

SENATE
STATE OF MINNESOTA
NINETY-FIRST SESSION

S.F. No. 1496

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DATE	D-PG	OFFICIAL STATUS
02/21/2019	470	Introduction and first reading Referred to Transportation Finance and Policy
03/13/2019	848a	Comm report: To pass as amended and re-refer to State Government Finance and Policy and Elections
03/20/2019		Comm report: To pass as amended and re-refer to Rules and Administration

1.1 A bill for an act

1.2 relating to motor vehicles; modifying various provisions governing motor vehicle

1.3 titling and registration; amending Minnesota Statutes 2018, sections 80E.13;

1.4 168.013, subdivisions 1a, 6; 168.27, by adding subdivisions; 168.301, subdivision

1.5 3; 168.33, subdivision 8a; 168.346, subdivision 1; 168A.12, subdivision 2; 168A.17,

1.6 by adding a subdivision; proposing coding for new law in Minnesota Statutes,

1.7 chapter 168A.

1.8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.9 Section 1. Minnesota Statutes 2018, section 80E.13, is amended to read:

1.10 **80E.13 UNFAIR PRACTICES BY MANUFACTURERS, DISTRIBUTORS,**

1.11 **FACTORY BRANCHES.**

1.12 It is unlawful and an unfair practice for a manufacturer, distributor, or factory branch

1.13 to engage in any of the following practices:

1.14 (a) delay, refuse, or fail to deliver new motor vehicles or new motor vehicle parts or

1.15 accessories in reasonable time and in reasonable quantity relative to the new motor vehicle

1.16 dealer's facilities and sales potential in the dealer's relevant market area, after having accepted

1.17 an order from a new motor vehicle dealer having a franchise for the retail sale of any new

1.18 motor vehicle sold or distributed by the manufacturer or distributor, if the new motor vehicle

1.19 or new motor vehicle parts or accessories are publicly advertised as being available for

1.20 delivery or actually being delivered. This clause is not violated, however, if the failure is

1.21 caused by acts or causes beyond the control of the manufacturer;

1.22 (b) refuse to disclose to any new motor vehicle dealer handling the same line make, the

1.23 manner and mode of distribution of that line make within the relevant market area;

2.1 (c) obtain money, goods, service, or any other benefit from any other person with whom
2.2 the dealer does business, on account of, or in relation to, the transaction between the dealer
2.3 and the other person, other than for compensation for services rendered, unless the benefit
2.4 is promptly accounted for, and transmitted to, the new motor vehicle dealer;

2.5 (d) increase prices of new motor vehicles which the new motor vehicle dealer had ordered
2.6 for private retail consumers prior to the dealer's receiving the written official price increase
2.7 notification. A sales contract signed by a private retail consumer shall constitute evidence
2.8 of each order if the vehicle is in fact delivered to that customer. In the event of manufacturer
2.9 price reductions, the amount of any reduction received by a dealer shall be passed on to the
2.10 private retail consumer by the dealer if the retail price was negotiated on the basis of the
2.11 previous higher price to the dealer;

2.12 (e) offer any refunds or other types of inducements to any new motor vehicle dealer for
2.13 the purchase of new motor vehicles of a certain line make without making the same offer
2.14 to all other new motor vehicle dealers in the same line make within geographic areas
2.15 reasonably determined by the manufacturer;

2.16 (f) release to any outside party, except under subpoena or in an administrative or judicial
2.17 proceeding involving the manufacturer or dealer, any business, financial, or personal
2.18 information which may be provided by the dealer to the manufacturer, without the express
2.19 written consent of the dealer or unless pertinent to judicial or governmental administrative
2.20 proceedings or to arbitration proceedings of any kind;

2.21 (g) deny any new motor vehicle dealer the right of free association with any other new
2.22 motor vehicle dealer for any lawful purpose;

2.23 (h) unfairly discriminate among its new motor vehicle dealers with respect to warranty
2.24 reimbursement or authority granted its new vehicle dealers to make warranty adjustments
2.25 with retail customers;

2.26 (i) compete with a new motor vehicle dealer in the same line make operating under an
2.27 agreement or franchise from the same manufacturer, distributor, or factory branch. A
2.28 manufacturer, distributor, or factory branch is considered to be competing when it has an
2.29 ownership interest, other than a passive interest held for investment purposes, in a dealership
2.30 of its line make located within the state. A manufacturer, distributor, or factory branch shall
2.31 not, however, be deemed to be competing when operating a dealership, either temporarily
2.32 or for a reasonable period, which is for sale to any qualified independent person at a fair
2.33 and reasonable price, or when involved in a bona fide relationship in which an independent
2.34 person has made a significant investment subject to loss in the dealership and can reasonably

