

**Senate File 364 - Introduced**

SENATE FILE 364

BY COMMITTEE ON TRANSPORTATION

(SUCCESSOR TO SSB 1204)

**A BILL FOR**

1 An Act concerning vehicle registration fees, including matters  
2 relating to evasion of fees and to fees for electric  
3 vehicles, providing penalties, and including applicability  
4 provisions.

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

1 Section 1. Section 321.55, Code 2013, is amended to read as  
2 follows:

3 **321.55 Registration and financial liability coverage required**  
4 **for certain vehicles owned or operated by nonresidents.**

5 1. A nonresident owner or operator engaged in remunerative  
6 employment within ~~the~~ this state or carrying on business  
7 within ~~the~~ this state and owning or operating a motor vehicle,  
8 trailer, or semitrailer within ~~the~~ this state shall register  
9 and maintain financial liability coverage as required under  
10 section 321.20B for each vehicle and pay the same fees for  
11 registration as are paid for like vehicles owned by residents  
12 of this state. However, this ~~paragraph~~ subsection does not  
13 apply to a person commuting from the person's residence in  
14 another state or whose employment is seasonal or temporary, not  
15 exceeding ninety days.

16 2. a. A nonresident owner of a motor vehicle operated  
17 within ~~the~~ this state by a resident of ~~the~~ this state shall  
18 register the vehicle and shall maintain financial liability  
19 coverage as required under section 321.20B for the vehicle.  
20 The nonresident owner shall pay the same fees for registration  
21 as are paid for like vehicles owned by residents of this state.  
22 However, registration under this paragraph is not required for  
23 vehicles being operated by residents temporarily, ~~not exceeding~~  
24 for not more than ninety days. For purposes of this paragraph,  
25 a vehicle is not operated in the state temporarily, and is  
26 therefore subject to registration and the owner is required  
27 to pay the applicable fees, if the vehicle is located in Iowa  
28 for more than ninety consecutive or nonconsecutive days and is  
29 operated on an Iowa highway by an Iowa resident during that  
30 time. It is unlawful for a resident to operate within the  
31 state an unregistered motor vehicle required to be registered  
32 under this paragraph. The ninety-day temporary period of  
33 operation provided for under this paragraph does not apply to a  
34 vehicle owned by a shell business as provided in paragraph "b".

35 b. On or after July 1, 2013, if the department, in

1 consultation with the department of revenue, determines that  
2 the nonresident owner of a vehicle is a partnership, limited  
3 liability company, or corporation that is a shell business, it  
4 shall be rebuttably presumed that the Iowa resident in control  
5 of the vehicle is the actual owner of the vehicle, that the  
6 vehicle is subject to registration in this state, and that  
7 payment of the fee for new registration for the vehicle is owed  
8 by the Iowa resident.

9 (1) Factors which indicate that a partnership, limited  
10 liability company, or corporation is a shell business include  
11 but are not limited to the following:

12 (a) The partnership, limited liability company, or  
13 corporation lacks a specific business activity or purpose.

14 (b) The partnership, limited liability company, or  
15 corporation fails to maintain a physical location in the  
16 foreign state.

17 (c) The partnership, limited liability company, or  
18 corporation fails to employ individual persons and provide  
19 those persons with internal revenue service form W-2 wage and  
20 tax statements.

21 (d) The partnership, limited liability company, or  
22 corporation fails to file federal tax returns, or fails to file  
23 a required state tax return in the foreign state.

24 (2) Factors which indicate that a person is in control of a  
25 vehicle include but are not limited to the following:

26 (a) The person was the initial purchaser of the vehicle.

27 (b) The person operated or stored the vehicle in Iowa for  
28 any period of time.

29 (c) The person is a partner, member, or shareholder of  
30 the nonresident partnership, limited liability company, or  
31 corporation that purports to be the owner of the vehicle.

32 (d) The person is insured to drive the vehicle.

33 (3) If the department determines that the nonresident owner  
34 of a vehicle is a shell business, the department shall notify  
35 the Iowa resident in control of the vehicle in writing that

1 the Iowa resident is required to obtain an Iowa certificate of  
2 title and registration for the vehicle and pay the fee for new  
3 registration owed for the vehicle not later than thirty days  
4 from the date of the notice.

5 Sec. 2. Section 321.105A, subsection 7, Code 2013, is  
6 amended to read as follows:

7 7. *Penalty for false statement or evasion of fee.*

8 a. A person who willfully makes a false statement in  
9 regard to the purchase price of a vehicle subject to a fee  
10 for new registration or willfully attempts in any manner to  
11 evade payment of the fee required by this section is guilty  
12 of a fraudulent practice. A person who willfully makes a  
13 false statement in regard to the purchase price of such a  
14 vehicle with the intent to evade payment of the fee for new  
15 registration or willfully attempts in any manner to evade  
16 payment of the fee required by this section shall be assessed  
17 a penalty of seventy-five percent of the amount of the fee  
18 unpaid and required to be paid on the actual purchase price  
19 less trade-in allowance.

