

Senate File 2262 - Introduced

SENATE FILE 2262
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SSB 3132)

A BILL FOR

1 An Act relating to final-stage motor vehicle manufacturers.
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 321.1, subsection 37, Code 2018, is
2 amended to read as follows:

3 37. *“Manufacturer”* means every person engaged in the
4 business of fabricating or assembling vehicles of a type
5 required to be registered. *“Manufacturer”* does not include
6 a person who converts, modifies, or alters a completed
7 motor vehicle manufactured by another person or a person who
8 assembles a glider kit vehicle. *“Manufacturer”* includes a
9 person who uses a completed motor vehicle manufactured by
10 another person to construct a class “B” motor home as defined
11 in [section 321.124](#). *“Manufacturer”* also includes a final-stage
12 manufacturer as defined in section 322.2.

13 Sec. 2. Section 322.2, Code 2018, is amended by adding the
14 following new subsections:

15 NEW SUBSECTION. 10A. *“Final-stage manufacturer”* means
16 a person who performs such manufacturing operations on an
17 incomplete motor vehicle that it becomes a completed motor
18 vehicle.

19 NEW SUBSECTION. 11A. *“Incomplete motor vehicle”* means
20 an assemblage consisting, at a minimum, of frame and chassis
21 structure, power train, steering system, suspension system,
22 and braking system to the extent that those systems are to
23 be part of a completed motor vehicle, that requires further
24 manufacturing operations, other than the addition of readily
25 attachable components, such as mirrors or tire and rim
26 assemblies, or minor finishing operations such as painting, to
27 become a completed motor vehicle.

28 NEW SUBSECTION. 11B. *“Incomplete motor vehicle manufacturer”*
29 means a person who manufactures an incomplete motor vehicle
30 by assembling components none of which, taken separately,
31 constitute a completed motor vehicle.

32 NEW SUBSECTION. 14A. *“Multi-stage manufactured vehicle”*
33 means a motor vehicle built in two or more stages in which
34 an incomplete motor vehicle, built by one manufacturer, is
35 completed by another manufacturer who adds cargo carrying

1 components or other components to the vehicle.

2 Sec. 3. Section 322.2, subsection 12, Code 2018, is amended
3 to read as follows:

4 12. *“Manufacturer”* means any person engaged in the business
5 of fabricating or assembling motor vehicles. *“Manufacturer”*
6 does not include a person who converts, modifies, or alters a
7 completed motor vehicle manufactured by another person or a
8 person who assembles a glider kit vehicle as defined in section
9 321.1. *“Manufacturer”* includes a person who uses a completed
10 motor vehicle manufactured by another person to construct
11 a class “B” motor home as defined in [section 321.124](#) or a
12 motorsports recreational vehicle as defined in [section 321.1](#).
13 *“Manufacturer”* also includes a final-stage manufacturer.

14 Sec. 4. Section 322.3, subsection 1, Code 2018, is amended
15 to read as follows:

16 1. A person shall not engage in this state in the
17 business of selling at retail new motor vehicles of any
18 make or represent or advertise that the person is engaged or
19 intends to engage in such business in this state unless the
20 person is authorized to do so by a contract in writing with
21 the manufacturer or distributor of such make of new motor
22 vehicles and unless the department has licensed the person
23 as a motor vehicle dealer in this state in motor vehicles of
24 such make and has issued to the person a license in writing as
25 provided in [this chapter](#). Notwithstanding the prohibitions
26 in this subsection, a final-stage manufacturer of multi-stage
27 manufactured vehicles that holds a used motor vehicle
28 dealer license issued pursuant to this chapter may assign an
29 incomplete motor vehicle’s manufacturer’s statement of origin
30 to a retail buyer for purposes of issuance of a certificate of
31 title by a county treasurer as a new motor vehicle with the
32 same make as the incomplete motor vehicle without holding a new
33 motor vehicle dealer license and without paying any associated
34 motor vehicle registration fees. A licensed dealer in new
35 motor vehicles may also assign an incomplete motor vehicle’s

1 manufacturer's statement of origin in the same manner as
2 provided in this subsection.