3.1 expect to acquire full ownership and full management and operational control of the
3.2 dealership within a reasonable time on reasonable terms and conditions;

3.3 (j) prevent a new motor vehicle dealer from transferring or assigning a new motor vehicle
3.4 dealership to a qualified transferee. There shall be no transfer, assignment of the franchise,
3.5 or major change in the executive management of the dealership, except as is otherwise
3.6 provided in sections 80E.01 to 80E.17, without consent of the manufacturer, which shall
3.7 not be withheld without good cause. In determining whether good cause exists for
3.8 withholding consent to a transfer or assignment, the manufacturer, distributor, factory
3.9 branch, or importer has the burden of proving that the transferee is a person who is not of
3.10 good moral character or does not meet the franchisor's existing and reasonable capital
3.11 standards and, considering the volume of sales and service of the new motor vehicle dealer,
3.12 reasonable business experience standards in the market area. Denial of the request must be
3.13 in writing and delivered to the new motor vehicle dealer within 60 days after the manufacturer
3.14 receives the completed application customarily used by the manufacturer, distributor, factory
3.15 branch, or importer for dealer appointments. If a denial is not sent within this period, the
3.16 manufacturer shall be deemed to have given its consent to the proposed transfer or change.
3.17 In the event of a proposed sale or transfer of a franchise, the manufacturer, distributor,
3.18 factory branch, or importer shall be permitted to exercise a right of first refusal to acquire
3.19 the franchisee's assets or ownership if:

3.20 (1) the franchise agreement permits the manufacturer, distributor, factory branch, or
3.21 importer to exercise a right of first refusal to acquire the franchisee's assets or ownership
3.22 in the event of a proposed sale or transfer;

3.23 (2) the proposed transfer of the dealership or its assets is of more than 50 percent of the
3.24 ownership or assets;

3.25 (3) the manufacturer, distributor, factory branch, or importer notifies the dealer in writing
3.26 within 60 days of its receipt of the complete written proposal for the proposed sale or transfer
3.27 on forms generally utilized by the manufacturer, distributor, factory branch, or importer for
3.28 such purposes and containing the information required therein and all documents and
3.29 agreements relating to the proposed sale or transfer;

3.30 (4) the exercise of the right of first refusal will result in the dealer and dealer's owners
3.31 receiving the same or greater consideration with equivalent terms of sale as is provided in
3.32 the documents and agreements submitted to the manufacturer, distributor, factory branch,
3.33 or importer under clause (3);

4.1 (5) the proposed change of 50 percent or more of the ownership or of the dealership
4.2 assets does not involve the transfer or sale of assets or the transfer or issuance of stock by
4.3 the dealer or one or more dealer owners to a family member, including a spouse, child,
4.4 stepchild, grandchild, spouse of a child or grandchild, brother, sister, or parent of the dealer
4.5 owner; to a manager who has been employed in the dealership for at least four years and is
4.6 otherwise qualified as a dealer operator; or to a partnership or corporation owned and
4.7 controlled by one or more of such persons; and

4.8 (6) the manufacturer, distributor, factory branch, or importer agrees to pay the reasonable
4.9 expenses, including reasonable attorney fees, which do not exceed the usual customary and
4.10 reasonable fees charged for similar work done for other clients incurred by the proposed
4.11 new owner and transferee before the manufacturer, distributor, factory branch, or importer
4.12 exercises its right of first refusal, in negotiating and implementing the contract for the
4.13 proposed change of ownership or transfer of dealership assets. However, payment of such
4.14 expenses and attorney fees shall not be required if the dealer has not submitted or caused
4.15 to be submitted an accounting of those expenses within 20 days after the dealer's receipt of
4.16 the manufacturer, distributor, factory branch, or importer's written request for such an
4.17 accounting. The manufacturer, distributor, factory branch, or importer may request such an
4.18 accounting before exercising its right of first refusal. The obligation created under this clause
4.19 is enforceable by the transferee;

4.20 (k) threaten to modify or replace or modify or replace a franchise with a succeeding
4.21 franchise that would adversely alter the rights or obligations of a new motor vehicle dealer
4.22 under an existing franchise or that substantially impairs the sales or service obligations or
4.23 investments of the motor vehicle dealer;

