



## **Motor Vehicle Division Policy Memo 23-03**

### ***Temporary guidance for SR-22 vehicle registration stops***

**DATE:** March 1, 2023  
**FROM:** Daniel Yeh, Director, Central Programs Bureau  
**TO:** All MVD staff, Iowa County Treasurers and staff

#### **SUMMARY**

This policy memo acknowledges that HSB 186 and SSB 1171 is being considered by the legislature and if passed would change the guidance previously provided in Policy Memo 22-03. Therefore, the purpose of this memo is to place a temporary hold on certain elements of Policy Memo 22-03, "Clarification on SR-22 Vehicle Title and Registration Stops," until the legislature makes a decision on the proposal. - This memo contains guidance to be used in the interim while the legislature contemplates the proposals on this topic and specifies the procedure to follow when a customer who is subject to the SR-22 stop seeks to title a newly acquired vehicle. This memo authorizes the county treasurer to title and register such vehicles, and then immediately suspend the registration. The interim guidance contained in this memo is effective immediately and will remain in place until after the legislature has made a decision regarding the proposal.

#### **BACKGROUND**

Iowa Code 321A requires certain persons to have proof of financial liability (SR-22 insurance) when that person's driver license has been sanctioned due to a traffic conviction or due to operating while intoxicated. Iowa Code 321A.17 specifies certain actions regarding motor vehicle registration:

- The department shall suspend registration for all motor vehicles registered by that person; and
- No motor vehicle may be registered to that person unless proof of financial responsibility is presented and maintained.

The proof of financial responsibility is shown on an SR-22 form submitted via paper or electronically; hence this registration restriction has become known as an "SR-22 stop."

#### **EXPLANATION OF CHANGE**

PM 22-03 recognizes that it is impossible for a customer who was required to have SR-22 insurance to title a vehicle without SR-22 proof, because the title and registration process are linked in Iowa law. This interpretation was confirmed by the Iowa Attorney General Office in late 2022.

However, the Iowa legislature is currently considering a proposal, HSB 186 / SSB 1171, which would allow a customer who needs to have SR-22 coverage to title and register a vehicle, then have the registration immediately suspended until they provide SR-22 proof, or the SR-22 requirement expires. Specifically, the bill adds language to Iowa Code 321A to state, "If a person who is required to show proof of financial responsibility subsequently acquires a vehicle but fails to show proof of financial responsibility, the vehicle shall be titled and registered, but the registration shall be immediately suspended."

**While the legislature contemplates this change, we are temporarily suspending the guidance in PM 22-03. Effective immediately, County Treasurer offices may proceed to title and register vehicles, but if the customer does not provide adequate SR-22 proof, then the registration shall be suspended immediately.** This process should be virtually identical to the process when a customer has stop for non-payment of child support, where the process was already authorized under Iowa Administrative Rule 761 IAC 400.45.

There is no change to the registration renewal process nor to explanations of SR-22 proofs which are included in PM 22-03. After the legislative session, we will publish a new memo that offers final guidance on the SR-22 stop and incorporates all information into one final memo.

## **QUESTIONS AND ANSWERS**

### **WHY IS THIS CHANGE HAPPENING?**

The change is happening in recognition of the pending legislative decision.

We also recognize the needs of lienholders for security interests to be perfected on a title. Although a security interest is still valid even if not perfected, we recognize that the perfection on a title provides greater assurance to the lienholder and a clearer legal path if the lienholder needs to act on that security interest.

### **CAN A CUSTOMER RECEIVE A TITLE FOR A VEHICLE PURCHASED AFTER PM 22-03 WAS ISSUED BUT BEFORE THIS CHANGE WAS AUTHORIZED?**

Yes. If a customer with an SR-22 requirement currently has an untitled and unregistered vehicle due to lack of SR-22 proof, the county treasurer may use this process (title and register and immediately suspend) regardless of when the vehicle was acquired.

Any vehicle in this situation should be titled and registered to the date of purchase. However, the county should apply all relevant title and annual registration penalties.

### **WHAT FEES ARE COLLECTED?**

The county treasurer should charge and collect all relevant title fees and penalties, annual registration fees and penalties and Fee for New Registration. None of the fees are refundable when the registration is suspended.

