

Senate Study Bill 3067 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
COMMERCE BILL BY CHAIRPERSON
BOUSSELOT)

A BILL FOR

1 An Act authorizing certain manufacturers of battery electric
2 motor vehicles to be licensed as motor vehicle dealers.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 322.3, subsection 15, Code 2026, is
2 amended by adding the following new paragraph:

3 NEW PARAGRAPH. g. A manufacturer of battery electric motor
4 vehicles, as defined in section 321.116, from being licensed as a
5 motor vehicle dealer of only new or used battery electric motor
6 vehicles manufactured by that manufacturer.

7 (1) A manufacturer licensed as a motor vehicle dealer in
8 accordance with this paragraph may do all of the following:

9 (a) Own, operate, or control not more than five motor vehicle
10 dealerships.

11 (b) Own, operate, control, or contract with an entity that
12 provides financing, leasing, service, or maintenance for vehicles
13 manufactured by the manufacturer.

14 (c) Provide service or maintenance for vehicles manufactured
15 by the manufacturer.

16 (2) This paragraph does not apply if the manufacturer or a
17 common entity of the manufacturer previously offered or entered
18 into a franchise agreement with a licensed motor vehicle dealer
19 in this state for the sale of new motor vehicles. For purposes
20 of this subparagraph, "common entity" includes any of the
21 following:

22 (a) A person who, through any form of agreement, is
23 directly or indirectly controlled by a manufacturer, importer,
24 distributor, licensee, or an affiliate thereof.

25 (b) A person whose equity interest is controlled directly or
26 indirectly by a manufacturer, importer, distributor, licensee, or
27 an affiliate thereof, if the equity interest is more than thirty
28 percent.

29 (c) A person whose equity interest is controlled directly or
30 indirectly by one or more other persons, if the equity interest
31 is more than thirty percent, and the other persons also directly
32 or indirectly control or own more than thirty percent of the
33 equity interests of a manufacturer or importer, or any affiliate
34 thereof.

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EXPLANATION

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

3 Under current law, a person is prohibited from engaging in
4 the business of selling at retail motor vehicles unless the
5 person is licensed by the department of transportation (DOT) as
6 a motor vehicle dealer. For new vehicles, a licensed dealer must
7 also be contractually authorized by a motor vehicle manufacturer
8 or distributor to sell the specific make of vehicle. A motor
9 vehicle manufacturer or importer is prohibited from directly or
10 indirectly being licensed as, owning an interest in, operating,
11 or controlling a motor vehicle dealer. There are limited
12 exceptions provided, including temporarily to facilitate transfer
13 of the motor vehicle dealership to a new owner; for the purpose
14 of enhancing opportunities for persons who lack the financial
15 resources to purchase the dealership without such assistance;
16 where the dealer's primary business is renting motor vehicles;
17 for dealers of motor homes manufactured by that manufacturer;
18 for dealers of the line-make manufactured by that manufacturer
19 under certain circumstances; and for final-stage manufacturers of
20 multi-stage manufactured vehicles under certain circumstances.

21 This bill provides an additional exception that authorizes a
22 manufacturer of battery electric motor vehicles (manufacturer) to
23 be licensed as a motor vehicle dealer of only battery electric
24 motor vehicles manufactured by that manufacturer. A manufacturer
25 licensed as a motor vehicle dealer in accordance with the bill
26 is authorized to own, operate, or control not more than five
27 motor vehicle dealerships; own, operate, control, or contract
28 with an entity that provides financing, leasing, service, or
29 maintenance for vehicles manufactured by the manufacturer; and
30 provide service or maintenance for vehicles manufactured by the
31 manufacturer.

32 For purposes of the bill, "battery electric motor vehicle"
33 means a motor vehicle equipped with electrical drivetrain
34 components and not equipped with an internal combustion engine,
35 that is propelled exclusively by one or more electrical motors

1 using electrical energy stored in a battery or other energy
2 storage device that can be recharged by plugging into an
3 electrical outlet or electric vehicle charging station.

4 The exception under the bill does not apply if the
5 manufacturer or a common entity of the manufacturer, as defined
6 by the bill, previously entered into or offered a franchise
7 agreement with a licensed motor vehicle dealer in this state for
8 the sale of new motor vehicles.

9 A person who engages in the business of selling motor vehicles
10 and who was not issued a dealer license by the DOT commits a
11 simple misdemeanor punishable by a fine of not less than \$250 nor
12 more than \$1,500 or by imprisonment not to exceed 30 days. A
13 person who sells at retail more than six motor vehicles during
14 a 12-month period is presumed to be engaged in the business of
15 selling motor vehicles.

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