4.24 (l) unreasonably deny the right to acquire factory program vehicles to any dealer holding
4.25 a valid franchise from the manufacturer to sell the same line make of vehicles, provided
4.26 that the manufacturer may impose reasonable restrictions and limitations on the purchase
4.27 or resale of program vehicles to be applied equitably to all of its franchised dealers. For the
4.28 purposes of this paragraph, "factory program vehicle" has the meaning given the term in
4.29 section 80E.06, subdivision 2;

4.30 (m) fail or refuse to offer to its same line make franchised dealers all models manufactured
4.31 for that line make, other than alternative fuel vehicles as defined in section 216C.01,
4.32 subdivision 1b. Failure to offer a model is not a violation of this section if the failure is not
4.33 arbitrary and is due to a lack of manufacturing capacity, a strike, labor difficulty, or other
4.34 cause over which the manufacturer, distributor, or factory branch has no control;

5.1 (n) require a dealer to pay an extra fee, or remodel, renovate, or recondition the dealer's
5.2 existing facilities, or purchase unreasonable advertising displays, training, tools, or other
5.3 materials, or to require the dealer to establish exclusive facilities or dedicated personnel as
5.4 a prerequisite to receiving a model or a series of vehicles;

5.5 (o) require a dealer by program, incentive provision, or otherwise to adhere to
5.6 performance standards that are not applied uniformly to other similarly situated dealers.

5.7 A performance standard, sales objective, or program for measuring dealership performance
5.8 that may have a material effect on a dealer, including the dealer's right to payment under
5.9 any incentive or reimbursement program, and the application of the standard or program
5.10 by a manufacturer, distributor, or factory branch must be fair, reasonable, equitable, and
5.11 based on accurate information. Upon written request by any of its franchised dealers located
5.12 within Minnesota, a manufacturer, distributor, or factory branch must provide the method
5.13 or formula used by the manufacturer in establishing the sales volumes for receiving a rebate
5.14 or incentive and the specific calculations for determining the required sales volumes of the
5.15 inquiring dealer and any of the manufacturer's other Minnesota-franchised new motor vehicle
5.16 dealers of the same line-make located within 75 miles of the inquiring dealer. Nothing
5.17 contained in this section requires a manufacturer, distributor, or factory branch to disclose
5.18 confidential business information of any of its franchised dealers or the required numerical
5.19 sales volumes that any of its franchised dealers must attain to receive a rebate or incentive.
5.20 An inquiring dealer may file a civil action as provided in section 80E.17 without a showing
5.21 of injury if a manufacturer, distributor, or factory branch fails to make the disclosure required
5.22 by this section.

5.23 A manufacturer, distributor, or factory branch has the burden of proving that the performance
5.24 standard, sales objective, or program for measuring dealership performance is fair, reasonable,
5.25 and uniformly applied under this section;

5.26 (p) assign or change a dealer's area of sales effectiveness arbitrarily or without due regard
5.27 to the present pattern of motor vehicle sales and registrations within the dealer's market.
5.28 The manufacturer, distributor, or factory branch must provide at least 90 days' notice of the
5.29 proposed change. The change may not take effect if the dealer commences a civil action
5.30 within the 90 days' notice period to determine whether the manufacturer, distributor, or
5.31 factory branch met its obligations under this section. The burden of proof in such an action
5.32 shall be on the manufacturer or distributor. In determining at the evidentiary hearing whether
5.33 a manufacturer, distributor, or factory branch has assigned or changed the dealer's area of
5.34 sales effectiveness or is proposing to assign or change the dealer's area of sales effectiveness
5.35 arbitrarily or without due regard to the present pattern of motor vehicle sales and registrations

6.1 within the dealer's market, the court may take into consideration the relevant circumstances,
6.2 including, but not limited to:

6.3 (1) the traffic patterns between consumers and the same line-make franchised dealers
6.4 of the affected manufacturer, distributor, or factory branch who are located within the
6.5 market;

6.6 (2) the pattern of new vehicle sales and registrations of the affected manufacturer,
6.7 distributor, or factory branch within various portions of the area of sales effectiveness and
6.8 within the market as a whole;

6.9 (3) the growth or decline in population, density of population, and new car registrations
6.10 in the market;

6.11 (4) the presence or absence of natural geographical obstacles or boundaries, such as
6.12 rivers;

