

Senate Study Bill 1241 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
TRANSPORTATION BILL BY
CHAIRPERSON BOWMAN)

A BILL FOR

1 An Act relating to vehicle recyclers, including the transfer of
2 motor vehicles to vehicle recyclers and compliance with the
3 national motor vehicle title information system, and making
4 penalties applicable.

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

1 Section 1. Section 321.45, subsection 2, paragraph a, Code
2 2015, is amended by adding the following new subparagraph:

3 NEW SUBPARAGRAPH. (5) The vehicle is disposed of pursuant
4 to section 321.52, subsection 2, paragraph "b".

5 Sec. 2. Section 321.46, subsection 1, Code 2015, is amended
6 to read as follows:

7 1. The transferee shall, within thirty calendar days after
8 purchase or transfer, apply for and obtain from the county
9 treasurer of the person's residence, or if a nonresident, the
10 county treasurer of the county where the primary users of the
11 vehicle are located or the county where all other vehicles
12 owned by the nonresident are registered, or in the case of a
13 mobile home or manufactured home, the county treasurer of the
14 county where the mobile home or manufactured home is located,
15 or if a firm, association, or corporation with vehicles in
16 multiple counties, the transferee may apply for and obtain
17 from the county treasurer of the county where the primary
18 user of the vehicle is located, a new registration and a new
19 certificate of title for the vehicle except as provided in
20 section 321.25, 321.48, or 322G.12, or when the transferee
21 obtains the vehicle pursuant to section 321.52, subsection
22 2, paragraph "b". The transferee shall present with the
23 application the certificate of title endorsed and assigned by
24 the previous owner and shall indicate the name of the county
25 in which the vehicle was last registered and the registration
26 expiration date.

27 Sec. 3. Section 321.52, subsection 2, Code 2015, is amended
28 to read as follows:

29 2. a. The purchaser or transferee of a motor vehicle
30 subject to registration for which a certificate of title is
31 issued which is sold for scrap or junk shall surrender the
32 certificate of title, properly endorsed and signed by the
33 previous owner, to the county treasurer of the county of
34 residence of the transferee, and shall apply for a junking
35 certificate from the county treasurer, within thirty days after

1 assignment of the certificate of title, except when the vehicle
2 is disposed of pursuant to paragraph "b". The county treasurer
3 shall issue to such person without fee a junking certificate.
4 A junking certificate shall authorize the holder to possess,
5 transport, or transfer by endorsement the ownership of the
6 junked vehicle. A certificate of title shall not again be
7 issued for the vehicle subsequent to the issuance of a junking
8 certificate except as provided in subsection 3. The county
9 treasurer shall cancel the record of the vehicle. The junking
10 certificate shall be printed on the registration receipt form
11 and shall be imprinted with the words "junking certificate",
12 as prescribed by the department. A space for transfer by
13 endorsement shall be on the junking certificate. A separate
14 form for the notation of the transfer of component parts shall
15 be attached to the junking certificate when the certificate is
16 issued.

17 b. The owner of a motor vehicle subject to registration that
18 does not have a certificate of title or a junking certificate
19 may dispose of the vehicle to a vehicle recycler licensed under
20 chapter 321H for scrap or junk if the vehicle is twelve model
21 years old or older and is valued for scrap at less than one
22 thousand dollars.

23 Sec. 4. Section 321.52, subsection 3, paragraph a, Code
24 2015, is amended to read as follows:

25 a. When a vehicle for which a certificate of title is issued
26 is junked or dismantled by the owner, the owner shall detach
27 the registration plates and surrender the plates to the county
28 treasurer, unless the plates are properly assigned to another
29 vehicle. The owner shall also surrender the certificate of
30 title to the county treasurer except when the vehicle is
31 disposed of pursuant to subsection 2, paragraph "b".

