

## HOUSE REPUBLICAN STAFF ANALYSIS

Bill:	House File 592	House Committee:	<b>PASSED</b> 21-0 (3/1/2023)
Committee:	Transportation	House Floor:	<b>PASSED</b> 95-0 (3/16/2023)
Floor Manager:	Rep. Dave Sieck	Senate Floor:	<b>PASSED</b> 50-0 (4/17/2023)
Date:	May 9, 2023	Governor:	<b>SIGNED</b> (4/28/2023)
Staff:	Brad Trow (1-3471)		

### Internet Sales of Motor Vehicles

- Under current Iowa, the sale of motor vehicles is required to take place at the designated business location of a person licensed to sell vehicles. There are certain, limited exceptions to this law.
- The law does provide for certain exceptions to this requirement, which requires the licensed seller to obtain a temporary permit from the DOT to sell at fairs, vehicle shows or exhibitions.
- House File 592 would provide a different exception, allowing for the sale of vehicles over the internet. The bill would also allow a licensed dealer to deliver a vehicle to the home of the buyer or other location requested by the buyer.
- Under House File 592, the licensed seller would still have to have a designated business location in the state like other auto dealers.

### Section by Section Analysis

#### Section 1 – Iowa Code (322.3 (11))

The section amends the Iowa Code to allow a licensed seller of motor vehicles to offer, negotiate, and sell motor vehicles over the internet. The licensed dealer would still have to meet all the requirements under the law to be a licensed dealer, including having a designated dealership location. The bill would also allow a licensed dealer to deliver a sold vehicle to the home of the buyer or another location requested by the buyer.

### AMENDMENTS

*H-1118, by Sieck:* The amendment strikes the original language of the bill.

The first two sections address an issue that has come up with the sale of used cars. Current law requires a title of a used car to have a stamp on it to signify that any security interest on the vehicle has been paid off. This was not an issue until the electronic registration and titles were the process. The language in sections 1 and 2 of the amendment eliminate the requirement for the stamping of these titles.

The remainder of the amendment establishes the requirements for allowing motor vehicle sales via the Internet. Section 3 of the amendment defines what is considered to be a “remote sale”, which is the sale of a vehicle by mail or email, and may include delivery of the vehicle to the home of the purchaser. Section 4 amends Iowa Code section 322.3 (11), which deals with prohibited acts for motor vehicle sales. The language inserted into subsection will allow remote sales that comply with the new requirements set up in Section 5.

Section 5 creates a new subsection 11A in Code section 322.3 which sets out how a remote sale can occur. The transaction must meet all of the conditions in the new subsection:

1. The dealer making the sale must possess the title to any vehicle it is offering for remote sale;
2. The dealer may send a proposed purchase agreement to a prospective buyer if it has been the subject of negotiations between the parties. If the negotiations or the delivery of the purchase agreement is delivered in person, this must take place at the dealer's licensed place of business;
3. The dealer cannot sign a proposed purchase agreement until they have received an executed purchase agreement from the buyer, which must be delivered to the dealer's place of business;
4. The dealer is allowed to deliver the purchased vehicle to the buyer, but not until transaction purchasing the vehicle has been completed; and
5. Remote sales of vehicles are subject to the requirements of Iowa Code chapter 554D, which governs electronic transactions.