

Senate Study Bill 1139 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
TRANSPORTATION BILL BY
CHAIRPERSON KAPUCIAN)

A BILL FOR

1 An Act relating to record retention and reporting by licensed
2 vehicle recyclers, demolishers, salvage and junk yards,
3 and the department of transportation's authorized data
4 consolidator, establishing fees, and providing penalties.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 321.1, Code 2017, is amended by adding
2 the following new subsections:

3 NEW SUBSECTION. 5A. "*Authorized data consolidator*" means
4 the third party approved by the United States department of
5 justice to act as a third party data consolidator for the
6 national motor vehicle title information system that has
7 contracted with the department to act as the department's
8 authorized data consolidator for the administration of section
9 321.52B.

10 NEW SUBSECTION. 44A. "*National motor vehicle title*
11 *information system*" means as defined in section 321H.2.

12 Sec. 2. Section 321.45, subsection 2, paragraph a,
13 subparagraph (5), Code 2017, is amended to read as follows:

14 (5) The vehicle is disposed of pursuant to section 321.52,
15 subsection 2, paragraph "*b*", subparagraph (2).

16 Sec. 3. Section 321.52, subsection 2, paragraph a, Code
17 2017, is amended to read as follows:

18 a. The Except as provided in paragraph "*b*", the purchaser
19 or transferee of a motor vehicle subject to registration
20 for which a certificate of title is issued which is sold
21 for scrap or junk shall surrender the certificate of title,
22 properly endorsed and signed by the previous owner, to the
23 county treasurer of the county of residence of the transferee,
24 and shall apply for a junking certificate from the county
25 treasurer, within thirty days after assignment of the
26 certificate of title, ~~except when the vehicle is disposed of~~
27 ~~pursuant to paragraph "*b*".~~ The county treasurer shall issue
28 to such person without fee a junking certificate. A junking
29 certificate shall authorize the holder to possess, transport,
30 or transfer by endorsement the ownership of the junked vehicle.
31 A certificate of title shall not again be issued for the
32 vehicle subsequent to the issuance of a junking certificate
33 except as provided in subsection 3. The county treasurer shall
34 cancel the record of the vehicle. The junking certificate
35 shall be printed on the registration receipt form and shall be

1 imprinted with the words "junking certificate", as prescribed
2 by the department. A space for transfer by endorsement
3 shall be on the junking certificate. A separate form for the
4 notation of the transfer of component parts shall be attached
5 to the junking certificate when the certificate is issued.

6 Sec. 4. Section 321.52, subsection 2, paragraph b, Code
7 2017, is amended by striking the paragraph and inserting in
8 lieu thereof the following:

9 b. (1) If a motor vehicle with a salvage certificate of
10 title, rebuilt certificate of title, or junking certificate is
11 sold for scrap or junk to a vehicle recycler licensed under
12 chapter 321H, the vehicle recycler shall obtain the vehicle's
13 certificate of title or junking certificate, properly endorsed
14 and signed by the previous owner, and the seller's unique
15 number issued to the seller through the national motor vehicle
16 title information system, or if the seller has not been issued
17 such a number, a copy of the seller's driver's license or
18 nonoperator's identification card, and within two business days
19 shall report the purchase of the vehicle to the authorized data
20 consolidator.

21 (2) If a motor vehicle without a certificate of title or
22 junking certificate is sold for scrap or junk to a vehicle
23 recycler licensed under chapter 321H, and the vehicle is
24 twelve model years old or older and is acquired by the vehicle
25 recycler for reasonable consideration equaling less than
26 one thousand dollars, the vehicle recycler and the seller
27 shall complete a derelict affidavit form created by the
28 department. The vehicle recycler shall retain the form along
29 with the seller's unique number issued to the seller through
30 the national motor vehicle title information system, or if
31 the seller has not been issued such a number, a copy of the
32 seller's driver's license or nonoperator's identification card,
33 and within two business days shall report the purchase of the
34 vehicle to the authorized data consolidator.

