

House File 2374 - Introduced

HOUSE FILE 2374

BY COMMITTEE ON TRANSPORTATION

(SUCCESSOR TO HSB 654)

(COMPANION TO LSB 6062SV BY
COMMITTEE ON TRANSPORTATION)

A BILL FOR

1 An Act relating to motorcycle dealer activities at motorcycle
2 rallies and to the definition of travel trailer for purposes
3 of travel trailer dealer requirements.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 322.2, Code 2011, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 11A. "Motorcycle" means as defined in
4 section 321.1. "Motorcycle" does not include an all-terrain
5 vehicle as defined in section 321.1.

6 Sec. 2. Section 322.4, subsection 1, paragraph g, Code 2011,
7 is amended to read as follows:

8 g. Before the issuance of a motor vehicle dealer's license
9 to a dealer engaged in the sale of vehicles for which a
10 certificate of title is required under chapter 321, or the
11 issuance of a temporary permit under section 322.5, subsection
12 6, paragraph "b", the applicant shall furnish a surety bond
13 executed by the applicant as principal and executed by a
14 corporate surety company, licensed and qualified to do business
15 within this state, which bond shall run to the state of Iowa,
16 be in the amount of fifty thousand dollars and be conditioned
17 upon the faithful compliance by the applicant as a dealer with
18 all of the statutes of this state regulating or applicable to
19 the business of a dealer in motor vehicles, and indemnifying
20 any person who buys a motor vehicle from the dealer from any
21 loss or damage occasioned by the failure of the dealer to
22 comply with any of the provisions of chapter 321 and this
23 chapter, including but not limited to the furnishing of a
24 proper and valid certificate of title to the motor vehicle
25 involved in a transaction. The bond shall also indemnify any
26 motor vehicle purchaser from any loss or damage caused by the
27 failure of the dealer to comply with the odometer requirements
28 in section 321.71, regardless of whether the motor vehicle was
29 purchased directly from the dealer. The bond shall be filed
30 with the department prior to the issuance of a license or
31 permit. The aggregate liability of the surety, however, shall
32 not exceed the amount of the bond.

33 Sec. 3. Section 322.5, Code 2011, is amended by adding the
34 following new subsection:

35 NEW SUBSECTION. 6. a. Upon application for and receipt

1 of a temporary permit issued by the department under this
2 subsection, a motor vehicle dealer authorized to sell used
3 motorcycles may display, offer for sale, and negotiate sales of
4 used motorcycles at a motorcycle rally located in this state
5 that meets all of the following conditions:

6 (1) The sponsor of the rally conducts not more than one
7 rally annually in this state.

8 (2) The rally is conducted for a single period of not less
9 than three and not more than seven consecutive days.

10 (3) Attendance at the rally is restricted to persons who
11 have paid a nonrefundable admission fee to the sponsor of the
12 rally.

13 *b.* A person licensed as a motor vehicle dealer in another
14 state may apply for and be issued a temporary permit under this
15 subsection if the person meets all of the following conditions:

16 (1) The person presents the department with a current motor
17 vehicle dealer license valid for the sale of used motorcycles
18 at retail in the person's state of residence.

19 (2) The state in which the person is licensed as a motor
20 vehicle dealer allows a motor vehicle dealer licensed in Iowa
21 to be issued a permit substantially similar to the temporary
22 permit authorized under this section.

23 (3) The person furnishes to the department a surety bond
24 that meets the requirements of section 322.4, subsection 1,
25 paragraph "g".

26 (4) The person presents any additional information the
27 department may require.

28 *c.* Application for a temporary permit under this subsection
29 shall be made on forms provided by the department accompanied
30 by a fee established by the department by rule.

31 *d.* A sale of a motorcycle at a motorcycle rally shall not be
32 completed and an agreement for the sale of a motorcycle shall
33 not be signed at a motorcycle rally. All such sales shall be
34 consummated at the motor vehicle dealer's principal place of
35 business.

1 e. The department may issue a temporary permit under this
2 subsection for a period not to exceed seven consecutive days.
3 A motor vehicle dealer may not receive more than one temporary
4 permit issued under this subsection in a calendar year.

5 Sec. 4. Section 322C.2, subsection 10, Code 2011, is amended
6 to read as follows:

7 10. "*Travel trailer*" means a vehicle without motive power
8 used or so manufactured or constructed as to permit its being
9 used as a conveyance upon the public streets and highways and
10 designed to permit the vehicle to be used as a place of human
11 habitation by one or more persons. The vehicle may be up to
12 eight feet six inches in width and its overall length shall not
13 exceed forty feet. "Travel trailer" does not include a vehicle
14 that is so designed as to permit it to be towed exclusively by
15 a motorcycle.

16 EXPLANATION

17 This bill provides for the display of used motorcycles
18 offered for sale at motorcycle rallies, provided the sponsor of
19 the rally holds no more than one rally per year in this state,
20 the rally is conducted for not less than three and not more
21 than seven days, and attendance at the rally is restricted to
22 persons paying a nonrefundable admission fee.

23 Under the bill, a person licensed as a motor vehicle dealer
24 and authorized to sell used motorcycles may apply to the
25 department of transportation for a temporary permit to display,
26 offer for sale, and negotiate sales of used motorcycles at a
27 rally. The fee for the permit is to be established by the
28 department by rule. A temporary permit may be issued for a
29 period of not more than seven days, and a motor vehicle dealer
30 may not be issued more than one such permit in a calendar year.

31 A person licensed as a motor vehicle dealer in another
32 state may be issued a temporary permit to display, offer for
33 sale, and negotiate sales of used motorcycles at a rally in
34 this state if the dealer presents to the department a current
35 license valid for the sale of used motorcycles at retail in

1 the person's state of residence, provided that the dealer's
2 home state extends similar privileges to a dealer licensed in
3 this state. A dealer from another state must furnish a surety
4 bond that meets current requirements for motor vehicle dealer
5 licensing.

6 A temporary permit issued under the bill does not allow
7 a dealer to complete the sale of a used motorcycle at a
8 motorcycle rally. The bill specifies that the sale shall not
9 be completed and a sales agreement shall not be signed at the
10 rally. The sale must be consummated at the motor vehicle
11 dealer's principal place of business.

12 The bill amends the definition of "travel trailer" for
13 purposes of Code chapter 322C to exclude vehicles designed to
14 be towed exclusively by a motorcycle. As a result, sales of
15 motorcycle trailers are exempt from the travel trailer dealer
16 licensing requirements and from a specific provision in Code
17 section 322C.12 relating to finance charges under a travel
18 trailer retail installment contract.