

House Study Bill 559 - Introduced

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
TRANSPORTATION BILL BY
CHAIRPERSON JONES)

A BILL FOR

- 1 An Act relating to abandoned vehicles, and making appropriations.
- 2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

unofficial

1 Section 1. Section 321.89, subsection 2, Code 2026, is
2 amended to read as follows:

3 2. *Authority to take possession of abandoned vehicles.* A
4 police authority, upon the authority's own initiative or upon
5 the request of any other authority having the duties of control
6 of highways or traffic, shall take into custody an abandoned
7 vehicle on public property and may take into custody an abandoned
8 vehicle on private property. The police authority may employ
9 its own personnel, equipment, and facilities or hire a private
10 entity, equipment, and facilities for the purpose of removing,
11 preserving, storing, or disposing of abandoned vehicles. A
12 property owner or other person in control of private property
13 may employ a private entity who is a garagekeeper, as defined
14 in section 321.90, to dispose of an abandoned vehicle, and
15 the private entity may take into custody the abandoned vehicle
16 without a police authority's initiative. If a police authority
17 employs a private entity to dispose of abandoned vehicles,
18 the police authority shall provide the private entity with the
19 names and addresses of the registered owners, all lienholders
20 of record, and any other known claimant to the vehicle or the
21 personal property found in the vehicle. ~~The owners, lienholders,~~
22 ~~or other claimants of the abandoned vehicle shall not have a~~
23 ~~cause of action against a private entity for action taken under~~
24 ~~this section if the private entity provides notice as required by~~
25 ~~subsection 3, paragraphs "a" through "f".~~

26 Sec. 2. Section 321.89, subsection 3, paragraph a, Code 2026,
27 is amended to read as follows:

28 a. A police authority or private entity that takes into
29 custody an abandoned vehicle shall send notice by certified mail
30 that the vehicle has been taken into custody no more than ~~twenty~~
31 ten days after taking custody of the vehicle. Notice shall
32 be sent to the last known address of record of the last known
33 registered owner of the vehicle, all lienholders of record, and
34 any other known claimant to the vehicle.

35 Sec. 3. Section 321.89, subsection 3, paragraph b,

1 subparagraph (3), Code 2026, is amended to read as follows:

2 (3) Information for the persons receiving the notice of their
3 right to reclaim the vehicle and personal property contained
4 therein within ~~ten~~ twenty days after the effective date of the
5 notice. Persons may reclaim the vehicle ~~or personal property~~
6 upon payment of all towing, preservation, and storage charges
7 resulting from placing the vehicle in custody and upon payment
8 of the costs of notice required pursuant to this subsection.

9 Sec. 4. Section 321.89, subsection 3, paragraphs e and f,
10 Code 2026, are amended by striking the paragraphs.

11 Sec. 5. Section 321.89, Code 2026, is amended by adding the
12 following new subsection:

13 NEW SUBSECTION. 3A. *Abandoned vehicles in custody.*

14 a. A private entity that takes an abandoned vehicle into
15 custody may charge towing, preservation, storage, or other
16 fees during the first twenty-four hours after taking custody
17 of the vehicle. After twenty-four hours, additional towing,
18 preservation, and storage fees shall not accrue until the vehicle
19 owner, lienholders, and any known claimants are notified in
20 accordance with subsection 3. Failure to send notice as required
21 by subsection 3 invalidates any claim by a private entity for
22 payment of all such fees.

23 b. A lienholder or insurance company who receives notice
24 under subsection 3 may request information regarding the
25 condition of the vehicle. The private entity having custody
26 of the vehicle may charge a fee not to exceed one hundred
27 dollars to the lienholder or insurance company for inspection
28 of the vehicle. If such a request is made and when the fee is
29 paid, the private entity with custody of the vehicle may satisfy
30 the request by allowing a representative of the lienholder or
31 insurance company onto the premises to inspect the vehicle, or
32 by providing the lienholder or insurance company with photos of
33 the vehicle sufficient to reasonably ascertain the condition of
34 the vehicle. If requested, the private entity shall provide
35 photos or access to the vehicle prior to the expiration of the

1 twenty-day reclamation period.