35 (3) When the department receives information through the

1 authorized data consolidator that a motor vehicle has been
2 purchased by a vehicle recycler in a manner described in this
3 paragraph "b", the department shall designate the electronic
4 record of the vehicle's certificate of title as "JUNKED" and
5 shall cancel the record of the vehicle. A certificate of title
6 shall not again be issued for the vehicle subsequent to the
7 department designating the vehicle as "JUNKED" and cancelling
8 the record of the vehicle.

9 Sec. 5. Section 321.52, subsection 4, paragraph a, Code
10 2017, is amended to read as follows:

11 a. A vehicle rebuilder or a person engaged in the business
12 of buying, selling, or exchanging vehicles of a type required
13 to be registered in this state, upon acquisition of a wrecked
14 or salvage vehicle, shall surrender the certificate of
15 title or manufacturer's or importer's statement of origin
16 properly assigned, together with an application for a salvage
17 certificate of title, to the county treasurer of the county of
18 residence of the purchaser or transferee within thirty days
19 after the date of assignment of the certificate of title for
20 the wrecked or salvage motor vehicle. If the vehicle rebuilder
21 or person acquiring the vehicle is subject to the requirements
22 of 28 C.F.R. §25.56, the vehicle rebuilder or person shall
23 obtain the seller's unique number issued to the seller through
24 the national motor vehicle title information system, or if
25 the seller has not been issued such a number, a copy of the
26 seller's driver's license or nonoperator's identification card,
27 and within two business days shall report the purchase of the
28 vehicle to the authorized data consolidator. This subsection
29 applies only to vehicles with a fair market value of five
30 hundred dollars or more, based on the value before the vehicle
31 became wrecked or salvage. Upon payment of a fee of ten
32 dollars, the county treasurer shall issue a salvage certificate
33 of title which shall bear the word "SALVAGE" stamped or
34 printed on the face of the title in a manner prescribed by the
35 department. A salvage certificate of title may be assigned

1 to an educational institution, a new motor vehicle dealer
2 licensed under [chapter 322](#), a person engaged in the business
3 of purchasing bodies, parts of bodies, frames or component
4 parts of vehicles for sale as scrap metal, a salvage pool, or
5 an authorized vehicle recycler licensed under [chapter 321H](#). An
6 authorized vehicle recycler licensed under [chapter 321H](#) or a
7 new motor vehicle dealer licensed under [chapter 322](#) may assign
8 or reassign an Iowa salvage certificate of title or a salvage
9 certificate of title from another state to any person, and the
10 provisions of [section 321.24, subsection 5](#), requiring issuance
11 of an Iowa salvage certificate of title shall not apply. A
12 vehicle on which ownership has transferred to an insurer of
13 the vehicle as a result of a settlement with the owner of the
14 vehicle arising out of damage to, or unrecovered theft of, the
15 vehicle shall be deemed to be a wrecked or salvage vehicle
16 and the insurer shall comply with [this subsection](#) to obtain a
17 salvage certificate of title within thirty days after the date
18 of assignment of the certificate of title of the vehicle.

19 **Sec. 6. NEW SECTION. 321.52B Authorized data consolidator**
20 **— record retention — national motor vehicle title information**
21 **system.**

22 1. The department shall contract with a third party to
23 act as the department's authorized data consolidator for the
24 administration of this section. The department shall follow
25 the competitive bidding procedures as provided in chapter
26 8A, subchapter III. The third party shall be approved by
27 the United States department of justice to act as a third
28 party data consolidator for the national motor vehicle
29 title information system. The third party may charge a fee
30 for any service provided pursuant to this section to any
31 nongovernmental entity or person not seeking such services on
32 behalf of a governmental entity.

33 2. A person subject to the requirements of 28 C.F.R. §25.56
34 that sells a motor vehicle with a salvage certificate of title
35 or junking certificate shall retain for three years after

1 the sale of the vehicle an electronic record of all of the
2 following:

3 *a.* The vehicle's make, model, model year, vehicle
4 identification number, and, if available, current odometer
5 reading.

