

Regulatory Analysis

Notice of Intended Action to be published: Iowa Administrative Code 761—Chapter 750
“Aircraft Registration”

Iowa Code section(s) or chapter(s) authorizing rulemaking: 328.12

State or federal law(s) implemented by the rulemaking: Iowa Code chapters 17A and 328

Public Hearing

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

September 24, 2024
11 to 11:30 a.m.

[Microsoft Teams Link](#)
Or dial: 515.817.6093
Conference ID: 449 766 788

Public Comment

Any interested person may submit written or oral comments concerning this Regulatory Analysis. Written or oral comments in response to this Regulatory Analysis 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:

Tim McClung, Aviation Director
Iowa DOT Modal Transportation Bureau
800 Lincoln Way
Ames, Iowa 50010
Phone: 515.239.1689
Email: tim.mcclung@iowadot.us

Purpose and Summary

Proposed Chapter 750 establishes procedures for the registration and collection of aircraft registration fees and use tax for civil aircraft in Iowa. Aircraft registration fees are deposited to the State Aviation Fund for use on safety, planning, and airport development projects as recommended by the Department and approved by the Iowa Transportation Commission.

Analysis of Impact

1. Persons affected by the proposed rulemaking:
 - Classes of persons that will bear the costs of the proposed rulemaking:
Aircraft owners bear the cost of aircraft registration fees and use taxes required to be collected in Iowa Code chapter 328.
 - Classes of persons that will benefit from the proposed rulemaking:
Pilots, passengers, and all aviation stakeholders rely on a safe and operational aviation system. Aircraft registration is required by Iowa law to fund the aviation system. Both the Department and aviation stakeholders stand to benefit from clear rules that help in the administration of aircraft registration laws.
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:

The rules outline procedures that implement aircraft registration required in Iowa Code chapter 328. An average of \$80 million in aircraft are sold in Iowa each year and approximately 3,000 aircraft are registered with the Department that renew aircraft registration each year. Total registration fees collected each year are approximately \$2 million and an average of \$4.9 million in one-time use tax is collected each year.

- Qualitative description of impact:

Aircraft registration is in place to collect aircraft registration fees from aircraft owners that then pay for aviation safety and infrastructure projects throughout Iowa. Use tax is collected to pay into the General Fund for State of Iowa expenditures. Fees and use tax pay for aviation system needs and provide additional revenue to the State of Iowa.

3. Costs to the State:

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

Department staff time is used to administer initial aircraft registrations, renewals, compliance efforts and customer service. Minimal direct expenses of less than \$5,000 are borne to administer the aircraft registration system.

- Anticipated effect on state revenues:

The annual State Aviation Program is a funding resource for safety, planning, and airport development projects at airports throughout Iowa. Iowa law requiring aircraft registration fees adds approximately \$2 million in revenue toward the State Aviation Program. The collection of the one-time use tax at the first aircraft registration is a revenue source to the State's General Fund averaging \$4.9 million annually. This chapter facilitates the collection of those state revenues.

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

Iowa has 3,000 registered aircraft, 5,700 pilots and large numbers of visiting aircraft to airports throughout Iowa. One million passengers visit Iowa's commercial airports each year by air. There are 62 businesses providing aviation services, 16 helicopter air ambulance bases, six military aviation units, and more than 400 aerial applicators that all rely on safe and well-maintained public-use airport facilities. Aviation is a \$6.4 billion annual industry in Iowa. Safe and operational airport facilities are key to supporting much of this activity. A lack of action on these rules would create chaos in the administration of aircraft registration laws.

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

The chapter helps implement collection of aircraft registration fees required in Iowa law. No direct expenses are incurred by the rules.

6. Alternative methods considered by the agency:

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

The Department determined there were no alternative methods to rules.

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

The chapter is needed to implement aircraft registration requirements in Iowa Code chapter 328.

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?

This chapter does not affect small business.

Text of Proposed Rulemaking

ITEM 1. Rescind 761—Chapter 750 and adopt the following **new** chapter in lieu thereof:

CHAPTER 750
AIRCRAFT REGISTRATION

761—750.1(328) General.

750.1(1) Scope. This chapter establishes the procedures for registration of civil aircraft pursuant to Iowa Code chapter 328.

