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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 2605

03/03/2014 Authored by Mahoney, Paymar and Zerwas

The bill was read for the first time and referred to the Committee on Commerce and Consumer Protection Finance and Policy

1.1 A bill for an act
1.2 relating to commerce; establishing a fee schedule for automated property system
1.3 transactions; authorizing state auditor to examine fee schedule; delaying effective
1.4 dates for automated property system; requiring reports; amending Minnesota
1.5 Statutes 2012, section 325E.21, by adding a subdivision; Minnesota Statutes
1.6 2013 Supplement, sections 168A.1501, subdivision 5, by adding a subdivision;
1.7 325E.21, subdivisions 1a, 1c, 4; Laws 2013, chapter 126, sections 5; 10; 11.

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

1.9 Section 1. Minnesota Statutes 2013 Supplement, section 168A.1501, subdivision 5,
1.10 is amended to read:

1.11 Subd. 5. **Automated property system.** (a) A scrap vehicle operator must
1.12 completely and accurately provide all the record information required in subdivision 2 by
1.13 transferring it from the operator's computer to the automated property system, by the close
1.14 of business each day, using the interchange file specification format.

1.15 (b) An operator who does not have an electronic point-of-sale program may
1.16 request to be provided software by the automated property system to record the required
1.17 information. If the operator uses a commercially available electronic point-of-sale
1.18 program to record the information required in this section, it must submit the information
1.19 using the interchange file specification format. Any record submitted by an operator
1.20 that does not conform to the interchange file specification format must be corrected and
1.21 resubmitted the next business day. ~~No fees may be charged to an operator for use of the
1.22 automated property system until such time as the legislature enacts a fee schedule.~~

1.23 (c) An operator must display a sign of sufficient size, in a conspicuous place in the
1.24 premises, which informs all patrons that transactions are reported to law enforcement daily.

2.1 (d) Every local law enforcement agency shall participate in the automated property
 2.2 system as an individual agency or in conjunction with another agency or agencies to
 2.3 provide the service.

2.4 (e) This subdivision does not apply to the purchase of a scrap vehicle by a used
 2.5 vehicle parts dealer licensed under section 168.27, for dismantling the vehicle for its parts.

2.6 **EFFECTIVE DATE.** This section is effective April 1, 2015.

2.7 Sec. 2. Minnesota Statutes 2013 Supplement, section 168A.1501, is amended by
 2.8 adding a subdivision to read:

2.9 **Subd. 5a. Fee schedule; audits; reports.** (a) The city of Minneapolis may charge a
 2.10 fee to an operator for use of the automated property system required under subdivision 5.
 2.11 The fee is intended to cover the reasonable costs of operating and maintaining the system
 2.12 under this section and section 325E.21, subdivision 1c. The fee may not exceed 68 cents
 2.13 per transaction for the first four years of operation. Thereafter, the city may adjust the fee
 2.14 schedule to reflect the ongoing, reasonable costs of operating and maintaining the system.

2.15 (b) The state auditor may examine the fee schedule and associated costs under
 2.16 paragraph (a) at any time. The state auditor may bill the city of Minneapolis for the costs
 2.17 of the examination pursuant to sections 6.56, 6.57, and 6.59.

2.18 (c) The city of Minneapolis shall report to the state auditor and chairs and ranking
 2.19 minority members of the senate and house of representatives committees and divisions
 2.20 having jurisdiction over commerce and criminal justice policy by January 15 of each
 2.21 odd-numbered year until January 15, 2019, and every four years thereafter. The report
 2.22 shall include the following information relating to the automated property system: the
 2.23 formula used to determine or adjust the fee schedule, the direct costs of operating and
 2.24 maintaining the system, and a summary of receipts and expenses incurred during the
 2.25 reporting period. The report shall be combined with the report required under section
 2.26 325E.21, subdivision 1d, paragraph (c). Section 3.195 applies to this paragraph.

2.27 (d) For purposes of this subdivision, "transaction" means an entry into the automated
 2.28 property system of a new record or records containing the information required under
 2.29 subdivision 2 per seller.

