

# House Study Bill 526 - Introduced

HOUSE FILE \_\_\_\_\_

BY (PROPOSED COMMITTEE ON  
TRANSPORTATION BILL BY  
CHAIRPERSON BEST)

## A BILL FOR

1 An Act relating to motor vehicles, including the surrender  
2 or transfer of registration plates and cards to a county  
3 treasurer, documentary fees charged by motor vehicle  
4 dealers, and motor vehicle franchise obligations.  
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 321.26, subsection 2, Code 2020, is  
2 amended to read as follows:

3 2. The county treasurer may adjust the renewal or  
4 expiration date of vehicles registered in the county when  
5 deemed necessary to equalize the number of vehicles registered  
6 in each twelve-month period or for the administrative  
7 efficiency of the county treasurer's office. The adjustment  
8 shall be accomplished by delivery of a written notice to the  
9 vehicle owner of the adjustment and allowance of a credit  
10 for the remaining months of the unused portion of the annual  
11 registration fee, rounded to the nearest whole dollar, which  
12 amount shall be deducted from the annual registration fee due  
13 at the time of registration. Upon receipt of the notification  
14 the owner shall, within thirty days, surrender the registration  
15 card and registration plates to the a county treasurer of  
16 ~~the county where the vehicle is registered~~, except that the  
17 registration plates shall not be surrendered if validation  
18 stickers or other emblems are used to designate the month and  
19 year of expiration of registration. A county treasurer who  
20 receives the surrendered registration card and registration  
21 plates of a vehicle not registered in the county treasurer's  
22 county shall immediately notify the county treasurer of the  
23 county where the vehicle is registered that the registration  
24 card and registration plates have been surrendered. Upon  
25 payment of the annual registration fee, less the credit allowed  
26 for the remaining months of the unused portion of the annual  
27 registration fee, the county treasurer of the county where the  
28 vehicle is registered shall issue a new registration card and  
29 registration plates, validation stickers, or emblems which  
30 indicate the month and year of expiration of registration.

31 Sec. 2. Section 321.34, subsection 1, Code 2020, is amended  
32 to read as follows:

33 1. *Plates issued.* The county treasurer upon receiving  
34 application, accompanied by proper fee, for registration of a  
35 vehicle shall issue to the owner one registration plate for

1 a motorcycle, motorized bicycle, autocycle, truck tractor,  
2 trailer, or semitrailer and two registration plates for every  
3 other motor vehicle. The registration plates, including  
4 special registration plates, shall be assigned to the owner of  
5 a vehicle. When the owner of a registered vehicle transfers  
6 or assigns ownership of the vehicle to another person, the  
7 owner shall remove the registration plates from the vehicle.  
8 The owner shall forward the plates to ~~the~~ a county treasurer  
9 ~~where the vehicle is registered~~ or the owner may have the  
10 plates assigned to another vehicle within thirty days after  
11 transfer, upon payment of the fees required by law. A county  
12 treasurer who receives the registration plates of a vehicle not  
13 registered in the county treasurer's county shall immediately  
14 notify the county treasurer of the county where the vehicle is  
15 registered that the registration plates have been received.  
16 The owner shall immediately affix registration plates retained  
17 by the owner to another vehicle owned or acquired by the  
18 owner, providing the owner complies with [section 321.46](#). The  
19 department shall adopt rules providing for the assignment of  
20 registration plates to the transferee of a vehicle for which a  
21 credit is allowed under [section 321.46, subsection 6](#).

22 Sec. 3. Section 321.47, subsection 3, Code 2020, is amended  
23 to read as follows:

24 3. Whenever ownership of a vehicle is transferred under the  
25 provisions of [this section](#), the registration plates shall be  
26 removed and forwarded to ~~the~~ a county treasurer, ~~of the county~~  
27 ~~where the vehicle is registered~~ or to the department if the  
28 vehicle is owned by a nonresident. A county treasurer who  
29 receives the registration plates of a vehicle not registered  
30 in the county treasurer's county shall immediately notify the  
31 county treasurer of the county where the vehicle is registered  
32 that the registration plates have been received. Upon transfer  
33 the vehicle shall not be operated upon the highways of this  
34 state until the person entitled to possession of the vehicle  
35 applies for and obtains registration for the vehicle.

