

Regulatory Analysis

Notice of Intended Action to be published: 761—Chapter 431
“Vehicle Recyclers”

Iowa Code section(s) or chapter(s) authorizing rulemaking: 307.12(1)“j” and 321H.4A
State or federal law(s) implemented by the rulemaking: Iowa Code section 307.12(1)“j” and chapter 321H

Public Hearing

A public hearing at which persons may present their views orally or in writing will be held as follows:

February 14, 2025
1 to 1:30 p.m.

[Microsoft Teams](#)
Or dial: 515.817.6093
Conference ID: 488 896 949

Public Comment

Any interested person may submit written comments concerning this Regulatory Analysis, which must be received by the Department of Transportation no later than 4:30 p.m. on the date of the public hearing. Comments should be directed to:

Sara Siedsma
6310 SE Convenience Boulevard
Ankeny, Iowa 50021
Email: sara.siedsma@iowadot.us

Purpose and Summary

The purpose of the proposed chapter is to comply with Iowa Code chapter 321H by outlining the application and eligibility requirements to become a licensed vehicle recycler in the state.

Analysis of Impact

1. Persons affected by the proposed rulemaking:

• **Classes of persons that will bear the costs of the proposed rulemaking:**

There are no costs or fees associated with this chapter beyond what is required by the underlying statute. Rather, the purpose of the rules is to establish the eligibility requirements and application process for persons seeking a vehicle recycler license.

• **Classes of persons that will benefit from the proposed rulemaking:**

Persons seeking to obtain a vehicle recycler license will benefit from this chapter by knowing the eligibility criteria and application process.

2. Impact of the proposed rulemaking, economic or otherwise, including the nature and amount of all the different kinds of costs that would be incurred:

• **Quantitative description of impact:**

There are no additional quantitative impacts that were not already anticipated as a result of the underlying statute, which requires the Department to issue vehicle recycler licenses to qualified applicants.

• **Qualitative description of impact:**

The result of reorganizing, streamlining and reducing redundancy in the proposed chapter will create a positive impact by producing a more user-friendly version that contains information the public relies on for understanding how to obtain a vehicle recycler license.

3. Costs to the State:

• **Implementation and enforcement costs borne by the agency or any other agency:**

There are no additional implementation or enforcement costs in the proposed rules that were not already required as a result of the underlying statutes. The statute requires the Department to issue vehicle recycler licenses to qualified applicants.

• **Anticipated effect on state revenues:**

There are no anticipated effects on state revenues beyond the underlying statute.

4. Comparison of the costs and benefits of the proposed rulemaking to the costs and benefits of inaction:

The benefit of the proposed rules is consistency and transparency concerning the processes and requirements for obtaining a vehicle recycler license in Iowa.

The cost of inaction is the inability for qualified applicants to understand quickly and efficiently what is required to obtain and maintain a vehicle recycler license in Iowa.

There is no benefit of inaction.

5. Determination whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rulemaking:

There are no less costly or less intrusive methods to achieve the purpose of the proposed rules.

6. Alternative methods considered by the agency:

• **Description of any alternative methods that were seriously considered by the agency:**

The Department did not consider alternatives for the proposed rules. The Department is required by the Iowa Code to issue vehicle recycler licenses to qualified applicants.

• **Reasons why alternative methods were rejected in favor of the proposed rulemaking:**

Not applicable.

Small Business Impact

If the rulemaking will have a substantial impact on small business, include a discussion of whether it would be feasible and practicable to do any of the following to reduce the impact of the rulemaking on small business:

• Establish less stringent compliance or reporting requirements in the rulemaking for small business.

• Establish less stringent schedules or deadlines in the rulemaking for compliance or reporting requirements for small business.

• Consolidate or simplify the rulemaking's compliance or reporting requirements for small business.

• Establish performance standards to replace design or operational standards in the rulemaking for small business.

• Exempt small business from any or all requirements of the rulemaking.

If legal and feasible, how does the rulemaking use a method discussed above to reduce the substantial impact on small business?

There is no small business impact beyond what was already anticipated under the statute. The proposed rules apply equally to all persons seeking a vehicle recycler license under the Iowa Code.

Text of Proposed Rulemaking

ITEM 1. Rescind 761—Chapter 431 and adopt the following **new** chapter in lieu thereof:

CHAPTER 431
VEHICLE RECYCLERS

761—431.1(307,321H) Definitions.

“*NMVTIS*” means the National Motor Vehicle Title Information System.

“*Principal place of business*” means a building actually occupied where the public and the department may contact the owner or operator during regular business hours. The principal place of business must be located in this state.

“*Regular business hours*” means to be consistently open to the public on a weekly basis at hours reported to the motor vehicle division. Regular business hours shall include a minimum of 32 posted hours between 7 a.m. and 9 p.m., Monday through Friday.

This rule is intended to implement Iowa Code sections 307.12(1)“j,” 321H.2 and 321H.4.

761—431.2(307,321,321H) Authorized vehicle recycler.

