

## **Motor Vehicle Division Informational Memo # 22-31**

### ***Vehicle Recycler Administrative Rule Updates***

**DATE:** October 14, 2022

**FROM:** Kelli Huser, Compliance Officer, MVD

**TO:** All Vehicle and Motor Carrier Services staff, Bureau of Investigation and Identity staff, Iowa County Treasurers and County Treasurer's staff

#### **SUBJECT**

This informational memo explains updates to administrative rule chapters 400 "Vehicle Registration and Certificate of Title," and chapter 431, "Vehicle Recyclers," Iowa Administrative Code.

#### **SUMMARY**

The amendments to these rule chapters relate to the licensing and regulation of vehicle recyclers and implements existing legal authority under Iowa Code chapter 321H. The following further explains the amendments:

**National Motor Vehicle Title Information System (NMVTIS) reporting criteria for junked or dismantled vehicles.** The new subrule in Chapter 400.23(2) implements existing statutory authority to establish the NMVTIS reporting criteria when a vehicle is being junked or dismantled by a licensed vehicle recycler. The new subrule establishes the responsibility for completing the required NMVTIS reporting and provides three options for compliance:

1. The first option is for the vehicle owner or vehicle owner's authorized representative to provide a copy of the vehicle owner's or authorized representative's government-issued photo identification during the initial transaction between the parties and for the licensed vehicle recycler to verify that the owner or authorized representative has completed the required NMVTIS reporting.
2. The second option, if the vehicle owner is another licensed vehicle recycler or is a business regularly engaged in the junking or dismantling of vehicles, is for the licensed vehicle recycler to enter into a written agreement confirming that the owner has completed the required NMVTIS reporting.
3. The third option is for the licensed vehicle recycler to obtain the vehicle owner's or authorized representative's name and the vehicle identification number of the vehicle so that the vehicle recycler can complete the NMVTIS reporting.

This new subrule also provides that a licensed vehicle recycler is required to cooperate with law enforcement during normal business hours when there is a reasonable belief that fraud has occurred in connection with the junking or dismantling of a vehicle.

**Vehicle Recycler License application requirements and other criteria.** The amendments to Chapter 431 align the subrules governing application requirements and other criteria for a vehicle recycler license with Iowa Code sections 321H.4 and 321H.4A, which requires a licensed vehicle recycler to submit proof

of registration with the NMVTIS and to comply with applicable NMVTIS reporting and record-keeping requirements when a vehicle is purchased by a licensed vehicle recycler.

The amendments to Chapter 400 also add Iowa Code section 321H.4A to an implementation sentence and make minor technical changes. The amendments to Chapter 431 also correct the contact information to refer to the Motor Vehicle Division, add Iowa Code section 321H.4A to relevant implementation sentences and make minor technical changes.

**The administrative rule amendments are effective October 12, 2022.**

#### **LINK TO ADMINISTRATIVE RULES**

<https://www.legis.iowa.gov/docs/aco/arc/6489C.pdf>

#### **CURRENT**

Administrative rule chapters 761-400 and 761-431 previously did not include the NMVTIS reporting criteria or vehicle recycler license application requirements outlined above.

#### **NEW**

As of October 12, 2022, the rules will now clearly address the requirements outlined in the summary above.

#### **BUSINESS IMPACT**

This directive clarifies NMVTIS reporting criteria for crushed or flattened vehicles and allows a vehicle owner and the vehicle recycler to use one of three options to comply with statutory reporting requirements. Awareness of these three options may be necessary as BIIP investigates a particular transaction. Further, the new rules expressly recognize a licensed vehicle recycler shall cooperate with a law enforcement agency during normal business hours when the agency has reason to believe that fraud has occurred in connection with the junking or dismantling of the vehicle, and that this information is confidential except as may be necessary for the prosecution of a criminal violation.

For purposes of the vehicle recycler license, MVD staff should be aware that these rules require a vehicle recycler subject to 28 CFR Section 25.56 obtain and maintain a registered account with the NMVTIS; report, or verify reporting of, inventory to the NMVTIS; if applicable, verify the seller of a vehicle purchased by the recycler has complied with federal law and retain records of compliance, including verification forms, for at least three years after the purchase of the vehicle. Further, the applicant shall include the unique NMVTIS identification number on the application as proof of compliance with registration requirements.