6.13 (5) the proximity of census tracts or other geographic units used by the affected
6.14 manufacturer, factory branch, distributor, or distributor branch in determining the same
6.15 line-make dealers' respective areas of sales effectiveness; and

6.16 (6) the reasonableness of the change or proposed change to the dealer's area of sales
6.17 effectiveness, considering the benefits and harm to the petitioning dealer, other same
6.18 line-make dealers, and the manufacturer, distributor, or factory branch;

6.19 (q) to charge back, withhold payment, deny vehicle allocation, or take any other adverse
6.20 action against a dealer when a new vehicle sold by the dealer has been exported to a foreign
6.21 country, unless the manufacturer, distributor, or factory branch can show that at the time
6.22 of sale, the customer's information was listed on a known or suspected exporter list made
6.23 available to the dealer, or the dealer knew or reasonably should have known of the purchaser's
6.24 intention to export or resell the motor vehicle in violation of the manufacturer's export
6.25 policy. There is a rebuttable presumption that the dealer did not know or should not have
6.26 reasonably known that the vehicle would be exported or resold in violation of the
6.27 manufacturer's export policy if the vehicle is titled and registered in any state of the United
6.28 States; ~~or~~

6.29 (r) to implement a charge back or withhold payment to a dealer that is solely due to an
6.30 unreasonable delay by the registrar, as defined in section 168.002, subdivision 29, in the
6.31 transfer or registration of a new motor vehicle. The dealer must give the manufacturer notice
6.32 of the state's delay in writing. Within 30 days of any notice of a charge back, withholding
6.33 of payments, or denial of a claim, the dealer must transmit to the manufacturer: (1)

7.1 documentation to demonstrate the vehicle sale and delivery as reported; and (2) a written
 7.2 attestation signed by the dealer operator or general manager stating that the delay is
 7.3 attributable to the state. This clause expires on June 30, 2022; or

7.4 ~~(†)~~ (s) to require a dealer or prospective dealer by program, incentive provision, or
 7.5 otherwise to construct improvements to its or a predecessor's facilities or to install new signs
 7.6 or other franchisor image elements that replace or substantially alter improvements, signs,
 7.7 or franchisor image elements completed within the preceding ten years that were required
 7.8 and approved by the manufacturer, distributor, or factory branch, including any such
 7.9 improvements, signs, or franchisor image elements that were required as a condition of the
 7.10 dealer or predecessor dealer receiving an incentive or other compensation from the
 7.11 manufacturer, distributor, or factory branch.

7.12 This paragraph shall not apply to a program or agreement that provides lump sum payments
 7.13 to assist dealers in making facility improvements or to pay for signs or franchisor image
 7.14 elements when such payments are not dependent on the dealer selling or purchasing specific
 7.15 numbers of new vehicles and shall not apply to a program that is in effect with more than
 7.16 one Minnesota dealer on August 1, 2018, nor to any renewal of such program, nor to a
 7.17 modification that is not a substantial modification of a material term or condition of such
 7.18 program.

7.19 Sec. 2. Minnesota Statutes 2018, section 168.013, subdivision 1a, is amended to read:

7.20 Subd. 1a. **Passenger automobile; hearse.** (a) On passenger automobiles as defined in
 7.21 section 168.002, subdivision 24, and hearses, except as otherwise provided, the tax is \$10
 7.22 plus an additional tax equal to 1.25 percent of the base value.

7.23 (b) Subject to the classification provisions herein, "base value" means the manufacturer's
 7.24 suggested retail price of the vehicle including destination charge using list price information
 7.25 published by the manufacturer or determined by the registrar if no suggested retail price
 7.26 exists, and shall not include the cost of each accessory or item of optional equipment
 7.27 separately added to the vehicle and the suggested retail price. In the case of the first
 7.28 registration of a new vehicle sold or leased by a licensed dealer, the dealer may elect to
 7.29 individually determine the base value of the vehicle using suggested retail price information
 7.30 provided by the manufacturer. The registrar must use the base value determined by the
 7.31 dealer to properly classify the vehicle. A dealer that elects to make the determination must
 7.32 retain a copy of the suggested retail price label or other supporting documentation with the
 7.33 vehicle transaction records maintained under Minnesota Rules, part 7400.5200.

8.1 (c) If the manufacturer's list price information contains a single vehicle identification
 8.2 number followed by various descriptions and suggested retail prices, the registrar shall
 8.3 select from those listings only the lowest price for determining base value.

