

Motor Vehicle Division Information Memo # 19-21

2019 Legislation – Travel Trailer Dealer Surety Bond

DATE: June 17, 2019

FROM: Sara Siedsma, Compliance Officer, MVD

TO: All Vehicle and Motor Carrier Services staff, Iowa County Treasurers and County Treasurer's staff

SUBJECT

This informational memo explains legislation enacted during the 2019 legislative session increasing the amount of the surety bond a travel trailer dealer is required to provide to be licensed from \$25,000 to \$75,000.

SUMMARY

House File 391 amended Iowa Code section 322C.4 to increase the surety bond amount a travel trailer dealer is required to provide to be license from \$25,000 to \$75,000. This increase in the surety bond amount brings travel trailer dealers in line with the surety bond amount requirements for a motor vehicle dealer. **The legislation is effective July 1, 2019.**

LINK TO LEGISLATION

<https://www.legis.iowa.gov/docs/publications/LGE/88/HF391.pdf>

CURRENT

Under current law, a travel trailer dealer is only required to furnish a surety bond in the amount of \$25,000 to be licensed.

NEW

The new legislation raised the surety bond amount for travel trailer dealers to \$75,000.

BUSINESS IMPACT

This directive does not significantly impact the way that VMCS operates, however staff that process travel trailer dealer license applications will need to ensure that the applicant has provided proof of the required \$75,000 surety bond amount beginning July 1, 2019.

QUESTIONS AND ANSWERS

The following questions and answers provide additional information that will be helpful to you and to customers.

HOW DOES THIS CHANGE RELATE TO THE NEW TOWABLE RECREATIONAL DEALER LICENSE?

SF 435 authorizing the new definition of towable recreational vehicles is a separate piece of legislation that changes the term "travel trailer" to "towable recreational vehicle" as it relates to dealer licensing. Both this legislation and SF 435 will make changes to Iowa Code chapter 322C. However, the new term essentially replaces the old term so there is no meaningful effect on the surety bond change.

DOES THE SURETY BOND AMOUNT INCREASE IMPACT EXISTING TRAVEL TRAILER DEALERS?

This legislation specifically applies to dealer license applications submitted to Iowa DOT on or after July 1, 2019. However, the surety bond amount increase will apply to the license renewal process for all licenses expiring on December 31, 2020. We will adjust our information and processes to ensure that existing travel trailer dealers are aware of the requirement when renewal notices are sent late in 2020.

WILL WE ACCEPT A RIDER ON AN EXISTING BOND TO MEET THE \$75,000 REQUIREMENT, OR IS AN ENTIRELY NEW BOND REQUIRED?

We will accept a rider on an existing \$25,000 bond that raises it to the \$75,000 requirement.

DOES THE SURETY BOND INCREASE IMPACT ANY PENDING APPLICATIONS FOR A DEALER LICENSE?

No. The legislation specifically applies to dealer license applications submitted to us on or after July 1, 2019. We consider the submission date to be the postmark date for mailed applications. Applications that are dropped off at the Ankeny Vehicle & Motor Carrier Services counter by 4:30 pm central time on Friday, June 28, 2019 will not be subject to the requirements of this legislation.

WHAT HAPPENS IF AN EXISTING TRAVEL TRAILER DEALER IS REVOKED DUE TO A BOND ISSUE?

If an existing dealer with a \$25,000 bond is able to reinstate the bond or secure a new bond and can demonstrate no time gap in bond coverage, then we will restore the dealer's license and the dealer will continue under the requirements for the \$25,000 bond.

If, however, a dealer is revoked due to a bonding issue and experiences a time gap in bond coverage, that dealer will need to reapply for a license. If the license application is submitted on or after July 1, 2019, the dealer will be subject to the new \$75,000 bond requirement.

WHAT HAPPENS IF AN EXISTING TRAVEL TRAILER DEALER IS REVOKED FOR A REASON OTHER THAN A BOND ISSUE?

If the license of an existing dealer with a \$25,000 bond is revoked for any reason other than to reinstate a bond, then the dealer must apply for a new license. If the application for a new license is submitted on or after July 1, 2019, the dealer will be subject to the new \$75,000 bond requirement.