

**701—250.12(321) Purchased for resale.**

**250.12(1)** A motor vehicle dealer licensed under Iowa Code chapter 322 may title or title and register a vehicle using an exemption under either Iowa Code section 321.105A(2) “c”(14) or 321.105A(2) “c”(15) if the vehicle is operated in a manner consistent with the lawful use of dealer plates under Iowa Code section 321.57 and any associated rules.

**250.12(2)** In order for a vehicle to be considered to be “held for resale,” all of the following criteria must be met during all times that the vehicle is registered to the dealer:

- a. The dealer must be licensed in Iowa pursuant to Iowa Code chapter 322;
- b. Any use of the vehicle by the dealer must not constitute a taxable sale;
- c. The dealer must keep the vehicle in its inventory for sale at all times;
- d. The person using the vehicle must be aware of and accept that the vehicle may be sold at any time, resulting in the removal of the vehicle from that person’s possession;
- e. The dealer must permit the vehicle to be used without charge;
- f. The dealer must not title the vehicle in its name and must operate the vehicle with dealer plates as provided in Iowa Code section 321.57.

**250.12(3)** If, at any time after the exemption is issued until the vehicle is no longer considered to be in the dealer’s inventory, the dealer fails to maintain any criteria defined in subrule 250.12(2), the fee for new registration is due on the purchase price paid by the dealer at the time of acquisition of the vehicle.

**250.12(4)** If a dealership license expires and is not renewed or the dealer license has been revoked, the dealer must title and register all the vehicles in the dealership inventory within 30 days of the license revocation or expiration. The fee for new registration is due on the purchase price paid by the dealer at the time of acquisition of each vehicle. However, if a dealer license is suspended, a dealer is not required to title or register the vehicles in the dealer’s inventory because a suspension is merely a temporary interruption in the dealership business. The dealer’s exemption remains intact during the period of suspension.

EXAMPLE: Person R owns Auto Dealer, a sole proprietorship. Person R’s child, Person U, needs a car, and Person R gifts a car worth \$5,000 from Auto Dealer’s inventory to Person U. The vehicle had previously been registered as a vehicle purchased for resale. Person U does not provide any consideration. Person U does not owe the fee for new registration on the transfer. However, Auto Dealer owes the fee for new registration on the purchase price paid by Auto Dealer at the time of acquisition. The vehicle was purchased for resale; however, it was not sold by Auto Dealer. As a result, Auto Dealer loses its dealer exemption for resale on this vehicle, and the fee for new registration is due on the purchase price paid by the dealer at the time of acquisition of each vehicle.

This rule is intended to implement Iowa Code section 321.105A as amended by 2021 Iowa Acts, Senate File 366.

[ARC 5911C, IAB 9/22/21, effective 10/27/21; ARC 6508C, IAB 9/7/22, effective 10/12/22; Editorial change: IAC Supplement 10/18/23]