8.4 (d) If unable to determine the base value because the vehicle is specially constructed,
 8.5 or for any other reason, the registrar may establish such value upon the cost price to the
 8.6 purchaser or owner as evidenced by a certificate of cost but not including Minnesota sales
 8.7 or use tax or any local sales or other local tax.

8.8 (e) The registrar shall classify every vehicle in its proper base value class as follows:

8.9	FROM	TO
8.10	\$ 0	\$ 199.99
8.11	\$ 200	\$ 399.99

8.12 and thereafter a series of classes successively set in brackets having a spread of \$200
 8.13 consisting of such number of classes as will permit classification of all vehicles.

8.14 (f) The base value for purposes of this section shall be the middle point between the
 8.15 extremes of its class.

8.16 (g) The registrar shall establish the base value, when new, of every passenger automobile
 8.17 and hearse registered prior to the effective date of Extra Session Laws 1971, chapter 31,
 8.18 using list price information published by the manufacturer or any nationally recognized
 8.19 firm or association compiling such data for the automotive industry. If unable to ascertain
 8.20 the base value of any registered vehicle in the foregoing manner, the registrar may use any
 8.21 other available source or method. The registrar shall calculate tax using base value
 8.22 information available to dealers and deputy registrars at the time the application for
 8.23 registration is submitted. The tax on all previously registered vehicles shall be computed
 8.24 upon the base value thus determined taking into account the depreciation provisions of
 8.25 paragraph (h).

8.26 (h) The annual additional tax must be computed upon a percentage of the base value as
 8.27 follows: during the first year of vehicle life, upon 100 percent of the base value; for the
 8.28 second year, 90 percent of such value; for the third year, 80 percent of such value; for the
 8.29 fourth year, 70 percent of such value; for the fifth year, 60 percent of such value; for the
 8.30 sixth year, 50 percent of such value; for the seventh year, 40 percent of such value; for the
 8.31 eighth year, 30 percent of such value; for the ninth year, 20 percent of such value; for the
 8.32 tenth year, ten percent of such value; for the 11th and each succeeding year, the sum of \$25.

8.33 (i) In no event shall the annual additional tax be less than \$25.

9.1 (j) For any vehicle previously registered in Minnesota and regardless of prior ownership,
 9.2 the total amount due under this subdivision and subdivision 1m must not exceed the smallest
 9.3 total amount previously paid or due on the vehicle.

9.4 Sec. 3. Minnesota Statutes 2018, section 168.013, subdivision 6, is amended to read:

9.5 Subd. 6. **Listing by dealers.** The owner of every motor vehicle not exempted by section
 9.6 168.012 or 168.28, ~~shall~~ must, so long as it is subject to taxation within the state, annually
 9.7 list and register the same and pay the tax ~~herein provided annually~~ under this section;
 9.8 provided, however, that any dealer in motor vehicles, to whom dealer's plates have been
 9.9 issued as provided in this chapter, coming into the possession of ~~any such~~ a motor vehicle
 9.10 to be held solely for the purpose of sale or demonstration or both, ~~shall be~~ is entitled to
 9.11 withhold the tax due on the vehicle from the prior registration period or becoming due on
 9.12 ~~such vehicle~~ for the following year and no lien for registration tax as provided in section
 9.13 168.31, subdivision 6, shall attach. When, thereafter, ~~such~~ the vehicle is otherwise used or
 9.14 is sold, leased, or rented to another person, firm, corporation, or association, the tax for the
 9.15 remainder of the year, prorated on a monthly basis, ~~shall become~~ becomes payable
 9.16 immediately.

9.17 Sec. 4. Minnesota Statutes 2018, section 168.27, is amended by adding a subdivision to
 9.18 read:

9.19 Subd. 32. **Multiple licenses.** If a single legal entity holds more than one new or used
 9.20 vehicle dealer license, new and used vehicles owned by the entity may be held and offered
 9.21 for sale at any of the licensed dealership locations without assigning vehicle ownership or
 9.22 title from one licensee to another. This subdivision does not authorize the sale or offering
 9.23 for sale of new vehicles by a licensee that is not authorized by the manufacturer to sell that
 9.24 make of new vehicles.