6 *b.* The name and address of the purchaser.

7 *c.* The purchaser's unique number issued to the purchaser
8 through the national motor vehicle title information system,
9 or if the purchaser has not been issued such a number, the
10 purchaser's driver's license or nonoperator's identification
11 card number.

12 3. A person required to retain information under subsection
13 2 shall report the information retained to the authorized data
14 consolidator within seven business days after the date on which
15 the sale of the vehicle occurred.

16 4. Within two business days after the date on which the
17 authorized data consolidator receives information pursuant to
18 subsection 3 or section 321.52 or 321H.4A, the authorized data
19 consolidator shall report the information to the department
20 and to the national motor vehicle title information system.
21 The authorized data consolidator shall also verify whether the
22 vehicle purchased or sold is designated as an active stolen
23 vehicle in the federal bureau of investigation's national crime
24 information center database. If the vehicle is so designated,
25 the authorized data consolidator shall notify the department
26 and the person or entity who submitted the information relating
27 to the purchase or sale of the vehicle.

28 5. *a.* Except as provided in this section, the authorized
29 data consolidator shall not release or make available any
30 personal information received under this section, including but
31 not limited to a person's name, address, and driver's license
32 or nonoperator's identification card number.

33 *b.* The authorized data consolidator shall make any
34 information received under this section available to the
35 department or any law enforcement agency without cost and upon

1 request, provided the person requesting the information on
2 behalf of the department or a law enforcement agency is acting
3 within the scope of the person's duties.

4 *c.* The authorized data consolidator shall make available
5 the make, model, model year, vehicle identification number,
6 and, if available, current odometer reading of any vehicle to
7 a person or entity approved by the department to receive such
8 information from the authorized data consolidator.

9 6. The authorized data consolidator shall retain for five
10 years all of the following information about the sale or
11 purchase of a motor vehicle:

12 *a.* A copy of the vehicle's certificate of title, junking
13 certificate, or derelict affidavit form, as applicable.

14 *b.* The vehicle's make, model, model year, vehicle
15 identification number, and, if available, current odometer
16 reading.

17 *c.* The name and address of the purchaser and the seller.

18 *d.* The purchaser's and seller's unique numbers issued to
19 the purchaser and seller through the national motor vehicle
20 title information system, or if the purchaser or seller has not
21 been issued such a number, the purchaser's or seller's driver's
22 license or nonoperator's identification card number.

23 7. The department shall impose a civil penalty in the amount
24 of one thousand dollars per transaction on a person or on the
25 authorized data consolidator for a violation of this section.

26 Sec. 7. Section 321.67, Code 2017, is amended to read as
27 follows:

28 **321.67 Certificate of title must be executed.**

29 1. No person, except as provided in [sections 321.23](#)
30 and [321.45](#), and [section 321.52, subsection 2](#), paragraph
31 "b", subparagraph (2), shall sell or otherwise dispose of a
32 registered vehicle or a vehicle subject to registration without
33 delivering to the purchaser or transferee thereof a certificate
34 of title with such assignment thereon as may be necessary to
35 show title in the purchaser.

1 2. No person shall purchase or otherwise acquire or bring
2 into this state a registered vehicle or a vehicle subject to
3 registration without obtaining a certificate of title thereto
4 except for temporary use or as provided in [sections 321.23](#)
5 and [321.45](#), and [section 321.52, subsection 2](#), paragraph "b",
6 subparagraph (2).

