

House Study Bill 553 - Introduced

SENATE/HOUSE FILE _____
BY (PROPOSED DEPARTMENT OF
TRANSPORTATION BILL)

A BILL FOR

1 An Act providing an alternative to filing a bond as a condition
2 of registering and titling certain motor vehicles.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 321.24, subsection 11, Code 2024, is
2 amended to read as follows:

3 11. If the county treasurer or department is not
4 satisfied as to the ownership of the vehicle or that there
5 are no undisclosed security interests in it, or if a junking
6 certificate has been issued for the vehicle but a certificate
7 of title will not be reissued under section 321.52, subsection
8 3, and the vehicle qualifies as an antique vehicle under
9 section 321.115, subsection 1, the county treasurer or
10 department may register the vehicle but shall, as a condition
11 of issuing a certificate of title and registration receipt,
12 require the applicant to first receive approval by the
13 department.

14 a. If the department determines the value of the vehicle is
15 one thousand dollars or less and the vehicle is twelve model
16 years old or older, the department shall notify the applicant,
17 and the department or county treasurer may issue a certificate
18 of title and registration receipt. The applicant shall apply
19 for a certificate of title and registration within thirty days
20 of the department's notification of determination.

21 b. If the department determines the value of the vehicle
22 is more than one thousand dollars or the vehicle is less than
23 twelve model years old, the applicant shall file with the
24 department a bond in the form prescribed by the department
25 and executed by the applicant, and either accompanied by the
26 deposit of cash with the department or also executed by a
27 person authorized to conduct a surety business in this state.
28 The owner of a vehicle subject to the bond requirements of
29 this subsection shall apply for a certificate of title and
30 registration for the vehicle at the county treasurer's office
31 within thirty days of issuance of written authorization from
32 the department. The bond shall be in an amount equal to one and
33 one-half times the current value of the vehicle, as determined
34 by the department, and conditioned to indemnify any prior owner
35 and secured party and any subsequent purchaser of the vehicle

1 or person acquiring any security interest in it, and their
2 respective successors in interest, against any expense, loss,
3 or damage, including reasonable attorney fees, by reason of
4 the issuance of the certificate of title for the vehicle or
5 on account of any defect in or undisclosed security interest
6 upon the right, title, and interest of the applicant in and to
7 the vehicle. Any such interested person has a right of action
8 to recover on the bond for any breach of its conditions, but
9 the aggregate liability of the surety to all persons shall
10 not exceed the amount of the bond. The bond, and any deposit
11 accompanying it, shall be returned at the end of three years or
12 earlier if the vehicle is no longer registered in this state
13 and the currently valid certificate of title is surrendered to
14 the department, unless the department has been notified of the
15 pendency of an action to recover on the bond. The department
16 may authorize issuance of a certificate of title as provided
17 in [this subsection](#) for a vehicle with an unreleased security
18 interest upon presentation of satisfactory evidence that the
19 security interest has been extinguished or that the holder of
20 the security interest cannot be located to release the security
21 interest as provided in [section 321.50](#).

22 c. The department may adopt rules pursuant to chapter 17A to
23 implement and administer this subsection.

24 Sec. 2. Section 321.52, subsection 3, paragraph d, Code
25 2024, is amended to read as follows:

26 *d.* However, upon application and a showing of good cause,
27 the department may issue a certificate of title to a person
28 after the fourteen-day period for a junked vehicle for which
29 a junking certificate has been issued. For purposes of this
30 subsection, "*good cause*" means that the junking certificate
31 was obtained by mistake or inadvertence. If a person's
32 application to the department is denied, the person may make
33 application for a certificate of title under the ~~bonding~~
34 procedure as provided in [section 321.24](#), subsection 11, if
35 the vehicle qualifies as an antique vehicle under section

1 321.115, subsection 1, or the person may seek judicial review
2 as provided under [sections 17A.19](#) and [17A.20](#).

3 EXPLANATION

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

6 Under current law, if a county treasurer or the department of
7 transportation (DOT) is not satisfied as to the ownership of a
8 vehicle or that there are no undisclosed security interests in
9 it, or if a junking certificate has been issued for the vehicle
10 but a certificate of title will not be reissued and the vehicle
11 is 25 years old or older, the county treasurer or DOT may
12 register the vehicle. However, as a condition of registration,
13 and before issuing a certificate of title and registration
14 receipt, the county treasurer or DOT must require the applicant
15 to file a bond with the DOT. The bond must be accompanied by
16 the deposit of cash with the DOT or also executed by a person
17 authorized to conduct a surety business in Iowa.

18 This bill requires a person applying for registration
19 and certificate of title for such a vehicle to first receive
20 approval by the DOT and, depending on the DOT's determination
21 on the value and age of the vehicle, the applicant may not be
22 required to file a bond.

23 If the DOT determines the value of the vehicle is \$1,000
24 or less and the vehicle is 12 model years old or older, the
25 DOT must notify the applicant, and the DOT or county treasurer
26 may issue a certificate of title and registration receipt.
27 The applicant is required to apply for a certificate of title
28 and registration within 30 days of the DOT's notification of
29 determination. However, if the DOT determines the value of
30 the vehicle is more than \$1,000 or the vehicle is less than 12
31 model years old, the applicant is required to file bond with
32 the DOT in accordance with current law.