750.1(2) Contact. Information, instructions, and forms are available from the modal transportation bureau or on the department's website at www.iowadot.gov/aviation. Application forms may also be obtained from aircraft dealers. The mailing address for aircraft registration is the Iowa Department of Transportation, Modal Transportation Bureau, Aircraft Registration, 800 Lincoln Way, Ames, Iowa 50010.

750.1(3) Definitions. The definitions in Iowa Code section 328.1 apply to this chapter. In addition, the following definition is established for the purpose of Iowa Code section 328.21(8):

"Specified minimum level of aviation services to the general public" means the use of aircraft that provide nonagricultural aviation services, including aircraft rental, flight training, or passenger and cargo air carrier operations.

This rule is intended to implement Iowa Code chapter 328.

761—750.2(328) Registration. When an aircraft is registered in Iowa, the model year of the aircraft is used to determine the number of times the aircraft was previously registered, and a reduction of the registration fee is computed accordingly. "Model year," except where otherwise specified, means the year of original manufacture or the year certified by the manufacturer. For the purpose of registration, the model year advances one year each January 1.

This rule is intended to implement Iowa Code section 328.21.

761—750.3(328) First registration procedure.

750.3(1) Registration requirement. A civil aircraft that has an FAA-assigned N number is subject to registration in Iowa unless it is exempt by statute.

750.3(2) Application.

a. The owner of an unregistered aircraft is to submit to the department an application for aircraft registration on a form prescribed by the department.

b. The application is to include the registration fee and the required use tax or evidence of tax exemption.

c. Following review of the application, the department may request additional information or documents from the owner.

d. Upon receipt of a completed application, registration fee, and use tax or evidence of tax exemption, the department will issue to the applicant an aircraft registration certificate for the aircraft.

This rule is intended to implement Iowa Code sections 328.20, 328.21, 328.26, 328.27, 328.44, and 328.45.

761—750.4(328) Aircraft not airworthy. An aircraft that is not airworthy is not subject to registration fees if the owner submits with the registration application a written, signed explanation of the aircraft's condition and an estimate of the date when the aircraft will be airworthy. The department will mark the record of the aircraft until the owner notifies the department that the aircraft is airworthy or until the aircraft is no longer subject to registration in Iowa.

This rule is intended to implement Iowa Code section 328.21.

761—750.5(328) Renewal notice. Thirty days before the end of the registration year, the department will send a renewal notice to the owner of each registered aircraft. The renewal notice will include the registration fee due for the upcoming registration year and the descriptive data recorded for the aircraft.

This rule is intended to implement Iowa Code sections 328.20, 328.21, 328.26, 328.27, 328.37, and 328.56A.

761—750.6(328) Penalty on registration fees.

750.6(1) *Aircraft moved into Iowa.* The penalty on the registration fee accrues from the first day of the month following 30 days from the date the aircraft is moved into Iowa.

750.6(2) *When delinquency extends beyond the current year.* When the penalty on a delinquent registration fee extends beyond the current year, the penalty continues to accrue until paid. The penalty accrues only on the fee applicable at the time the delinquency accrued and is to apply to subsequent registration fees that have not been paid.

750.6(3) *Specific penalty date.* When a specific penalty date is provided by statute or rule, the penalty accrues from that date, even if the day is a Saturday, Sunday or holiday.

This rule is intended to implement Iowa Code sections 328.50 to 328.52.

761—750.7(328) Application for special certificate. When applying to the department for a special certificate, the applicant is to submit reasonable proof of bona fide status as a manufacturer, transporter or dealer. Manufacturer or dealer applicants are to verify that no aircraft have been held in a dealer special certificate inventory for a period of more than three years.

This rule is intended to implement Iowa Code sections 328.28 and 328.29.

761—750.8(328) Lien. The department has the authority to record a lien against the federal aircraft title and sue to collect unpaid fees and penalties.

This rule is intended to implement Iowa Code sections 328.47 to 328.49.

761—750.9(17A) Hearing and appeal process. A person who is aggrieved by a decision of the department and who is entitled to a hearing may contest the decision in accordance with 761—Chapter 13.

This rule is intended to implement Iowa Code chapter 17A.