3 Sec. 5. Section 322.3, subsection 14, Code 2018, is amended
4 by adding the following new paragraph:

5 NEW PARAGRAPH. *f.* A final-stage manufacturer of multi-stage
6 manufactured vehicles from being licensed as a used motor
7 vehicle dealer or from assigning an incomplete motor vehicle's
8 manufacturer's statement of origin to a retail buyer for
9 purposes of issuance of a certificate of title by a county
10 treasurer as a new motor vehicle with the same make as the
11 incomplete motor vehicle without holding a new motor vehicle
12 dealer license and without paying any associated motor vehicle
13 registration fees. This paragraph shall not be construed
14 to authorize a manufacturer or incomplete motor vehicle
15 manufacturer to directly sell at retail incomplete or completed
16 motor vehicles to a retail buyer except as provided in this
17 subsection.

18 EXPLANATION

19 The inclusion of this explanation does not constitute agreement with
20 the explanation's substance by the members of the general assembly.

21 This bill provides that "manufacturer" under Code sections
22 321.1 and 322.2 includes a final-stage manufacturer. The
23 bill defines "final-stage manufacturer" to mean a person who
24 performs such manufacturing operations on an incomplete motor
25 vehicle that it becomes a completed motor vehicle. "Incomplete
26 motor vehicle" means an assemblage consisting, at a minimum,
27 of frame and chassis structure, power train, steering system,
28 suspension system, and braking system to the extent that those
29 systems are to be part of a completed motor vehicle, that
30 requires further manufacturing operations, other than the
31 addition of readily attachable components, such as mirrors or
32 tire and rim assemblies, or minor finishing operations such as
33 painting, to become a completed motor vehicle.

34 Under current law, Code section 322.3(1) prohibits a person
35 from engaging in the business of selling at retail new motor

1 vehicles of any make, or from representing or advertising that
2 the person is engaged or intends to engage in such business,
3 unless the person is authorized to do so by a contract in
4 writing with the manufacturer or distributor of such make of
5 new motor vehicles and unless the department of transportation
6 has licensed the person as a motor vehicle dealer in motor
7 vehicles of such make and has issued to the person a license
8 in writing as provided in Code chapter 322. The bill provides
9 that notwithstanding these prohibitions, a final-stage
10 manufacturer of multi-stage manufactured vehicles that holds
11 a used motor vehicle dealer license may assign an incomplete
12 motor vehicle's manufacturer's statement of origin to a retail
13 buyer for purposes of issuance of a certificate of title by
14 a county treasurer as a new motor vehicle with the same make
15 as the incomplete motor vehicle without holding a new motor
16 vehicle dealer license and without paying any associated
17 motor vehicle registration fees. The bill provides that a
18 "multi-stage manufactured vehicle" means a motor vehicle built
19 in two or more stages in which an incomplete motor vehicle,
20 built by one manufacturer, is completed by another manufacturer
21 who adds cargo carrying components or other components to the
22 vehicle. The bill also provides a licensed dealer in new
23 motor vehicles may also assign an incomplete motor vehicle's
24 manufacturer's statement of origin in the same manner.

25 Under current law, Code section 322.3(14) prohibits a motor
26 vehicle manufacturer or importer from directly or indirectly
27 being licensed as, owning an interest in, operating, or
28 controlling a motor vehicle dealer, with certain exceptions.
29 The bill adds to the list of exceptions a provision allowing a
30 final-stage manufacturer of multi-stage manufactured vehicles
31 to be licensed as a used motor vehicle dealer and to assign an
32 incomplete motor vehicle's manufacturer's statement of origin
33 to a retail buyer for purposes of issuance of a certificate of
34 title by a county treasurer as a new motor vehicle with the
35 same make as the incomplete motor vehicle without holding a new

S.F. 2262

1 motor vehicle dealer license and without paying any associated
2 motor vehicle registration fees. The bill provides that the
3 exception shall not be construed to authorize a manufacturer
4 or incomplete motor vehicle manufacturer to directly sell at
5 retail incomplete or completed motor vehicles to a retail
6 buyer except as provided in Code section 322.3(14). The bill
7 provides that an "incomplete motor vehicle manufacturer"
8 means a person who manufactures an incomplete motor vehicle
9 by assembling components none of which, taken separately,
10 constitute a completed motor vehicle.