7 Sec. 8. Section 321.89, subsection 4, paragraph a, Code
8 2017, is amended to read as follows:

9 a. If an abandoned vehicle has not been reclaimed as
10 provided for in [subsection 3](#), the police authority or private
11 entity shall make a determination as to whether or not the
12 vehicle shall be sold for use upon the highways. If the
13 vehicle is not sold for use upon the highways, it shall be
14 sold for junk, or demolished and sold as scrap. The police
15 authority or private entity shall sell the vehicle at public
16 auction. Notwithstanding any other provision of [this section](#),
17 a police authority or private entity may dispose of the
18 vehicle to a demolisher for junk without public auction after
19 complying with the notification procedures in [subsection 3](#).
20 The purchaser of the vehicle takes title free and clear of all
21 liens and claims of ownership, shall receive a sales receipt
22 from the police authority or private entity, and is entitled
23 to register the vehicle and receive a certificate of title if
24 sold for use upon the highways. If the vehicle is sold or
25 disposed of to a demolisher for junk, the demolisher shall make
26 application for a junking certificate to the county treasurer
27 within thirty days of purchase or follow the procedures set
28 forth in section 321.52, subsection 2, paragraph "b", and shall
29 surrender the sales receipt in lieu of the certificate of
30 title.

31 Sec. 9. Section 321.90, subsection 3, Code 2017, is amended
32 to read as follows:

33 3. *Duties of demolishers.*

34 a. Any demolisher who purchases or otherwise acquires an
35 abandoned motor vehicle for junk under the provisions of this

1 section shall junk, scrap, wreck, dismantle, or demolish such
2 motor vehicle. A demolisher shall not junk, scrap, wreck,
3 dismantle, or demolish a vehicle until the demolisher has
4 obtained the junking certificate issued for the vehicle or has
5 followed the procedures set forth in section 321.52, subsection
6 2, paragraph "b".

7 b. A demolisher shall ~~keep an accurate and complete record~~
8 ~~of all motor vehicles purchased or received by the demolisher~~
9 ~~in the course of the demolisher's business. These records~~
10 ~~shall contain the name and address of the person from whom~~
11 ~~each motor vehicle was purchased or received and the date when~~
12 ~~the purchases or receipts occurred. The records shall be open~~
13 ~~for inspection by any police authority at any time during~~
14 ~~normal business hours. Any record required by this section~~
15 ~~shall be kept by the demolisher for at least one year after~~
16 ~~the transaction to which it applies~~ comply with the record
17 retention and reporting requirements applicable to licensed
18 vehicle recyclers set forth in sections 321.52, 321.52B, and
19 321H.4A.

20 Sec. 10. Section 321.104, subsection 4, Code 2017, is
21 amended to read as follows:

22 4. To sell, offer for sale, or transfer a motor vehicle,
23 trailer, or semitrailer, except as provided in [section 321.47](#)
24 or [321.48](#), or [section 321.52, subsection 2](#), paragraph "b",
25 subparagraph (2), without obtaining a certificate of title in
26 the name of the seller or transferor or without delivering
27 to the purchaser or transferee a certificate of title or a
28 manufacturer's or importer's certificate duly assigned to the
29 purchaser or transferee as provided in [this chapter](#).

30 Sec. 11. Section 321H.4, subsection 2, paragraph a, Code
31 2017, is amended to read as follows:

32 a. Application for a license as an authorized vehicle
33 recycler shall be made to the department on forms provided
34 by the department. The application shall be accompanied
35 by a fee of ~~seventy~~ two hundred dollars for a two-year

1 period or part thereof and proof of registration with the
2 national motor vehicle title information system. The license
3 shall be approved or disapproved within thirty days after
4 application for the license. A license expires on December 31
5 of even-numbered years. A licensee shall have the month of
6 expiration and the month after the month of expiration to renew
7 the license. A person who fails to renew a license by the end
8 of this time period and desires to hold a license shall file a
9 new license application and pay the required fee. A separate
10 license shall be obtained for each county in which an applicant
11 conducts operations.

