

Senate File 2408 - Introduced

SENATE FILE 2408
BY COMMITTEE ON TRANSPORTATION

(SUCCESSOR TO SSB 3126)

A BILL FOR

1 An Act relating to motor vehicle dealers, including rights to
2 certain vehicles, records storage requirements, and remote
3 sales of motor vehicles.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

unofficial

1 Section 1. Section 321.45, subsection 2, Code 2026, is
2 amended by adding the following new paragraph:

3 NEW PARAGRAPH. c. For purposes of this subsection, a motor
4 vehicle dealer licensed under chapter 322 shall be deemed to have
5 acquired and to possess the right, title, claim, and interest
6 in a vehicle if the vehicle's certificate of title is issued or
7 properly assigned to an entity with direct ownership or control
8 over the dealer.

9 Sec. 2. Section 321.63, Code 2026, is amended by adding the
10 following new subsection:

11 NEW SUBSECTION. 3. A dealer shall do all of the following:

12 a. Store all records at a place of business of the dealer or
13 at a place of business within the United States of an entity that
14 has direct ownership or control over the dealer.

15 b. Provide electronic records to the department within
16 twenty-four hours after receiving a request.

17 c. Provide physical records to the department within a
18 reasonable time considering postal delivery.

19 Sec. 3. Section 322.3, subsection 12, paragraphs a and c,
20 Code 2026, are amended to read as follows:

21 a. The dealer or an entity with direct ownership or control
22 over the dealer shall possess, at the time of the sale, the
23 certificate of title to any motor vehicle offered for remote sale
24 by the dealer. The certificate of title may be in an electronic
25 format that is created, stored, or transferred only through a
26 secure electronic system approved by the department and shall not
27 be in a portable document format, a scanned copy, evidenced by
28 an electronic mail message, or in another format created by the
29 dealer.

30 ~~c. The dealer shall not sign a proposed purchase agreement~~
31 ~~until the dealer receives an executed purchase agreement from~~
32 ~~the buyer. A signed purchase agreement must be delivered to the~~
33 ~~dealer's place of business, as listed on the dealer's license.~~

34 Sec. 4. Section 322.3, subsection 12, Code 2026, is amended
35 by adding the following new paragraphs:

1 NEW PARAGRAPH. f. The dealer shall disclose to a buyer all
2 of the following regarding the vehicle offered for sale:

3 (1) That the vehicle is not located in this state, if
4 applicable.

5 (2) That the certificate of title is in an electronic format,
6 if applicable.

7 (3) The estimated delivery date of the vehicle.

8 NEW PARAGRAPH. g. If requested, the dealer shall produce
9 proof, including in an electronic format, to the department
10 that the dealer has the certificate of title for a vehicle
11 offered for sale. The dealer shall also retain records showing
12 where a vehicle is stored, the status of the vehicle's title,
13 and documents relating to the remote sale of a vehicle. The
14 dealer shall store and provide records in accordance with section
15 321.63, subsection 3.

16 NEW PARAGRAPH. h. Pursuant to section 554D.108 and
17 consistent with 49 C.F.R. pt. 580 and the federal Electronic
18 Signatures in Global and National Commerce Act, 15 U.S.C. §7001
19 et seq., an electronic signature captured and applied to an image
20 of a physical certificate of title that was originally printed
21 by a secure printing process as defined in 49 C.F.R. §580.3,
22 which complies with all applicable requirements under 49
23 C.F.R. pt. 580, shall be accepted for purposes of odometer
24 disclosure. A dealer using an electronic signature on a digital
25 image of a physical title shall mark the original title as "void"
26 or "surrendered" and submit an application for certificate of
27 title and registration electronically via an authorized service
28 provider pursuant to section 321.20, subsection 2.

29 NEW PARAGRAPH. i. A remote sale of a motor vehicle is not
30 a door-to-door sale as defined in section 555A.1, and is not
31 subject to chapter 555A.

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 Under current law, a retail seller licensed under Code chapter

1 322 (motor vehicle manufacturers, distributors, wholesalers,
2 and dealers) is authorized to sell, offer, barter, negotiate,
3 exchange, and communicate regarding the sale of a motor vehicle
4 via mail, either electronically or by courier, and to deliver
5 a vehicle to the residence of the buyer or another agreed-to
6 location (remote sale). This bill relates to motor vehicle
7 dealers, including rights to certain vehicles, records storage
8 requirements, and remote sales.

9 Under current law, a person does not acquire any right, title,
10 claim, or interest in or to any vehicle subject to registration
11 except by virtue of a certificate of title or manufacturer's or
12 importer's certificate for such vehicle, with certain exceptions.
13 The bill provides that a licensed motor vehicle dealer is deemed
14 to have acquired and to possess the right, title, claim, and
15 interest in a vehicle if the vehicle's certificate of title is
16 issued or properly assigned to an entity with direct ownership or
17 control over the dealer.

18 Under current law, if a dealer has more than one established
19 place of business, the dealer may designate one such location
20 in this state for purposes of keeping all the dealer's books
21 and records, regardless of the line-make of motor vehicles to
22 which such books and records pertain, by submitting a written
23 certification to the department of transportation (DOT) in a
24 manner approved by the DOT. The bill requires a dealer to store
25 all records at a place of business of the dealer or at a place
26 of business within the United States of an entity that has direct
27 ownership or control over the dealer, provide electronic records
28 to the DOT within 24 hours after receiving a request, and provide
29 physical records to the DOT within a reasonable time considering
30 postal delivery.

31 The bill expands the requirement for a dealer to possess the
32 certificate of title to any motor vehicle offered for remote sale
33 by authorizing an entity with direct ownership or control over a
34 dealer to possess the title at the time of the sale. Under the
35 bill, the certificate of title may be in an electronic format as

1 described in the bill.

2 The bill strikes a provision prohibiting a dealer, during a
3 remote sale, from signing a proposed purchase agreement until the
4 dealer receives an executed purchase agreement from a buyer.

5 The bill requires a dealer engaging in a remote sale to
6 disclose to a prospective buyer certain facts about the location,
7 title status, and delivery date of a vehicle. A dealer is
8 required to produce proof that the dealer has the certificate of
9 title for a vehicle offered for sale if requested by the DOT. The
10 dealer is required to retain records showing where a vehicle is
11 stored, the status of the vehicle's title, and documents relating
12 to the remote sale of the vehicle, in accordance with the bill.

13 For purposes of remote sales, the bill requires an electronic
14 signature captured and applied to an image of a physical
15 certificate of title that was originally printed by a secure
16 printing process in compliance with all applicable requirements
17 under federal regulations to be accepted for purposes of odometer
18 disclosure. A dealer using an electronic signature on a digital
19 image of a physical title is required to mark the original
20 title as "void" or "surrendered" and submit an application
21 for certificate of title and registration electronically in
22 accordance with current law.

23 The bill specifies that a remote sale of a motor vehicle is
24 not a "door-to-door sale" and is not subject to Code chapter 555A
25 (door-to-door sales).

26 Under current law and the bill, remote sales are subject
27 to Code chapter 554D (electronic transactions — computer
28 agreements).