32 Sec. 5. Section 321.67, Code 2015, is amended to read as
33 follows:

34 **321.67 Certificate of title must be executed.**

35 1. No person, except as provided in sections 321.23 and

1 321.45, and section 321.52, subsection 2, paragraph "b", shall
2 sell or otherwise dispose of a registered vehicle or a vehicle
3 subject to registration without delivering to the purchaser or
4 transferee thereof a certificate of title with such assignment
5 thereon as may be necessary to show title in the purchaser.

6 2. No person shall purchase or otherwise acquire or bring
7 into this state a registered vehicle or a vehicle subject to
8 registration without obtaining a certificate of title thereto
9 except for temporary use or as provided in sections 321.23 and
10 321.45, and section 321.52, subsection 2, paragraph "b".

11 Sec. 6. Section 321.104, subsection 4, Code 2015, is amended
12 to read as follows:

13 4. To sell, offer for sale, or transfer a motor vehicle,
14 trailer, or semitrailer, except as provided in section 321.47
15 or 321.48, or section 321.52, subsection 2, paragraph "b",
16 without obtaining a certificate of title in the name of the
17 seller or transferor or without delivering to the purchaser
18 or transferee a certificate of title or a manufacturer's or
19 importer's certificate duly assigned to the purchaser or
20 transferee as provided in this chapter.

21 Sec. 7. Section 321H.2, Code 2015, is amended by adding the
22 following new subsection:

23 NEW SUBSECTION. 3A. *"National motor vehicle title*
24 *information system"* means the federally mandated motor vehicle
25 title history database maintained by the United States
26 department of justice that links the states' motor vehicle
27 title records, including the department's title records, and
28 that requires the reporting of junk and salvage motor vehicles
29 in order to ensure that states, law enforcement agencies,
30 insurers, and consumers have access to information that enables
31 the verification of a vehicle's history, and the accuracy and
32 legality of a motor vehicle's title, before a purchase or title
33 transfer occurs.

34 Sec. 8. Section 321H.4, subsection 2, paragraph a, Code
35 2015, is amended to read as follows:

1 *a.* Application for a license as an authorized vehicle
2 recycler shall be made to the department on forms provided by
3 the department. The application shall be accompanied by a
4 fee of seventy dollars for a two-year period or part thereof
5 and proof of registration with the national motor vehicle
6 title information system. The license shall be approved or
7 disapproved within thirty days after application for the
8 license. A license expires on December 31 of even-numbered
9 years. A licensee shall have the month of expiration and the
10 month after the month of expiration to renew the license. A
11 person who fails to renew a license by the end of this time
12 period and desires to hold a license shall file a new license
13 application and pay the required fee. A separate license shall
14 be obtained for each county in which an applicant conducts
15 operations.

16 Sec. 9. NEW SECTION. 321H.4A National motor vehicle title
17 information system.

18 1. A vehicle recycler licensed under this chapter and
19 subject to the requirements of 28 C.F.R. §25.56 shall register
20 with the national motor vehicle title information system.

21 2. *a.* Except as provided in paragraph "b", for any vehicle
22 subject to registration under chapter 321 purchased by a
23 vehicle recycler licensed under this chapter and subject to the
24 requirements of 28 C.F.R. §25.56, the vehicle recycler shall
25 comply with the reporting requirements of 28 C.F.R. §25.56
26 within forty-eight hours of purchasing the vehicle. Records of
27 the vehicle recycler's compliance shall be kept by the vehicle
28 recycler for at least three years after the purchase of the
29 vehicle, and shall be open for inspection by any peace officer
30 during normal business hours. The department shall adopt rules
31 to implement this section, including but not limited to rules
32 requiring the retention of records not required by 28 C.F.R.
33 §25.56.

34 *b.* Paragraph "a" does not apply to a vehicle that has
35 been crushed or flattened by mechanical means in such a way

1 that it no longer resembles the vehicle described by the
2 certificate of title if the vehicle recycler who purchased the
3 vehicle verifies that the seller of the vehicle has met the
4 requirements of paragraph "a". The department shall adopt rules
5 relating to the form of the verification, and the manner in
6 which the verification shall be retained.