2 c. A person may reclaim personal property from within the
3 vehicle, so long as the property is not attached to the vehicle,
4 only once while the vehicle is in custody of a private entity.
5 A person may provide the private entity a list of the personal
6 property to be reclaimed that is inside the vehicle, or the
7 private entity may allow the vehicle owner to reclaim personal
8 property from inside the vehicle during the normal business hours
9 of the private entity. Reclaiming personal property from inside
10 the vehicle does not constitute reclaiming the vehicle.

11 d. If notice is provided as required in subsection 3, and
12 the persons receiving notice do not ask for a hearing before
13 the police authority or reclaim the vehicle or personal property
14 within the twenty-day reclaiming period, the owner, lienholders,
15 or claimants shall not have a right to, title in, claim for, or
16 interest in the vehicle or personal property in the vehicle.

17 e. If notice is not provided as required in subsection 3,
18 and a police authority or private entity takes custody of the
19 vehicle and sells the vehicle at auction, the police authority or
20 private entity, as applicable, shall pay the lienholder from the
21 auction proceeds the remaining amount owed on the vehicle loan,
22 up to the total amount of the proceeds. The police authority
23 or private entity shall then pay the remaining proceeds to the
24 vehicle owner.

25 Sec. 6. Section 321.89, subsection 4, Code 2026, is amended
26 to read as follows:

27 4. *Reclamation of abandoned vehicles.* A private entity with
28 custody of an abandoned vehicle shall provide an itemized account
29 of all fees assessed when the vehicle is reclaimed.

30 Prior to driving an abandoned vehicle away from the premises, a
31 person who received, or who is reclaiming the vehicle on behalf
32 of a person who received, notice under subsection 3 shall present
33 to the police authority or private entity, as applicable, the
34 person's valid driver's license and proof of financial liability
35 coverage as provided in section 321.20B.

1 Sec. 7. Section 321.89, subsection 5, paragraphs b and c,
2 Code 2026, are amended to read as follows:

3 b. (1) From the proceeds of the sale of an abandoned vehicle
4 after proper notice was provided, the police authority, if
5 the police authority did not hire a private entity, shall
6 reimburse itself for the expenses of the auction, the costs of
7 towing, preserving, and storing which resulted from placing the
8 abandoned vehicle in custody, all notice and publication costs
9 incurred pursuant to subsection 3, the cost of inspection, and
10 any other costs incurred except costs of bookkeeping and other
11 administrative costs.

12 (2) Any remainder from the proceeds of a sale shall be held
13 first for any lienholder of record, if applicable, for thirty
14 days after notice is provided under paragraph "d", and second for
15 the any owner of the vehicle or entitled lienholder for ninety
16 for an additional sixty days, and shall then be deposited in the
17 road use tax fund. The

18 (3) Any remaining proceeds shall be submitted to the
19 department and deposited in the statutory allocations fund
20 created in section 321.145. Whenever the proceeds from the sale
21 of an abandoned vehicle are insufficient to meet the costs to
22 police authorities of auction, towing, preserving, storage, and
23 all notice and publication costs, and all other costs which
24 result from placing abandoned vehicles in custody, whenever the
25 proceeds from a sale of the abandoned vehicles are insufficient
26 to meet these expenses and costs, shall be paid authorized for
27 reimbursement under subparagraph (1) for a police authority, the
28 department shall pay the remaining reimbursement amount to the
29 police authority from the road use tax statutory allocations fund
30 and are the obligation of the last owner or owners, . The person
31 or persons who owned the vehicle when it was taken into custody
32 are jointly and severally liable for reimbursing the department,
33 to the credit of the statutory allocations fund, the costs paid
34 to a police authority under this subparagraph.

35 c. The director of transportation department shall establish

1 ~~by rule~~ adopt rules pursuant to chapter 17A providing a claims
2 procedure to be followed by police authorities in obtaining
3 expenses and costs from the statutory allocations fund, and
4 procedures for reimbursement of expenses and costs from the
5 statutory allocations fund to a private entity hired by a
6 police authority to take custody of an abandoned vehicle.
7 If a private entity has been hired by a police authority,
8 the police authority shall file a claim with the department
9 for reimbursement of ~~towing fees~~ the private entity's costs
10 authorized for reimbursement under paragraph "0c", which shall be
11 paid from the ~~road use tax~~ statutory allocations fund.