20 b. An Iowa resident found to be in control of a vehicle  
21 which is owned by a shell business and for which the fee for new  
22 registration has not been paid, as provided in section 321.55,  
23 subsection 2, is guilty of a fraudulent practice. An Iowa  
24 resident found to be in control of a vehicle which is owned by  
25 a shell business and for which the fee for new registration  
26 has not been paid, as provided in section 321.55, subsection  
27 2, shall be assessed a penalty of seventy-five percent of the  
28 amount of the fee unpaid and required to be paid on the actual  
29 purchase price less trade-in allowance.

30 Sec. 3. REPEAL. Section 321.116, Code 2013, is repealed.

31 Sec. 4. APPLICABILITY — PRIOR ELECTRIC VEHICLE  
32 REGISTRATIONS.

33 1. Except as provided in subsection 2, the section of this  
34 Act that repeals section 321.116 applies to the registration of  
35 electric motor vehicles for registration years beginning on or

1 after January 1, 2014.

2 2. For an annual renewal of registration for an electric  
3 motor vehicle which was registered to the same owner for a  
4 registration year beginning prior to January 1, 2014, the  
5 annual registration fee shall be according to the terms of  
6 section 321.116, Code 2013.

7

EXPLANATION

8 This bill contains provisions relating to collection of  
9 the fee for new registration from vehicle owners who attempt  
10 to evade payment of the fee, including resident owners who  
11 establish a shell business in another state. In addition,  
12 the bill provides for annual registration fees for electric  
13 vehicles based on the weight and value of the vehicle.

14 Under current law, the nonresident owner of a motor vehicle  
15 which is operated within this state by a resident of this  
16 state must register the vehicle in Iowa and pay the same fees  
17 required for registration of a vehicle by a resident owner.  
18 However, registration is not required for a vehicle owned by  
19 a nonresident and operated in this state by an Iowa resident  
20 for a temporary period of not more than 90 days. The bill  
21 provides that if a vehicle owned by a nonresident is located in  
22 Iowa for more than 90 consecutive or nonconsecutive days and is  
23 operated by an Iowa resident during that time, the vehicle is  
24 not considered to be in the state temporarily.

25 The bill provides that on or after July 1, 2013, if the  
26 department of transportation, in consultation with the  
27 department of revenue, determines that the nonresident owner  
28 of a vehicle is a partnership, limited liability company, or  
29 corporation that is a shell business, there is a rebuttable  
30 presumption that the Iowa resident in control of the vehicle  
31 is the actual owner of the vehicle, that the vehicle is  
32 subject to registration in this state, and that the fee for  
33 new registration for the vehicle is owed by the Iowa resident.  
34 The 90-day grace period does not apply to such a vehicle,  
35 and the department of transportation shall notify the Iowa

1 resident in control of the vehicle of the requirement to obtain  
2 a certificate of title and registration for the vehicle and  
3 pay the applicable fee for registration within 30 days of the  
4 date of the notice. The bill lists factors that identify a  
5 shell business, including but not limited to lacking a specific  
6 business activity or purpose, failing to maintain a physical  
7 location in the foreign jurisdiction, failing to employ  
8 individuals and issue federal W-2 forms, and failing to file  
9 federal or state tax returns. Factors used to identify the  
10 person in control of the vehicle include that the person was  
11 the original purchaser of the vehicle; that the person operated  
12 or stored the vehicle in Iowa for any period of time; that the  
13 person is a partner, member, or shareholder of the nonresident  
14 partnership, limited liability company, or corporation that  
15 purports to be the owner of the vehicle; or that the person is  
16 insured to operate the vehicle.

17 The bill provides that a person who willfully attempts to  
18 evade payment of the fee for new registration is guilty of  
19 a fraudulent practice. The bill also provides that a person  
20 who is found to be in control of a vehicle that is owned by a  
21 shell business and for which the fee for new registration is  
22 unpaid is guilty of a fraudulent practice. In addition to any  
23 criminal penalty, the person shall be assessed a penalty of  
24 75 percent of the amount of the fee unpaid and required to be  
25 paid. These are the same penalties that apply for making a  
26 false statement in regard to the purchase price of a vehicle  
27 subject to the fee for new registration.

28 Code section 321.116, which establishes an annual  
29 registration fee of \$25 for an electric motor vehicle up to  
30 five model years old and a fee of \$15 thereafter, is repealed.  
31 As a result, electric motor vehicles will be subject to  
32 registration fees based on the weight and value of the vehicle.  
33 The change applies for registration years beginning on or after  
34 January 1, 2014. However, current fees will continue to apply  
35 to registration renewals for electric motor vehicles registered

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1 to the same owner for a registration year beginning prior to  
2 January 1, 2014.