlling a motor vehicle dealer,
4 providing exceptions, and making a penalty applicable.

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

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1 Section 14. Section 322.3, Code Supplement 1999, is amended
2 by adding the following new subsection:

3 NEW SUBSECTION. 14. A manufacturer, distributor,
4 wholesaler, or importer shall not directly or indirectly be
5 licensed as, own an interest in, operate, or control a motor
6 vehicle dealer. This subsection shall not prohibit any of the
7 following:

8 a. A manufacturer or importer from being licensed as a
9 motor vehicle dealer or owning an interest in, operating, or
10 controlling a motor vehicle dealership for a period not to
11 exceed one year to facilitate transfer of the motor vehicle
12 dealership to a new owner if both of the following apply:

13 (1) The prior owner transferred the motor vehicle
14 dealership to the manufacturer or importer.

15 (2) The motor vehicle dealership is continuously offered
16 for sale by the manufacturer or importer upon reasonable terms
17 and conditions.

18 b. A manufacturer or importer from temporarily owning an
19 interest in a motor vehicle dealership for the purpose of
20 enhancing opportunities for persons who lack the financial
21 resources to purchase the motor vehicle dealership without
22 such assistance. A manufacturer or importer may temporarily
23 own an interest in a motor vehicle dealership pursuant to this
24 paragraph only if the manufacturer or importer enters into a
25 contract with a person pursuant to whom all of the following
26 apply:

27 (1) The person operates the motor vehicle dealership.

28 (2) The person has made a significant financial investment
29 in the motor vehicle dealership and is subject to loss on such
30 investment.

31 (3) The person has an ownership interest in the motor
32 vehicle dealership.

33 (4) The person will acquire full ownership of the motor
34 vehicle dealership within a reasonable time under reasonable
35 conditions.

1 c. A manufacturer or importer from owning an interest in,
2 operating, or controlling a person whose primary business is
3 renting motor vehicles and who is licensed as a used motor
4 vehicle dealer.

5 d. A manufacturer of motor homes, as defined in section
6 321.1, or a manufacturer of school buses, as defined in
7 section 321.1, from owning an interest in, operating, or
8 controlling a motor vehicle dealer of the motor homes or
9 school buses manufactured by that manufacturer or from being
10 licensed as a motor vehicle dealer only of the motor homes or
11 school buses manufactured by that manufacturer.

12 e. A manufacturer from owning a minority interest in an
13 entity that owns and operates motor vehicle dealers, licensed
14 under this chapter or the laws of the jurisdiction in which
15 they are located, of the line-make manufactured by the
16 manufacturer if all of the motor vehicle dealers owned and
17 operated by the entity in this state are motor vehicle dealers
18 of only the line-make manufactured by the manufacturer and if,
19 on January 1, 2000, there was not less than one and not more
20 than three motor vehicle dealers of that line-make licensed
21 under this chapter.

22 EXPLANATION

23 This bill adds a new provision to Code section 322.3,
24 prohibiting certain acts relating to the sale of vehicles,
25 which prohibits a motor vehicle manufacturer, distributor,
26 wholesaler, or importer from directly or indirectly being
27 licensed as, owning an interest in, operating, or controlling
28 a motor vehicle dealer. The bill also provides several
29 exceptions to the prohibition.

30 The bill provides that, notwithstanding the new
31 prohibition, a manufacturer or importer may be licensed as a
32 motor vehicle dealer or own an interest in, operate, or
33 control a motor vehicle dealership for up to one year to
34 facilitate transfer of the dealership to a new owner if the
35 prior owner transferred the dealership to the manufacturer or

1 importer and the dealership is continuously offered for sale
2 upon reasonable terms and conditions.

3 The new prohibition does not prohibit a manufacturer or
4 importer from temporarily owning an interest in a motor
5 vehicle dealership to enhance opportunities for persons who
6 cannot financially purchase the motor vehicle dealership
7 without assistance. Such an arrangement must involve a
8 contract between the manufacturer or importer and the person
9 whereby the person is required to operate the dealership, has
10 made a significant financial investment in the dealership and
11 is subject to loss on such investment, has an ownership
12 interest in the dealership, and will acquire full ownership of
13 the dealership within a reasonable time under reasonable
14 conditions.

15 The bill provides that a manufacturer or importer may own
16 an interest in, operate, or control a person whose primary
17 business is renting motor vehicles and who is licensed as a
18 used motor vehicle dealer. A manufacturer of motor homes or
19 school buses may own an interest in, operate, or control a
20 motor vehicle dealer of the motor homes or school buses
21 manufactured by that manufacturer and may be licensed as a
22 motor vehicle dealer only of the motor homes or school buses
23 manufactured by that manufacturer.