1     Sec. 4. Section 322.19A, subsection 2, Code 2020, is amended  
2 to read as follows:

3     2. A Subject to subsections 3 and 3A, a motor vehicle dealer  
4 may charge a documentary fee not to exceed one hundred eighty  
5 dollars for each motor vehicle sold in a transaction.

6     Sec. 5. Section 322.19A, Code 2020, is amended by adding the  
7 following new subsection:

8        NEW SUBSECTION.    3A. On and after January 1, 2021, the  
9 maximum permitted documentary fee shall be subject to an annual  
10 rate adjustment equal to the percentage change in the consumer  
11 price index published by the United States department of labor  
12 bureau of labor statistics, rounded to the nearest whole cent.  
13 The department shall calculate and publish the annual maximum  
14 documentary fee for the following calendar year on or before  
15 December 15 of each year.

16      Sec. 6. Section 322A.5, subsection 2, Code 2020, is amended  
17 by adding the following new paragraph:

18     NEW PARAGRAPH.   *c.* The franchiser shall provide to the  
19 franchisee a list of time allowances for the performance of  
20 warranty services. Time allowances for the performance of  
21 warranty services, including diagnostic services, shall be  
22 reasonable and adequate for the services to be performed.

23      Sec. 7. Section 322A.5, subsection 3, Code 2020, is amended  
24 by adding the following new paragraph:

25 NEW PARAGRAPH. c. Recover from a franchisee the  
26 franchiser's costs associated with reimbursing the franchisee  
27 for parts and labor pursuant to this section, including but not  
28 limited to by increasing the wholesale price of a vehicle or by  
29 imposing a surcharge on a franchisee. However, this paragraph  
30 does not prohibit a franchiser from increasing the price of  
31 vehicles or parts in the normal course of business.

32 EXPLANATION

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

35 This bill allows a person who receives a written notice of

1 an adjustment of the renewal or expiration of the person's  
2 motor vehicle registration to surrender their registration  
3 card and registration plates to a county treasurer of any  
4 county in the state rather than the county treasurer of the  
5 county where the vehicle is registered. The bill further  
6 allows the registration plates of a motor vehicle whose  
7 ownership is transferred or assigned to another person pursuant  
8 to Code section 321.34(1) or transferred by operation of  
9 law pursuant to Code section 321.47(1) to be removed and  
10 forwarded to any county treasurer in the state rather than  
11 to the county treasurer where the vehicle is registered. In  
12 any instance where the registration card or the registration  
13 plates of a vehicle are surrendered or forwarded to a county  
14 treasurer of a county where the vehicle is not registered, the  
15 county treasurer who has received the registration card or  
16 registration plates must notify the county treasurer of the  
17 county where the vehicle is registered that the registration  
18 card or registration plates have been surrendered or received.  
19 The bill does not modify Code section 321.134, which allows an  
20 owner of a motor vehicle who surrenders the registration plates  
21 of a vehicle prior to the plates becoming delinquent to a  
22 county treasurer of the county where the vehicle is registered  
23 to register the vehicle any time thereafter without penalty.

24 Under current law, a motor vehicle dealer may charge a  
25 documentary fee to a customer for the preparation of documents  
26 related to an application for motor vehicle registration and  
27 an application for issuance of a certificate of title, and  
28 the performance of other related services for the customer,  
29 which must not exceed \$180 for each motor vehicle sold in a  
30 transaction. The bill provides that on and after January 1,  
31 2021, the maximum permitted documentary fee is subject to an  
32 annual rate adjustment equal to the percentage change in the  
33 consumer price index published by the United States department  
34 of labor bureau of labor statistics, rounded to the nearest  
35 whole cent. The department must calculate and publish the

1 annual maximum documentary fee for the following calendar year  
2 on or before December 15 of each year.

3 Under the provisions of the bill, a motor vehicle franchiser  
4 must provide a franchisee a list of time allowances for the  
5 performance of warranty services, which must be reasonable and  
6 adequate for the services to be performed.

7 The bill prohibits a motor vehicle franchiser from  
8 recovering from a franchisee its costs of reimbursing the  
9 franchisee for parts and labor pursuant to Code section 322A.5,  
10 including but not limited to by increasing the wholesale price  
11 of a vehicle or by imposing a surcharge on a franchisee.  
12 However, a franchiser is not prohibited from increasing the  
13 price of vehicles or parts in the normal course of business.