12 Sec. 12. Section 321H.4A, subsection 2, Code 2017, is
13 amended to read as follows:

14 2. ~~a. Except as provided in paragraph "b", for~~ For any
15 vehicle subject to registration under chapter 321 purchased
16 by a vehicle recycler licensed under this chapter and subject
17 to the requirements of 28 C.F.R. §25.56, the vehicle recycler
18 shall comply with the reporting requirements of 28 C.F.R.
19 §25.56 by reporting the required information to the authorized
20 data consolidator, as defined in section 321.1, within two
21 business days of purchasing the vehicle. Records of the
22 vehicle recycler's compliance shall be kept by the vehicle
23 recycler for at least three years after the purchase of the
24 vehicle, and shall be open for inspection by any peace officer
25 during normal business hours. The department shall adopt rules
26 to implement this section, including but not limited to rules
27 requiring the submission and retention of records not required
28 by 28 C.F.R. §25.56.

29 ~~b. Paragraph "a" does not apply to a vehicle that has~~
30 ~~been crushed or flattened by mechanical means in such a way~~
31 ~~that it no longer resembles the vehicle described by the~~
32 ~~certificate of title if the vehicle recycler who purchased the~~
33 ~~vehicle verifies that the seller of the vehicle has met the~~
34 ~~requirements of paragraph "a". The department shall adopt rules~~
35 ~~relating to the form of the verification, and the manner in~~

1 ~~which the verification shall be retained.~~

2 Sec. 13. Section 321H.4A, Code 2017, is amended by adding
3 the following new subsection:

4 NEW SUBSECTION. 3. Upon receipt of a notification pursuant
5 to section 321.52B, subsection 4, that a motor vehicle
6 purchased by the vehicle recycler is designated as an active
7 stolen vehicle in the federal bureau of investigation's
8 national crime information center database, the vehicle
9 recycler shall notify the vehicle recycler's local law
10 enforcement agency and secure the vehicle until the vehicle is
11 removed by a law enforcement agency, returned to the rightful
12 owner, or the designation in the national crime information
13 center database has been removed.

14 Sec. 14. Section 321H.7, Code 2017, is amended to read as
15 follows:

16 **321H.7 Fees.**

17 All fees of whatever character accruing from the
18 administration of **this chapter** shall be accounted for and
19 paid by the department into the state treasury monthly and
20 shall be credited to the road use tax fund, except that one
21 hundred thirty dollars of each license fee collected pursuant
22 to section 321H.4 shall be retained by the department and
23 allocated for the administration of section 321.52B.

24 EXPLANATION

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

27 This bill requires the department of transportation (DOT)
28 to contract with a third party to act as the DOT's authorized
29 data consolidator using the current procedures for competitive
30 bidding. The third party must be approved by the United States
31 department of justice to act as a third party data consolidator
32 for the national motor vehicle title information system
33 (NMVTIS). The bill permits the third party to charge a fee
34 for any service provided under the bill to any nongovernmental
35 entity or person not seeking such services on behalf of a

1 governmental entity.

2 The bill requires a person subject to federal NMVTIS
3 reporting requirements who sells a motor vehicle with a salvage
4 certificate of title or junking certificate to retain certain
5 information regarding the sale for three years after the sale
6 of the vehicle and to report the information to the authorized
7 data consolidator within seven business days after the date on
8 which the sale of the vehicle occurred.

9 Upon receiving the information, the bill requires the
10 authorized data consolidator to report the information received
11 to the DOT and to NMVTIS within two business days after
12 the date on which the authorized data consolidator receives
13 the information. The bill requires the authorized data
14 consolidator to also verify whether the vehicle purchased or
15 sold is designated as an active stolen vehicle in the federal
16 bureau of investigation's national crime information center
17 database. If the vehicle is so designated, the authorized
18 data consolidator must notify the DOT and the person or entity
19 who submitted the information relating to the purchase or
20 sale of the vehicle. The bill requires the authorized data
21 consolidator to retain the information received for five years.

22 The bill prohibits the authorized data consolidator from
23 releasing or making available any personal information received
24 under the bill. However, the authorized data consolidator must
25 make any information received available to the DOT or any law
26 enforcement agency without cost and upon request. The bill
27 permits the authorized data consolidator to make available the
28 make, model, model year, vehicle identification number, and, if
29 available, current odometer reading of any vehicle to a person
30 or entity approved by the DOT.