2.30 Sec. 3. Minnesota Statutes 2013 Supplement, section 325E.21, subdivision 1a, is
 2.31 amended to read:

2.32 Subd. 1a. **Purchase or acquisition record required.** (a) Every scrap metal dealer,
 2.33 including an agent, employee, or representative of the dealer, shall keep a written record at
 2.34 the time of each purchase or acquisition of scrap metal. The record must include:

3.1 (1) an accurate account or description, including the weight if customarily purchased
3.2 by weight, of the scrap metal purchased or acquired;

3.3 (2) the date, time, and place of the receipt of the scrap metal purchased or acquired;

3.4 (3) the name and address of the person selling or delivering the scrap metal;

3.5 (4) the number of the check or electronic transfer used to purchase the scrap metal;

3.6 (5) the number of the seller's or deliverer's driver's license, Minnesota identification
3.7 card number, or other identification document number of an identification document
3.8 issued for identification purposes by any state, federal, or foreign government if the
3.9 document includes the person's photograph, full name, birth date, and signature;

3.10 (6) the license plate number and description of the vehicle used by the person when
3.11 delivering the scrap metal, and any identifying marks on the vehicle, such as a business
3.12 name, decals, or markings, if applicable; and

3.13 (7) a statement signed by the seller, under penalty of perjury as provided in section
3.14 609.48, attesting that the scrap metal is not stolen and is free of any liens or encumbrances
3.15 and the seller has the right to sell it.

3.16 (b) The record, as well as the scrap metal purchased or received, shall at all
3.17 reasonable times be open to the inspection of any law enforcement agency.

3.18 (c) No record is required for property purchased from merchants, manufacturers or
3.19 wholesale dealers, having an established place of business, or of any goods purchased
3.20 at open sale from any bankrupt stock, but a bill of sale or other evidence of open or
3.21 legitimate purchase of the property shall be obtained and kept by the person, which must
3.22 be shown upon demand to any law enforcement agency.

3.23 (d) Except as otherwise provided in this section, a scrap metal dealer or the dealer's
3.24 agent, employee, or representative may not disclose personal information concerning a
3.25 customer without the customer's consent unless the disclosure is made in response to a
3.26 request from a law enforcement agency. A scrap metal dealer must implement reasonable
3.27 safeguards to protect the security of the personal information and prevent unauthorized
3.28 access to or disclosure of the information. For purposes of this paragraph, "personal
3.29 information" is any individually identifiable information gathered in connection with a
3.30 record under paragraph (a).

3.31 (e) This subdivision expires ~~January~~ April 1, 2015.

3.32 Sec. 4. Minnesota Statutes 2013 Supplement, section 325E.21, subdivision 1c, is
3.33 amended to read:

3.34 Subd. 1c. **Automated property system.** (a) Dealers must completely and accurately
3.35 provide all the record information required in subdivision 1b by transferring it from their

4.1 computer to the automated property system, by the close of business each day, using
4.2 the interchange file specification format.

4.3 (b) A dealer who does not have an electronic point-of-sale program may request to
4.4 be provided software by the automated property system to record the required information.
4.5 If the dealer uses a commercially available electronic point-of-sale program to record the
4.6 information required in this section, it must submit the information using the interchange
4.7 file specification format. Any record submitted by a dealer that does not conform to the
4.8 interchange file specification format must be corrected and resubmitted the next business
4.9 day. ~~No fees may be charged to a dealer for use of the automated property system until~~
4.10 ~~such time as the legislature enacts a fee schedule.~~

4.11 (c) A dealer must display a sign of sufficient size, in a conspicuous place in the
4.12 premises, which informs all patrons that transactions are reported to law enforcement daily.

4.13 (d) Every local law enforcement agency shall participate in the automated property
4.14 system as an individual agency or in conjunction with another agency or agencies to
4.15 provide the service.

4.16 **EFFECTIVE DATE.** This section is effective April 1, 2015.