9.25 Sec. 5. Minnesota Statutes 2018, section 168.27, is amended by adding a subdivision to
 9.26 read:

9.27 Subd. 33. **Designated dealer title and registration liaison.** The registrar must designate
 9.28 by name and provide contact information for one or more registrar employees as needed to
 9.29 (1) promptly and effectively respond to questions from licensed dealers, and (2) troubleshoot
 9.30 dealer issues related to vehicle titling and registration.

10.1 Sec. 6. Minnesota Statutes 2018, section 168.301, subdivision 3, is amended to read:

10.2 Subd. 3. **Late fee.** In addition to any fee or tax otherwise authorized or imposed upon
10.3 the transfer of title for a motor vehicle, the commissioner of public safety shall impose a
10.4 \$2 additional fee for failure to deliver a title transfer within ten business days. This
10.5 subdivision does not apply to transfers from licensed vehicle dealers.

10.6 **EFFECTIVE DATE.** This section is effective July 1, 2020, or upon completion of the
10.7 necessary programming changes to the driver and vehicle services information system,
10.8 whichever is earlier.

10.9 Sec. 7. Minnesota Statutes 2018, section 168.33, subdivision 8a, is amended to read:

10.10 Subd. 8a. **Electronic transmission.** (a) If the commissioner accepts electronic
10.11 transmission of a motor vehicle transfer and registration by a new or used motor vehicle
10.12 dealer, a deputy registrar who is equipped with electronic transmission technology and
10.13 trained in its use shall receive the filing fee provided for in subdivision 7 and review the
10.14 transfer of each new or used motor vehicle to determine its genuineness and regularity
10.15 before issuance of a certificate of title, and shall receive and retain the filing fee under
10.16 subdivision 7, paragraph (a), clause ~~(ii)~~ (2).

10.17 (b) The commissioner must establish reasonable performance, security, technical, and
10.18 financial standards to approve companies that provide computer software and services to
10.19 motor vehicle dealers to electronically transmit vehicle title transfer and registration
10.20 information. An approved company must be offered access to department facilities, staff,
10.21 and technology on a fair and reasonable basis.

10.22 Sec. 8. Minnesota Statutes 2018, section 168.346, subdivision 1, is amended to read:

10.23 Subdivision 1. **Vehicle registration data; federal compliance.** (a) Data on an individual
10.24 provided to register a vehicle shall be treated as provided by United States Code, title 18,
10.25 section 2721, as in effect on May 23, 2005, and shall be disclosed as required or permitted
10.26 by that section. Licensed dealers may obtain data for uses as permitted by United States
10.27 Code, title 18, section 2721, subsections (b)(2), (3), (7), and (13). The commissioner shall
10.28 disclose the data in bulk form to an authorized recipient upon request for any of the
10.29 permissible uses described in United States Code, title 18, section 2721.

10.30 (b) The registered owner of a vehicle who is an individual may consent in writing to the
10.31 commissioner to disclose the individual's personal information exempted by United States
10.32 Code, title 18, section 2721, to any person who makes a written request for the personal

11.1 information. If the registered owner is an individual and so authorizes disclosure, the
11.2 commissioner shall implement the request.

11.3 (c) If authorized by the registered owner as indicated in paragraph (b), the registered
11.4 owner's personal information may be used, rented, or sold solely for bulk distribution by
11.5 organizations for business purposes including surveys, marketing, or solicitation.

11.6 Sec. 9. Minnesota Statutes 2018, section 168A.12, subdivision 2, is amended to read:

11.7 Subd. 2. **Owner's interest terminated or vehicle sold by secured party.** If the interest
11.8 of the owner is terminated or the vehicle is sold under a security agreement by a secured
11.9 party named in the certificate of title or an assignee of the secured party, the transferee shall
11.10 promptly mail or deliver to the department the last certificate of title, if available, an
11.11 application for a new certificate in the format the department prescribes, and an affidavit
11.12 made by or on behalf of the secured party or assignee that the interest of the owner was
11.13 lawfully terminated or the vehicle sold pursuant to the terms of the security agreement. If
11.14 the secured party or assignee succeeds to the interest of the owner and holds the vehicle for
11.15 resale, the secured party or assignee need not secure a new certificate of title provided that
11.16 a notice thereof in a format designated by the department is mailed or delivered by the
11.17 secured party or assignee to the department in duplicate within 48 hours, but upon transfer
11.18 to another person the secured party or assignee shall promptly execute assignment and
11.19 warranty of title and mail or deliver to the transferee or the department the certificate, if
11.20 available, the affidavit, and other documents required to be sent to the department by the
11.21 transferee.

