

Motor Vehicle Division Informational Memo # 23-17

2023 Legislation – Issuance and Suspension of Motor Vehicle Registrations and Certificates of Title

DATE: May 12, 2023

FROM: Kelli Huser, Compliance Officer, MVD

TO: All Motor Vehicle Division staff and county treasurer staff

SUBJECT

This informational memo explains legislation enacted during the 2023 legislative session. HF 593 requires the department or the county treasurer to title, register, and then suspend registration for persons who are required to have proof of financial responsibility/SR-22 insurance (but do not) or whose uninsured vehicle was involved in a crash and they have failed to deposit security.

SUMMARY

HF 593 does three things:

1. Creates an exception from the general rule that the county treasurer or the department can deny a title and registration application if the existing registration stands suspended or revoked. The exception is the county treasurer or department shall not refuse the title and registration transaction as newly provided in Iowa Code sections 321A.5 or 321A.17.
2. Creates a new subsection in 321A.5 that the department or county treasurer shall not refuse the title and registration transaction when a person is required to deposit security. Instead, the department or county treasurer shall title and register the vehicle, and then immediately suspend registration unless and until the owner deposits security.
3. Creates a new subsection in 321A.17 that the department or county treasurer shall not refuse the title and registration transaction when a person is required to show proof of financial responsibility. Instead the department or county treasurer shall title and register the vehicle, and then immediately suspend registration unless and until the person gives and maintains proof of financial responsibility.

The legislation is effective July 1, 2023.

LINK TO LEGISLATION

<https://www.legis.iowa.gov/legislation/BillBook?ga=90&ba=hf593>

CURRENT

Iowa DOT issued guidance in Policy Memo 22-03 that Iowa law requires the department and the county treasurer must deny a title and registration transaction when a customer is required to comply with 321A.5 by depositing security, or is required to comply with 321A.17 by showing proof of financial responsibility/SR-22 but has not done so.

As of March 1, 2023, the Iowa DOT placed a temporary hold on this memo until the legislature acted on the legislation that is the subject of this email. This hold remains in effect.

NEW

As of July 1, the department and county treasurer shall not refuse the title and registration transaction based solely on the customer not depositing security or not showing proof of financial responsibility. Instead, the department or county treasurer shall title and register the vehicle, and then immediately suspend the registration unless and until the customer either deposits security or gives proof of financial responsibility.

BUSINESS IMPACT

On March 1, 2023, Iowa DOT issued guidance that counties should adopt this process while this bill was being considered. This process is now codified. Counties should continue to title, register, and suspend the appropriate transactions in line with this new law.

Policy Memo 22-03, "Clarification on SR-22 Vehicle Title and Registration Stops" remains on hold. MVD will update Policy Memos 22-03 and 23-03 in line with the new legislation, as well as all other materials.

QUESTIONS AND ANSWERS

The following questions and answers provide additional information to you and to customers.

HOW DOES THIS BILL AFFECT REGISTRATION RENEWALS?

This bill does not affect registration renewals.