4.17 Sec. 5. Minnesota Statutes 2012, section 325E.21, is amended by adding a subdivision
4.18 to read:

4.19 Subd. 1d. **Fee schedule; audit; reports.** (a) The city of Minneapolis may charge a
4.20 fee to a dealer for use of the automated property system required under subdivision 1c.
4.21 The fee is intended to cover the direct costs of operating and maintaining the system under
4.22 this section and section 168A.1501, subdivision 5. The fee may not exceed 68 cents per
4.23 transaction for the first four years of operation. Thereafter, the city may adjust the fee
4.24 schedule to reflect the ongoing, reasonable costs of operating and maintaining the system.

4.25 (b) The state auditor may examine the fee schedule and associated costs under
4.26 paragraph (a) at any time. The state auditor may bill the city of Minneapolis for the costs
4.27 of the examination pursuant to sections 6.56, 6.57, and 6.59.

4.28 (c) The city of Minneapolis shall report to the state auditor and chairs and ranking
4.29 minority members of the senate and house of representatives committees and divisions
4.30 having jurisdiction over commerce and criminal justice policy by January 15 of each
4.31 odd-numbered year until January 15, 2019, and every four years thereafter. The report
4.32 shall include the following information on the automated property system: formula used
4.33 to determine or adjust the fee schedule, the direct costs of operating and maintaining the
4.34 system, and a summary of receipts and expenses incurred during the reporting period. The

5.1 report shall be combined with the report required under section 168A.1501, subdivision
5.2 5a, paragraph (c). Section 3.195 applies to this paragraph.

5.3 (d) For purposes of this subdivision, "transaction" means an entry into the automated
5.4 property system of a new record or records containing the information required under
5.5 subdivision 1b per seller.

5.6 Sec. 6. Minnesota Statutes 2013 Supplement, section 325E.21, subdivision 4, is
5.7 amended to read:

5.8 Subd. 4. **Registration required.** (a) Every scrap metal dealer shall register with
5.9 and participate in the criminal alert network described in section 299A.61. The dealer
5.10 shall ensure that the dealer's system for receiving incoming notices from the network is
5.11 in proper working order and ready to receive incoming notices. The dealer shall check
5.12 the system for incoming notices twice each day the business is open, once upon opening
5.13 and then again before closing. The dealer shall inform all employees involved in the
5.14 purchasing or receiving of scrap metal of alerts received relating to scrap metal of the type
5.15 that might be conceivably sold to the dealer. In addition, the dealer shall post copies of the
5.16 alerts in a conspicuous location.

5.17 (b) The scrap metal dealer shall pay to the commissioner of public safety a \$50
5.18 annual fee to participate in the criminal alert network and for the educational materials
5.19 described in section 299C.25.

5.20 (c) The commissioner shall notify the scrap metal dealer if a message sent to the
5.21 dealer is returned as undeliverable or is otherwise not accepted for delivery by the dealer's
5.22 system. The dealer shall take action necessary to ensure that future messages are received.

5.23 (d) This subdivision expires ~~January~~ April 1, 2015.

5.24 Sec. 7. Laws 2013, chapter 126, section 5, the effective date, is amended to read:

5.25 **EFFECTIVE DATE.** Subdivisions 1, 2, 3, 4, 6, 7, 8, 9, 10, 11, 12, and 14 are
5.26 effective August 1, 2013. Subdivision 13 is effective January 1, 2014. Subdivision 5 is
5.27 effective ~~January~~ April 1, 2015.

5.28 Sec. 8. Laws 2013, chapter 126, section 10, the effective date, is amended to read:

5.29 **EFFECTIVE DATE.** This section is effective ~~January~~ April 1, 2015.

5.30 Sec. 9. Laws 2013, chapter 126, section 11, the effective date, is amended to read:

5.31 **EFFECTIVE DATE.** This section is effective ~~January~~ April 1, 2015.

6.1 Sec. 10. **EFFECTIVE DATE; LOCAL APPROVAL.**

6.2 Sections 2 and 5 are effective the day after the governing body of the city of
6.3 Minneapolis and its chief clerical officer timely complete their compliance with Minnesota
6.4 Statutes, section 645.021, subdivisions 2 and 3.