11.22 Sec. 10. Minnesota Statutes 2018, section 168A.17, is amended by adding a subdivision
11.23 to read:

11.24 Subd. 4. **Notice of perfection by dealer.** When a security interest in a vehicle sold by
11.25 a dealer licensed under section 168.27 is perfected under subdivision 2, the dealer may
11.26 provide a statement of perfection to the secured party on a form provided by the department.
11.27 The statement must certify compliance with subdivision 2 and contain the date of delivery
11.28 to the department. The information provided in the dealer's statement is considered prima
11.29 facie evidence of the facts contained in it.

12.1 Sec. 11. [168A.241] MOTOR VEHICLE TITLE AND REGISTRATION EXECUTIVE
 12.2 STEERING COMMITTEE.

12.3 Subdivision 1. Definition. For purposes of this section, "committee" means the Motor
 12.4 Vehicle Title and Registration Executive Steering Committee established in this section.

12.5 Subd. 2. Establishment; purpose. A Motor Vehicle Title and Registration Executive
 12.6 Steering Committee is established in the Department of Public Safety. The purpose of the
 12.7 committee is to provide input within the governance structure for the driver and vehicle
 12.8 services information system on matters relevant to:

12.9 (1) effective and efficient systems relating to the ownership, transfer, and registration
 12.10 of motor vehicles;

12.11 (2) planning and implementing future changes and enhancements to vehicle registration
 12.12 systems; and

12.13 (3) proposed legislation related to the areas identified in clauses (1) and (2), including
 12.14 but not limited to motor vehicle titles, motor vehicle registration, business processes, and
 12.15 distribution of work.

12.16 Subd. 3. Members. (a) The committee consists of:

12.17 (1) six representatives from the Minnesota Deputy Registrar's Association;

12.18 (2) two representatives from the Minnesota Deputy Registrar Business Owners
 12.19 Association;

12.20 (3) two representatives from the Minnesota Automobile Dealers Association;

12.21 (4) one representative from the Northland Independent Automobile Dealers Association;

12.22 (5) five staff members from the Department of Public Safety Driver and Vehicle Services
 12.23 Division;

12.24 (6) five staff members from the Office of MN.IT Services, which must include leadership
 12.25 staff for the driver and vehicle services information system; and

12.26 (7) one representative who performs auctions exclusively for dealers licensed under
 12.27 section 168.27 and not for the general public, appointed by the commissioner following
 12.28 consultation with eligible auto auctions.

12.29 (b) Section 15.059 governs the committee, except that committee members must not
 12.30 receive compensation for serving on the committee.

12.31 Subd. 4. Meetings. (a) The committee must meet at least two times per year.

13.1 (b) The committee is subject to chapter 13D. A committee meeting occurs when a quorum
13.2 is present and the members receive information, discuss, or take action on any matter relating
13.3 to the committee's duties. The committee may conduct meetings as provided in section
13.4 13D.015 or 13D.02. The committee may conduct meetings at any location in the state that
13.5 is appropriate for the purposes of the committee, provided the location is open and accessible
13.6 to the public. Enforcement of this paragraph is governed by section 13D.06, subdivisions
13.7 1 and 2.

13.8 Subd. 5. **Staff.** The commissioner must provide support staff, office space, and
13.9 administrative services for the committee.

13.10 Subd. 6. **Duties.** The committee's duties include but are not limited to:

13.11 (1) serving in an advisory capacity to the commissioner of public safety, the director of
13.12 driver and vehicle services, and the MNLARS Steering Committee established under Laws
13.13 2018, chapter 101, section 4; and

13.14 (2) reviewing and making recommendations with respect to work plans, policy initiatives,
13.15 major activities, and strategic planning.

13.16 Subd. 7. **Report and recommendations.** Before February 15 each year, the commissioner
13.17 must prepare and submit to the chairs and ranking minority members of the committees of
13.18 the house of representatives and the senate with jurisdiction over motor vehicle title and
13.19 registration a report that summarizes the committee's activities, issues identified by the
13.20 committee, methods taken to address the issues, and recommendations for legislative action,
13.21 if needed.

13.22 Subd. 8. **Expiration.** The committee expires June 30, 2022.

13.23 **APPLICATION.** The initial report under subdivision 7 must be submitted before
13.24 February 15, 2020.