24 Additionally, a manufacturer may own a minority interest in
25 an entity that owns and operates motor vehicle dealers of the
26 line-make manufactured by the manufacturer if all of the
27 dealers owned and operated by the entity in Iowa are dealers
28 of only the line-make manufactured by the manufacturer and if,
29 on January 1, 2000, there was not less than one and not more
30 than three dealers of that line-make licensed under Code
31 chapter 322.

32 Violations of the new prohibition are simple misdemeanors
33 punishable by a fine of not less than \$250 nor more than
34 \$1,500 or by imprisonment not to exceed 30 days.

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FEB 1 2000

Place On Calendar

HOUSE FILE 2106
BY COMMITTEE ON TRANSPORTATION

(SUCCESSOR TO HSB 543)

Passed House, ^(p.224) Date 2/7/00 Passed Senate, ^(p.255) Date 2/14/00
Vote: Ayes 96 Nays 0 Vote: Ayes 47 Nays 0
Approved Feb. 23, 2000

A BILL FOR

1 An Act prohibiting motor vehicle manufacturers, distributors,
2 wholesalers, and importers from being licensed as, owning an
3 interest in, operating, or controlling a motor vehicle dealer,
4 providing exceptions, and making a penalty applicable.

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

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HF 2106

1 Section 1. Section 322.3, Code Supplement 1999, is amended
2 by adding the following new subsection:

3 NEW SUBSECTION. 14. A manufacturer, distributor,
4 wholesaler, or importer shall not directly or indirectly be
5 licensed as, own an interest in, operate, or control a motor
6 vehicle dealer. This subsection shall not prohibit any of the
7 following:

8 a. A manufacturer or importer from being licensed as a
9 motor vehicle dealer or owning an interest in, operating, or
10 controlling a motor vehicle dealership for a period not to
11 exceed one year to facilitate transfer of the motor vehicle
12 dealership to a new owner if both of the following apply:

13 (1) The prior owner transferred the motor vehicle
14 dealership to the manufacturer or importer.

15 (2) The motor vehicle dealership is continuously offered
16 for sale by the manufacturer or importer upon reasonable terms
17 and conditions.

18 b. A manufacturer or importer from temporarily owning an
19 interest in a motor vehicle dealership for the purpose of
20 enhancing opportunities for persons who lack the financial
21 resources to purchase the motor vehicle dealership without
22 such assistance. A manufacturer or importer may temporarily
23 own an interest in a motor vehicle dealership pursuant to this
24 paragraph only if the manufacturer or importer enters into a
25 contract with a person pursuant to whom all of the following
26 apply:

27 (1) The person operates the motor vehicle dealership.

28 (2) The person has made a significant financial investment
29 in the motor vehicle dealership and is subject to loss on such
30 investment.

31 (3) The person has an ownership interest in the motor
32 vehicle dealership.

33 (4) The person will acquire full ownership of the motor
34 vehicle dealership within a reasonable time under reasonable
35 conditions.

1 c. A manufacturer or importer from owning an interest in,
2 operating, or controlling a person whose primary business is
3 renting motor vehicles and who is licensed as a used motor
4 vehicle dealer.

5 d. A manufacturer of motor homes, as defined in section
6 321.1, or a manufacturer of school buses, as defined in
7 section 321.1, from owning an interest in, operating, or
8 controlling a motor vehicle dealer of the motor homes or
9 school buses manufactured by that manufacturer or from being
10 licensed as a motor vehicle dealer only of the motor homes or
11 school buses manufactured by that manufacturer.

12 e. A manufacturer from owning a minority interest in an
13 entity that owns and operates motor vehicle dealers, licensed
14 under this chapter or the laws of the jurisdiction in which
15 they are located, of the line-make manufactured by the
16 manufacturer if all of the motor vehicle dealers owned and
17 operated by the entity in this state are motor vehicle dealers
18 of only the line-make manufactured by the manufacturer and if,
19 on January 1, 2000, there was not less than one and not more
20 than three motor vehicle dealers of that line-make licensed
21 under this chapter.

22 EXPLANATION

23 This bill adds a new provision to Code section 322.3,
24 prohibiting certain acts relating to the sale of vehicles,
25 which prohibits a motor vehicle manufacturer, distributor,
26 wholesaler, or importer from directly or indirectly being
27 licensed as, owning an interest in, operating, or controlling
28 a motor vehicle dealer. The bill also provides several
29 exceptions to the prohibition.

30 The bill provides that, notwithstanding the new
31 prohibition, a manufacturer or importer may be licensed as a
32 motor vehicle dealer or own an interest in, operate, or
33 control a motor vehicle dealership for up to one year to
34 facilitate transfer of the dealership to a new owner if the
35 prior owner transferred the dealership to the manufacturer or

1 importer and the dealership is continuously offered for sale
2 upon reasonable terms and conditions.