431.2(1) General requirements. Every authorized vehicle recycler shall:

a. Maintain a principal place of business that includes separate and adequate office space for the recycler’s business records and a working telephone service provided specifically for business use, which will allow the public, the department and law enforcement to contact the licensee during business hours.

b. Maintain regular business hours at the principal place of business.

c. Comply with local zoning laws.

d. Comply with the provisions of Iowa Code chapter 306C, relating to the Iowa junkyard control law, when applicable.

e. If subject to the requirements of 28 CFR Section 25.56, effective July 1, 2023, as adopted in Iowa Code section 321H.4A(2)“a,” do all of the following:

(1) Obtain and maintain a registered account with the NMVTIS.

(2) Report, or verify reporting of, inventory to the NMVTIS.

(3) If applicable, verify the seller of a vehicle purchased by the recycler has complied with 28 CFR Section 25.56, effective July 1, 2023, and document such verification on a form prescribed by the department if third-party electronic records are insufficient to verify compliance with 28 CFR Section 25.56, effective July 1, 2023, because the vehicle has been crushed or flattened by mechanical means as stated in Iowa Code section 321H.4A.

(4) Retain records of compliance, including verification forms completed under subparagraph 431.2(1)“e”(3), at the vehicle recycler’s principal place of business for at least three years after the purchase of the vehicle. Records may be stored either in hard copy or electronically.

f. Only represent or advertise the business under the name or style that appears on the recycler’s license.

g. Allow any peace officer to inspect vehicles or component parts of vehicles and the records and documents required to be kept under Iowa Code chapter 321H and this chapter.

431.2(2) Vehicle rebuilder qualifications. For every licensed location, a vehicle rebuilder must have:

a. An unobstructed area inside a building for rebuilding and restoring vehicles. The inside measurement of the unobstructed area must be at least 14 feet by 24 feet.

b. Sufficient storage for all vehicles in the rebuilder’s inventory.

c. Equipment necessary to perform rebuilding and restoring of vehicles in the inventory, such as frame-straightening equipment, a hydraulic jack, alignment and calibration equipment, and tools.

431.2(3) Used vehicle parts dealer qualifications. For every licensed location, a used vehicle parts dealer must have sufficient storage for the vehicle parts in the dealer’s inventory.

431.2(4) Vehicle salvager qualifications. For every licensed location, a vehicle salvager must have:

a. Sufficient storage for vehicles, vehicle parts, and vehicle bodies included in the salvager's inventory.

b. Sufficient equipment necessary to perform dismantling, scrapping or storing of vehicles and vehicle parts in the inventory.

This rule is intended to implement Iowa Code sections 307.12(1)“j,” 321.95, 321H.4 and 321H.4A.

761—431.3(307,321H) Application and requirements for license.

431.3(1) *Application submission.* Application for an authorized vehicle recycler's license shall be made on Form 411117 and submitted to the department with the applicable statutory fee by mail to Motor Vehicle Division, Iowa Department of Transportation, P.O. Box 9278, Des Moines, Iowa 50306-9278. Form 411117 may be obtained by contacting the motor vehicle division, by phone at 515.237.3156, by email to dealer.programs@iowadot.us or on the department's website at www.iowadot.gov/mvd/buyingselling/buyingselling/recycler.

431.3(2) *Required information.* Each application shall include all information required by Iowa Code section 321H.4 and the following information:

- a.* The business name, bona fide business address and telephone number.
- b.* The legal name, bona fide address and telephone number of an owner when the owner of the business is an individual, or the name, bona fide address and phone number of at least two partners or officers if the business is a partnership or corporation.
- c.* The federal employer identification number of the business. If the business is owned by an individual who is not required to have a federal employer identification number, the application shall include the individual's social security number, Iowa nonoperator's identification number or Iowa driver's license number.
- d.* The address of any extension of the applicant's place of business.
- e.* Certification the applicant complies with the requirements for the type of business the applicant engages in as specified under Iowa Code section 321H.4(2)“b.”
- f.* A letter from the appropriate city or county zoning official stating that the business, or any extension of the applicant's business, complies with all applicable zoning provisions or is a legal nonconforming use. The letter must include acknowledgment by the zoning official of the type, or types, of business the applicant is engaged in.
- g.* A statement of the previous criminal history of the applicant. If the applicant is a corporation, the statement is required from each officer. If the applicant is a partnership, the statement is required from each partner.
- h.* The unique NMVTIS identification number as proof of compliance with registration requirements.

This rule is intended to implement Iowa Code sections 307.12(1)“j,” 321H.4 and 321H.4A.

761—431.4(17A,307,321H) Denial, suspension or revocation.

431.4(1) *Denial.* The department shall deny an application if the applicant fails to meet the criteria for issuance of a license under this chapter and is authorized to deny the application for any of the reasons stated in Iowa Code section 321H.6.

431.4(2) *Suspension or revocation.* The department may suspend or revoke the recycler's license for failure to comply with the provisions of this chapter or for any of the reasons stated in Iowa Code section 321H.6.

431.4(3) *Appeal.* A person aggrieved by a decision of the department may contest the decision pursuant to 761—Chapter 13 by submitting an appeal request in writing to the director of the motor vehicle division.

This rule is intended to implement Iowa Code chapter 17A and sections 307.12(1)“j” and 321H.6.