### **WHAT HAPPENS TO PM 22-03?**

We are retaining Policy Memo 22-03 because there are major portions that remain valid, especially regarding registration renewal, acceptable proof of financial responsibility and procedures for counties to view or obtain SR-22 proofs that are already on file. There are also other elements which are still factually correct even if they may be irrelevant to this process, such as how dealers or lienholders can perfect liens without a title.

However, we have used a strikethrough font to note the on-hold portions of PM 22-03 and we will add a note to the on-line file to direct individuals to this PM 23-03 for further clarification.

### **IF A VEHICLE IS SUBJECT TO SR-22, MAY A DEALER ISSUE A TEMPORARY TAG, AND MAY THE VEHICLE BE OPERATED ON THE TEMPORARY TAG?**

Yes, but once the county processes the application for title then the temporary tag becomes null and void. We recommend if the dealer is aware of the SR-22 stop that the dealer inform the customer that the title will be issued but registration will be suspended.

Under Iowa Code 321.25, if the customer purchased the vehicle from a dealer and the dealer is submitting the title and registration application, the dealer may issue a “registration applied for” card, commonly known as a temporary tag, to the customer for the vehicle. This allows operation without registration plates for a period of 45-days after the date of delivery and even a vehicle subject to SR-22 requirements may be operated.

Once the county processes the title and registration application and immediately suspends the registration, the temporary tag becomes null and void and the vehicle may not be operated on Iowa public roadways. This is because any law enforcement officer who stops the vehicle will be able to view the ARTS record and see that the registration is suspended.

The temporary tag only allows operation of the vehicle by an individual who is properly credentialed. Issuance of a temporary tag should never be construed as allowing an individual subject to SR-22 requirements to drive on a suspended driver’s license.

If a dealer knows that a purchasing customer is subject to an SR-22 stop and does not have proof of financial responsibility, we recommend that the dealer inform the customer of the situation and explain that the title and registration suspension will occur. The dealer should understand that if the customer has an SR-22 stop, then the customer does not have valid driving privileges and should not be operating a vehicle either for a test drive or to drive the vehicle from the dealer’s lot after purchase.

**IF A VEHICLE IS SUBJECT TO SR-22, MAY A VEHICLE THAT IS NOT ISSUED A TEMPORARY TAG STILL BE OPERATED FOR 30 DAYS AFTER ACQUISITION WITHOUT REGISTRATION?**

Iowa Code 321 indicates that any vehicle subject to registration in Iowa may be operated for up to 30 days prior to registration. Therefore, a vehicle acquired by an individual subject to an SR-22 requirement may still be operated for up to 30 days after the date of acquisition. Once the county processes the title and registration application and suspends the registration, the 30-day allowance immediately ends regardless of whether 30 days has been reached. This is because any law enforcement officer who stops the vehicle will be able to view the ARTS record and see that the registration is suspended.

The 30-day provision only allows operation of the vehicle by an individual who is properly credentialed. The 30-day allowance should never be construed as allowing an individual subject to SR-22 requirements to drive without a valid driver’s license.

**WHAT HAPPENS IF THE VEHICLE IS OPERATED AFTER REGISTRATION IS SUSPENDED?**

Any vehicle subject to these provisions is not legally registered and should not be operated on Iowa public roadways, not even by a properly licensed driver.

**WHAT HAPPENS IF HSB 186 / SSB 1171 ARE NOT PASSED OR ENACTED?**

If HSB 186 / SSB 1171 are not enacted by the conclusion of the 2024 legislative session, then MVD will re-issue guidance regarding the proper procedures for SR-22 stops.

**DOES THIS CHANGE ALSO IMPACT THE STOP FOR “CONTACT DRIVER SERVICES”, ALSO KNOWN AS UNINSURED MOTORIST STOP?**

Yes. Iowa Codes 321A.5 and 321A.7 also create a very similar situation to the SR-22 stop, except it is triggered when an individual has unresolved financial obligations resulting from a crash where the customer had no or insufficient vehicle insurance.

The procedures to title and register a vehicle and then immediately suspend the registration will also apply to the Contact Driver Services stop. However, all the same provisions regarding legality of operating the vehicle, ending the temporary tag allowance and other factors will also apply. Again, counties should inform the customer that despite the vehicle being titled, there is no impact to the driver license suspension and no one may operate the vehicle regardless of driver license status until the suspension is lifted

**Please contact your normal point of contact with the Motor Vehicle Division’s Central Programs Bureau if you have questions about this interim guidance.**