31 The bill provides that the DOT shall impose a civil penalty
32 in the amount of \$1,000 per transaction on a person or on
33 the authorized data consolidator for a violation of these
34 provisions of the bill.

35 Under current law, the purchaser or transferee of a vehicle

1 sold for scrap or junk is required to obtain the vehicle's
2 certificate of title and apply for and be issued a junking
3 certificate. However, the owner of a vehicle that does not
4 have a certificate of title or a junking certificate may
5 dispose of the vehicle to a licensed vehicle recycler for scrap
6 or junk if the vehicle is 12 model years old or older and is
7 acquired by the vehicle recycler for reasonable consideration
8 equaling less than \$1,000.

9 The bill provides an additional exception to that provision
10 and alters the existing exception. If a vehicle with a
11 salvage certificate of title, rebuilt certificate of title, or
12 junking certificate is sold for scrap or junk to a licensed
13 vehicle recycler, the vehicle recycler is required to obtain
14 the vehicle's certificate of title or junking certificate,
15 properly endorsed and signed by the previous owner, and the
16 seller's unique number issued to the seller through NMVTIS,
17 or if the seller has not been issued such a number, a copy of
18 the seller's driver's license or nonoperator's identification
19 card, and report within two business days the purchase of the
20 vehicle to the authorized data consolidator. If a vehicle
21 without a certificate of title or junking certificate is sold
22 for scrap or junk to a licensed vehicle recycler, and the
23 vehicle is 12 model years old or older and is acquired by the
24 vehicle recycler for reasonable consideration equaling less
25 than \$1,000, the vehicle recycler and the seller must complete
26 a derelict affidavit form. The vehicle recycler is required to
27 retain the form along with the seller's unique number issued
28 to the seller through NMVTIS, or if the seller has not been
29 issued such a number, a copy of the seller's driver's license
30 or nonoperator's identification card, and report within two
31 business days the purchase of the vehicle to the authorized
32 data consolidator. The bill applies these provisions to
33 vehicle demolishers that purchase abandoned vehicles. Under
34 current law, such demolishers are licensed vehicle recyclers.
35 When the DOT receives information through the authorized

1 data consolidator that a vehicle has been purchased by a
2 vehicle recycler in this manner, the DOT must designate the
3 electronic record of the vehicle's certificate of title as
4 "JUNKED" and cancel the record of the vehicle. A certificate
5 of title shall not again be issued for the vehicle after the DOT
6 designates the vehicle as "JUNKED" and cancels the record of
7 the vehicle.

8 The bill further requires a vehicle rebuilder or person
9 acquiring a vehicle who is subject to federal NMVTIS reporting
10 requirements to obtain the seller's unique number issued to the
11 seller through NMVTIS, or if the seller has not been issued
12 such a number, a copy of the seller's driver's license or
13 nonoperator's identification card, and to report within two
14 business days the purchase of the vehicle to the authorized
15 data consolidator.

16 The bill increases the biannual fee for a vehicle recycler
17 license from \$70 to \$200, and provides that \$130 of each
18 license fee shall be used by the DOT to administer the
19 provisions of the bill relating to the authorized data
20 consolidator. The bill requires licensed vehicle recyclers
21 to make required NMVTIS reports to the authorized data
22 consolidator, and eliminates the existing exception for
23 seller-reported purchases. A vehicle recycler who is notified
24 that a vehicle purchased by the vehicle recycler is designated
25 as an active stolen vehicle must notify the vehicle recycler's
26 local law enforcement agency and secure the vehicle until the
27 vehicle is removed by a law enforcement agency, returned to
28 the rightful owner, or the designation has been removed. By
29 operation of law, a violation of these provisions is a simple
30 misdemeanor punishable by a fine of not less than \$250 nor more
31 than \$1,500 or by imprisonment not to exceed 30 days.