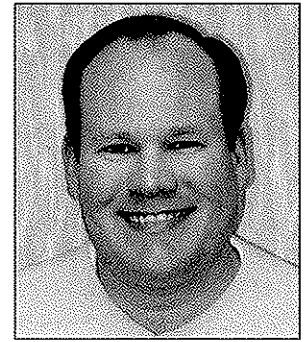


# Iowa Used Motor Vehicle Dealer Education Law

By Will Rogers, Director of Government Affairs



Will Rogers

**A**ttention Iowa Association members who are licensed used motor vehicle dealers. A new law may affect your business.

On April 10, 2007, Governor Culver signed the *Iowa Used Motor Vehicle Dealer Education Law*. This law, which took effect July 1, 2007, requires certification that all used motor vehicle dealer license applicants have met certain educational requirements prior to licensing. The provisions of the law apply to all used motor vehicle dealers with the following exceptions:

- Motor vehicle rental companies having a national franchise
- National motor vehicle auction companies
- Wholesale dealer-only auction companies
- Used car dealerships owned by a franchised motor vehicle dealer
- Banks, credit unions and savings and loan associations

The legislation requires that all license applicants attend an eight-hour pre-licensing course prior to submitting their initial dealer license application.

**Applicants seeking renewal of their current dealer license will be required**

**to take a five-hour continuing education course. Both courses will focus on state and federal regulations pertaining to retail motor vehicle sales.**

All motor vehicle dealer licenses expire on December 31, 2008. **Dealers who wish to retain their license must take the five-hour continuing education course before their license expires.** Failure to do so will require the dealer to file a new license application and pay the required fees.

At least one individual associated with the used motor vehicle dealer as an owner, principal, corporate officer, director, member or partner of a limited liability company or limited liability partnership must complete the required education course.

The legislation authorizes the Iowa Independent Automobile Dealers Association to develop curriculum in consultation with the Iowa Department of Transportation, Iowa Attorney General, Iowa Association of Community College Trustees and the Iowa Department of Education. Courses for the educational program will be provided by community colleges or the Iowa Independent Automobile Dealers

Association in conjunction with a community college. Fees will be established by the Department of Education for the class and instructional materials.

The certificate of course completion, or a copy, must be posted conspicuously in the principal office of the dealership. Failure to display the certificate may be grounds for license revocation.

Information relating to class schedules, locations, and fees may be obtained via the web at: [www.iowaiada.com](http://www.iowaiada.com) or <http://www.iamvd.com/ovs/index.htm>. Contact the Iowa Independent Automobile Dealers Association for class information:

## **Iowa Independent Automobile Dealers Association**

P.O. Box 337  
Panora, IA 50216  
Phone: 866-962-9202  
Fax: 641-755-3247  
E-Mail: [www.iiada@netins.net](mailto:www.iiada@netins.net) ■

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## Iowa Sales Tax Exemption Certificates

**A**n Iowa Sales Tax Exemption Certificate is required when normally taxable items or services are sold tax-free. Usually, these are items for resale or for use in processing, but there are also other reasons for exemption. It is important that the seller knows when to accept an exemption certificate. If audited, the seller will use exemption certificates to support tax-exempt sales. A valid certificate taken without fraudulent intent will pass the tax burden for unreported sales tax from the seller directly to the purchaser.

### **The purchaser must complete a Sales Tax Exemption Certificate**

When normally taxable sales are made

free of sales or use tax, the seller must require the purchaser to complete and sign a Sales Tax Exemption Certificate. This certificate is a proper record of the tax-exempt transaction and must be retained by the seller for at least three years. It identifies the purchaser, the purchaser's business, the items being purchased and the reason for exemption. The purchaser must sign and date the certificate. The purchaser's sales tax permit number must be recorded on the certificate if the purchaser is a retailer.

The department will recognize substitute Sales Tax Exemption Certificate forms, provided they meet certain requirements. **In order to be valid, a**

### **substitute form must include:**

- seller's name
- purchaser's name
- address
- purchaser's nature of business (retailer, farmer, contractor, etc)
- reason for exemption (resale, processing, other)
- general description of the products purchased
- purchaser's Iowa sales tax permit number (if the purchaser is a retailer)
- purchaser's signature
- dated certificate

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**A 'blanket' exemption certificate is accepted in some cases**

If the purchaser repeatedly makes tax-exempt purchases of similar items or services from the same seller, the seller may accept a blanket exemption certificate. The seller can keep this single certificate on file to cover repeat purchases. The seller must verify at least every three years that the information on the blanket exemption certificate is accurate and complete. Keep all blanket exemption certificates on file for a minimum of three years.

**The exemption certificate must be complete to be valid**

An exemption certificate must be thoroughly completed by the purchaser to be regarded as valid. In an audit situation, the department will not recognize an incomplete exemption certificate or a certificate taken with fraudulent intent. Fraudulent intent may be demonstrated by sellers who fraudulently fail to collect the tax or who solicit purchasers to participate in any unlawful claim of exemption. The seller may be held responsible for any sales tax due from such transactions. The seller should question the purchaser's claim of exemption when evidence or circumstances indicate that the items or services purchased will not be used in an exempt manner. If the seller remains unconvinced that the sale is exempt, then the sale should be taxed. *The seller is not required to make a tax-exempt sale.* ■

## ***Dates To Remember***

**I-NEDA Board Meeting**

November 14 – Council Bluffs, Iowa

**I-NEDA Annual Meeting**

November 14 – Council Bluffs, Iowa

**Nebraska Power Farming Show**

December 5-6 – Lincoln, Nebraska

**Association Offices Closed**

November 22-23 – Thanksgiving