12 Sec. 8. Section 321.89, subsection 5, Code 2026, is amended
13 by adding the following new paragraphs:

14 NEW PARAGRAPH. 0c. (1) From the proceeds of the sale of an
15 abandoned vehicle after proper notice was provided, a private
16 entity may reimburse itself only for the expenses of the auction,
17 the costs of towing, preserving, and storing which resulted
18 from placing the abandoned vehicle in custody, all notice and
19 publication costs incurred pursuant to subsection 3, the cost
20 of inspection, and any other costs incurred, except costs of
21 bookkeeping and other administrative costs.

22 (2) Any remainder from the proceeds of a sale shall be held
23 first for any lienholder of record, if applicable, for thirty
24 days after notice is provided under paragraph "d", and second for
25 any owner of record for an additional sixty days.

26 (3) Any remaining proceeds shall be submitted to the
27 department and deposited in the statutory allocations fund
28 created under section 321.145. Whenever the proceeds from
29 the sale of an abandoned vehicle are insufficient to meet
30 the expenses and costs authorized for reimbursement under
31 subparagraph (1) for a private entity hired by a police
32 authority, the department shall pay the remaining reimbursement
33 amount to the private entity from the statutory allocations fund.
34 The person or persons who owned the vehicle when it was taken
35 into custody are jointly and severally liable for reimbursing the

1 department, to the credit of the statutory allocations fund, the
2 costs paid to a private entity under this subparagraph.

3 NEW PARAGRAPH. *d.* After the sale of an abandoned vehicle,
4 the private entity or police authority who sold the vehicle at
5 auction shall, within ten days after the sale, send notice by
6 certified mail to the person who owned the vehicle when it was
7 taken into custody and to any lienholders of record detailing the
8 amount of proceeds remaining and the timeline for claiming the
9 proceeds. Notice shall be deemed given when mailed.

10 Sec. 9. Section 321.89, Code 2026, is amended by adding the
11 following new subsections:

12 NEW SUBSECTION. *6. Display of charges.* A private entity
13 that takes custody of an abandoned vehicle shall display at the
14 entity's place of business in a manner that is readily visible
15 to visitors and on the entity's internet site, if applicable, the
16 maximum towing, preservation, and storage fees the entity will
17 charge.

18 NEW SUBSECTION. *7. Violations committed by private*
19 *entities.* A violation of this section committed by a private
20 entity is a prohibited practice or act under section 714H.3.

21 Sec. 10. Section 321.90, subsection 2, paragraph f, Code
22 2026, is amended to read as follows:

23 *f.* The owner of an abandoned ~~motor~~ vehicle and all
24 lienholders shall no longer have any right, title, claim, or
25 interest in or to the ~~motor~~ vehicle; and no court in any case
26 in law or equity shall recognize any right, title, claim, or
27 interest of any owner or lienholders after the disposal of the
28 ~~motor~~ vehicle to a demolisher; so long as notice in accordance
29 with section 321.89, subsection 3, was provided.

30 Sec. 11. Section 321.145, subsection 2, unnumbered paragraph
31 1, Code 2026, is amended to read as follows:

32 Revenues derived from trailer registration fees collected
33 pursuant to sections 321.105 and 321.105A, fees charged for
34 driver's licenses and nonoperator's identification cards, fees
35 charged for commercial driver's license driving skills tests

1 days. If notice is not provided and a private entity or police
2 authority takes custody of the vehicle and sells the vehicle at
3 auction, the bill requires payment to the lienholder from the
4 auction proceeds as much as those proceeds can cover of the
5 remainder owed on the vehicle loan before paying the vehicle
6 owner.

7 The bill authorizes a private entity that takes a vehicle into
8 custody to charge towing, preservation, storage, or other fees
9 during the first 24 hours after taking custody of a vehicle.
10 After 24 hours, towing, preservation, and storage fees do not
11 accrue until the vehicle owner, lienholders, and any known
12 claimants are notified. A claim by a private entity for payment
13 of all such fees is invalid when a private entity fails to send
14 notice.