3 The new prohibition does not prohibit a manufacturer or
4 importer from temporarily owning an interest in a motor
5 vehicle dealership to enhance opportunities for persons who
6 cannot financially purchase the motor vehicle dealership
7 without assistance. Such an arrangement must involve a
8 contract between the manufacturer or importer and the person
9 whereby the person is required to operate the dealership, has
10 made a significant financial investment in the dealership and
11 is subject to loss on such investment, has an ownership
12 interest in the dealership, and will acquire full ownership of
13 the dealership within a reasonable time under reasonable
14 conditions.

15 The bill provides that a manufacturer or importer may own
16 an interest in, operate, or control a person whose primary
17 business is renting motor vehicles and who is licensed as a
18 used motor vehicle dealer. A manufacturer of motor homes or
19 school buses may own an interest in, operate, or control a
20 motor vehicle dealer of the motor homes or school buses
21 manufactured by that manufacturer and may be licensed as a
22 motor vehicle dealer only of the motor homes or school buses
23 manufactured by that manufacturer.

24 Additionally, a manufacturer may own a minority interest in
25 an entity that owns and operates motor vehicle dealers of the
26 line-make manufactured by the manufacturer if all of the
27 dealers owned and operated by the entity in Iowa are dealers
28 of only the line-make manufactured by the manufacturer and if,
29 on January 1, 2000, there was not less than one and not more
30 than three dealers of that line-make licensed under Code
31 chapter 322.

32 Violations of the new prohibition are simple misdemeanors
33 punishable by a fine of not less than \$250 nor more than
34 \$1,500 or by imprisonment not to exceed 30 days.

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HOUSE FILE 2106

AN ACT

PROHIBITING MOTOR VEHICLE MANUFACTURERS, DISTRIBUTORS,
WHOLESALEERS, AND IMPORTERS FROM BEING LICENSED AS,
OWNING AN INTEREST IN, OPERATING, OR CONTROLLING A
MOTOR VEHICLE DEALER, PROVIDING EXCEPTIONS, AND MAKING
A PENALTY APPLICABLE.

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

Section 1. Section 322.3, Code Supplement 1999, is amended
by adding the following new subsection:

NEW SUBSECTION. 14. A manufacturer, distributor,
wholesaler, or importer shall not directly or indirectly be
licensed as, own an interest in, operate, or control a motor
vehicle dealer. This subsection shall not prohibit any of the
following:

a. A manufacturer or importer from being licensed as a
motor vehicle dealer or owning an interest in, operating, or
controlling a motor vehicle dealership for a period not to
exceed one year to facilitate transfer of the motor vehicle
dealership to a new owner if both of the following apply:

- (1) The prior owner transferred the motor vehicle
dealership to the manufacturer or importer.
- (2) The motor vehicle dealership is continuously offered
for sale by the manufacturer or importer upon reasonable terms
and conditions.

b. A manufacturer or importer from temporarily owning an
interest in a motor vehicle dealership for the purpose of
enhancing opportunities for persons who lack the financial
resources to purchase the motor vehicle dealership without
such assistance. A manufacturer or importer may temporarily
own an interest in a motor vehicle dealership pursuant to this
paragraph only if the manufacturer or importer enters into a
contract with a person pursuant to whom all of the following
apply:

- (1) The person operates the motor vehicle dealership.
- (2) The person has made a significant financial investment
in the motor vehicle dealership and is subject to loss on such
investment.
- (3) The person has an ownership interest in the motor
vehicle dealership.
- (4) The person will acquire full ownership of the motor
vehicle dealership within a reasonable time under reasonable
conditions.

c. A manufacturer or importer from owning an interest in,
operating, or controlling a person whose primary business is
renting motor vehicles and who is licensed as a used motor
vehicle dealer.

d. A manufacturer of motor homes, as defined in section
321.1, or a manufacturer of school buses, as defined in
section 321.1, from owning an interest in, operating, or
controlling a motor vehicle dealer of the motor homes or
school buses manufactured by that manufacturer or from being
licensed as a motor vehicle dealer only of the motor homes or
school buses manufactured by that manufacturer.

e. A manufacturer from owning a minority interest in an
entity that owns and operates motor vehicle dealers, licensed
under this chapter or the laws of the jurisdiction in which
they are located, of the line-make manufactured by the
manufacturer if all of the motor vehicle dealers owned and
operated by the entity in this state are motor vehicle dealers.

House File 2106, p. 3

of only the line-make manufactured by the manufacturer and if, on January 1, 2000, there was not less than one and not more than three motor vehicle dealers of that line-make licensed under this chapter.

BRENT SIEGRIST
Speaker of the House

MARY E. KRAMER
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2106, Seventy-eighth General Assembly.

ELIZABETH ISAACSON
Chief Clerk of the House

Approved 2/23, 2000

THOMAS J. VILSACK
Governor