7 Sec. 10. Section 321H.5, Code 2015, is amended to read as
8 follows:

9 **321H.5 Display of license.**

10 A license issued under the provisions of this chapter shall
11 specify the location of the principal place of business, the
12 location of each extension within the county of the principal
13 place of business and the, and the licensee's registration
14 number for the national motor vehicle title information system.
15 The license shall be conspicuously displayed at the principal
16 place of business except during periods when the license is
17 surrendered for modifications.

18 Sec. 11. Section 321H.6, unnumbered paragraph 1, Code 2015,
19 is amended to read as follows:

20 The license of a person issued under the provisions of
21 this chapter may be denied, revoked, or suspended, and an
22 application for a license under this chapter may be denied, if
23 the department finds any of the following:

24 Sec. 12. Section 321H.6, Code 2015, is amended by adding the
25 following new subsection:

26 NEW SUBSECTION. 7. The licensee has failed to comply with
27 section 321H.4A or 28 C.F.R. §25.56.

28 **EXPLANATION**

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

31 This bill relates to vehicle recyclers, including the
32 transfer of motor vehicles to vehicle recyclers and compliance
33 with the national motor vehicle title information system.

34 The bill provides that the owner of a motor vehicle that
35 does not have a certificate of title or a junking certificate

1 may dispose of the vehicle to a vehicle recycler licensed
2 under Code chapter 321H for scrap or junk if the vehicle is 12
3 model years old or older and is valued for scrap at less than
4 \$1,000. The bill exempts vehicles disposed of this way from
5 certain title application, delivery, surrender, and transfer
6 requirements.

7 The bill defines "national motor vehicle title information
8 system" (NMVTIS) as the federally mandated motor vehicle title
9 history database maintained by the United States department of
10 justice that links the states' motor vehicle title records,
11 including the department of transportation's title records, and
12 that requires the reporting of junk and salvage motor vehicles
13 in order to ensure that states, law enforcement agencies,
14 insurers, and consumers have access to information that enables
15 the verification of a vehicle's history, and the accuracy and
16 legality of a motor vehicle's title, before a purchase or title
17 transfer occurs.

18 The bill requires applicants seeking to become an authorized
19 vehicle recycler to provide proof of registration with the
20 NMVTIS. In addition, the bill requires a vehicle recycler
21 license to state the licensee's registration number for the
22 NMVTIS.

23 The bill requires a licensed vehicle recycler subject to
24 federal regulations relating to the NMVTIS to register with the
25 NMVTIS, and for any vehicle purchased by the vehicle recycler,
26 to comply with the federal reporting requirements within 48
27 hours of purchasing the vehicle. Records of the vehicle
28 recycler's compliance shall be kept by the vehicle recycler for
29 at least three years after the purchase of the vehicle, and
30 shall be open for inspection by any peace officer during normal
31 business hours. The bill provides that the department of
32 transportation shall adopt rules to implement these provisions,
33 including but not limited to rules requiring the retention of
34 records not required by federal regulations relating to the
35 NMVTIS. These requirements do not apply to a vehicle that

1 has been crushed or flattened by mechanical means in such a
2 way that it no longer resembles the vehicle described by the
3 certificate of title if the vehicle recycler who purchased
4 the vehicle verifies that the seller of the vehicle has met
5 the requirements. The bill provides that the department of
6 transportation shall adopt rules relating to the form of the
7 verification, and the manner in which the verification shall
8 be retained. A violation of these provisions is a serious
9 misdemeanor punishable by a fine of at least \$315, but not to
10 exceed \$1,875, and imprisonment not to exceed one year.

11 The bill provides that an authorized vehicle recycler
12 license, or an application for such a license, may be denied,
13 revoked, or suspended if the department of transportation finds
14 that the licensee has not complied with the provisions of the
15 bill or with federal regulations relating to the NMVTIS.