15 Under the bill, a lienholder or insurance company who receives
16 notice may request information regarding the condition of the
17 vehicle. The private entity having custody of the vehicle may
18 charge an inspection fee not to exceed \$100. An inspection may
19 be in person or the private entity is authorized to provide
20 photos of the vehicle sufficient to reasonably ascertain the
21 condition of the vehicle. A private entity must comply with
22 an inspection request prior to the expiration of the 20-day
23 reclamation period.

24 The bill authorizes a person to reclaim personal property from
25 within the vehicle without paying reclamation fees, so long as
26 the property is not attached to the vehicle, only once while the
27 vehicle is in custody of a private entity.

28 The bill requires a private entity with custody of an
29 abandoned vehicle to provide an itemized account of all fees
30 assessed when the vehicle is reclaimed.

31 Under current law, if an abandoned vehicle is not reclaimed,
32 it can be sold at public auction or for junk or scrap if
33 it is determined to not be appropriate for highway use. The
34 bill directs how proceeds of a sold abandoned vehicle are
35 distributed. If proper notice was provided, a private entity or

1 police authority may reimburse itself only for costs incurred,
2 except costs of bookkeeping and other administrative costs. Any
3 remainder from the proceeds of a sale must be held first for any
4 lienholder of record, if applicable, for 30 days after notice of
5 the sale is provided, and second for any owner of record for an
6 additional 60 days. Current law only requires a police authority
7 to hold proceeds from a sale for both the lienholder and owner
8 for 90 days. The bill requires any remaining proceeds to be
9 deposited in the statutory allocations fund (SAF) rather than
10 the road use tax fund. A private entity that was hired by a
11 police authority must be paid from the SAF the amount incurred
12 by the entity that was not otherwise recouped by the entity
13 from the sale. The person or persons who owned the vehicle when
14 it was taken into custody are jointly and severally liable for
15 reimbursing the SAF for those costs. Pursuant to current law,
16 revenues remaining in the SAF at the end of a fiscal year are
17 credited to the road use tax fund.

18 After the sale of an abandoned vehicle, the bill requires
19 a private entity or police authority who sold the vehicle at
20 auction, within 10 days after the sale, to send notice by
21 certified mail to the person who owned the vehicle when it was
22 taken into custody and to any lienholders of record detailing the
23 amount of proceeds remaining and the timeline for claiming the
24 proceeds.

25 The department of transportation (DOT) is required to adopt
26 administrative rules providing a claims procedure for police
27 authorities to obtain expenses and costs from the SAF, for
28 private entities to remit excess proceeds to the SAF, and for
29 payment from the SAF for expenses and costs incurred by a police
30 authority or private entity hired by a police authority. If
31 a private entity was hired by a police authority, the police
32 authority must file a claim with the DOT for reimbursement of the
33 private entity's costs.

34 A violation of Code section 321.89, as amended by the bill,
35 committed by a private entity is a prohibited practice or

1 act under Code section 714H.3. Pursuant to current law, a
2 consumer who suffers an ascertainable loss of money or property
3 as the result of a prohibited practice or act in violation
4 of Code chapter 714H may bring an action at law to recover
5 actual damages. The court may order such equitable relief,
6 including reasonable attorney fees, as it deems necessary to
7 protect the public from further violations, including temporary
8 and permanent injunctive relief. If the finder of fact finds by
9 a preponderance of clear, convincing, and satisfactory evidence
10 that a prohibited practice or act constitutes willful and wanton
11 disregard for the rights or safety of another, in addition to an
12 award of actual damages, statutory damages up to three times the
13 amount of actual damages may be awarded to a prevailing consumer.
14 A consumer must bring a consumer fraud action within two years of
15 the occurrence of the event giving rise to the cause of action or
16 within two years of the discovery of the violation, whichever is
17 later.

18 Because the bill places additional requirements on police
19 authorities and private entities beyond the notice requirements
20 under current law, the bill strikes certain provisions limiting
21 claims or rights when proper notice is provided or after the
22 reclamation period. The bill instead provides that if proper
23 notice is provided and the persons receiving notice do not ask
24 for a hearing before the police authority or reclaim the vehicle
25 or personal property within the 20-day reclaiming period, the
26 owner, lienholders, or claimants shall not have a right to, title
27 in, claim for, or interest in the vehicle or personal property
28 in the vehicle. For disposal to a demolisher under Code section
29 321.90, such rights and claims are limited only if proper notice
30 is provided.