13.25 Sec. 12. **VEHICLE REGISTRATION TASK FORCE.**

13.26 Subdivision 1. **Membership.** (a) The Vehicle Registration Task Force consists of the
13.27 following 21 members:

13.28 (1) four senators, including two senators appointed by the senate majority leader and
13.29 two senators appointed by the senate minority leader;

13.30 (2) four members of the house of representatives, including two members appointed by
13.31 the speaker of the house and two members appointed by the minority leader of the house
13.32 of representatives;

- 14.1 (3) one member appointed by the governor from the Office of the Governor;
- 14.2 (4) the commissioner of transportation or a designee;
- 14.3 (5) the chief financial officer of the Department of Transportation or a designee;
- 14.4 (6) the commissioner of public safety or a designee;
- 14.5 (7) the director of Driver and Vehicle Services Division of the Department of Public
- 14.6 Safety or a designee;
- 14.7 (8) the chief financial officer of the Department of Public Safety or a designee;
- 14.8 (9) the state chief information officer or a designee;
- 14.9 (10) the chief financial officer of MN.IT Services or a designee;
- 14.10 (11) one deputy registrar appointed by the Minnesota Deputy Registrar Association;
- 14.11 (12) one deputy registrar appointed by the Minnesota Deputy Registrar Business Owners
- 14.12 Association;
- 14.13 (13) one auto dealer appointed by the Minnesota Automobile Dealers Association;
- 14.14 (14) one person familiar with auto dealer finances appointed by the Minnesota
- 14.15 Automobile Dealers Association; and
- 14.16 (15) the legislative auditor or a designee.
- 14.17 (b) Appointing authorities must make initial appointments to the Vehicle Registration
- 14.18 Task Force by June 1, 2019.
- 14.19 Subd. 2. **Duties.** The Vehicle Registration Task Force is established to study various
- 14.20 methods of vehicle registration and the corresponding fee structures. At a minimum, the
- 14.21 task force must study how each of the following methods could be implemented in Minnesota
- 14.22 in a revenue neutral manner: flat rate, weight-based, value-based, and age-based.
- 14.23 Subd. 3. **Report.** By January 15, 2020, the task force shall report to the chairs and ranking
- 14.24 minority members of the legislative committees with jurisdiction over transportation policy
- 14.25 and finance. The report must:
- 14.26 (1) summarize the activities of the task force;
- 14.27 (2) provide an explanation of how each method examined could be implemented in
- 14.28 Minnesota in a revenue neutral manner;
- 14.29 (3) provide recommendations by the task force on which method is preferable and why;
- 14.30 and

15.1 (4) include any proposed legislative changes needed to implement the recommendations.

15.2 Subd. 4. **First meeting; chair.** The chairs of the Legislative Coordinating Commission
15.3 must convene the first meeting of the Vehicle Registration Task Force by July 1, 2019. At
15.4 the first meeting, the task force shall elect a chair by a majority vote of those members
15.5 present.

15.6 Subd. 5. **Meetings.** The meetings of the commission are subject to Minnesota Statutes,
15.7 chapter 13D.

15.8 Subd. 6. **Administration.** (a) The Legislative Coordinating Commission shall provide
15.9 administrative services for the commission.

15.10 (b) The Department of Transportation, the Department of Public Safety, and MN.IT
15.11 Services must provide the task force with general informational and technical support.

15.12 Subd. 7. **Compensation.** Public members are compensated as provided in Minnesota
15.13 Statutes, section 15.059, subdivision 3.

15.14 Subd. 8. **Expiration.** This section expires the day after submitting the report required
15.15 in subdivision 3 or on January 16, whichever is later.

15.16 **EFFECTIVE DATE.** This section is effective the day following final enactment.

15.17 Sec. 13. **TEMPORARY MOTOR VEHICLE PERMITS.**

15.18 (a) Notwithstanding Minnesota Statutes, sections 168.09, subdivision 7; 168.091,
15.19 subdivision 1; and 168.092, subdivision 1, a temporary permit under any of those sections
15.20 may be issued for a period of up to 180 days, in consultation with the commissioner of
15.21 public safety.

15.22 (b) A temporary permit may only be issued under this section due to inability of the
15.23 driver and vehicle information system to complete a motor vehicle transaction in a timely
15.24 manner.

15.25 **EFFECTIVE DATE.** This section is effective the day following final enactment.

15.26 Sec. 14. **EFFECTIVE DATE.**

15.27 Except as otherwise provided, this act is effective August 1, 2019.