

HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH SESSION

H. F. No. 2736

03/07/2012 Authored by Swedzinski, Murdock, Sanders and Hornstein

The bill was read for the first time and referred to the Committee on Transportation Policy and Finance

03/22/2012 Adoption of Report: Pass as Amended and Read Second Time

1.1 A bill for an act
 1.2 relating to public safety; motor vehicles; motor vehicle dealer regulations;
 1.3 expanding the class of eligible buyers for junked vehicles; directing the
 1.4 commissioner of public safety to make certain changes to Minnesota Rules;
 1.5 amending Minnesota Statutes 2010, sections 168.27, subdivisions 2, 3, 3c;
 1.6 168A.151, subdivision 6.

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

1.8 Section 1. Minnesota Statutes 2010, section 168.27, subdivision 2, is amended to read:

1.9 Subd. 2. **New motor vehicle dealer.** (a) A new motor vehicle dealer licensee may
 1.10 sell, broker, wholesale, or auction and solicit and advertise the sale, brokerage, wholesale,
 1.11 or auction of new motor vehicles covered by the franchise and any used motor vehicles,
 1.12 and may lease and solicit and advertise the lease of new motor vehicles and any used
 1.13 motor vehicles. New motor vehicle dealer sales or leases may be either for consumer
 1.14 use at retail or for resale to a dealer. A new motor vehicle dealer may engage in the
 1.15 business of buying or otherwise acquiring vehicles for dismantling the vehicles and
 1.16 selling used parts and remaining scrap materials under chapter 168A, except that a new
 1.17 motor vehicle dealer may not purchase a junked vehicle from a salvage pool, insurance
 1.18 company, or its agent unless the dealer is also licensed as a used vehicle parts dealer or
 1.19 licensed as a scrap metal processor. Nothing in this subdivision requires an applicant for
 1.20 a dealer license who proposes to deal in: (1) new and unused motor vehicle bodies; or
 1.21 (2) type A, B, or C motor homes as defined in section 168.002, subdivision 27, to have
 1.22 a bona fide contract or franchise in effect with either the first-stage manufacturer of the
 1.23 motor home or the manufacturer or distributor of any motor vehicle chassis upon which
 1.24 the new and unused motor vehicle body is mounted. The modification or conversion
 1.25 of a new van-type vehicle into a multipurpose passenger vehicle which is not a motor

2.1 home does not constitute dealing in new or unused motor vehicle bodies, and a person
2.2 engaged in the business of selling these van-type vehicles must have a bona fide contract
2.3 or franchise with the appropriate manufacturer under subdivision 10. A van converter
2.4 or modifier who owns these modified or converted van-type vehicles may sell them at
2.5 wholesale to new motor vehicle dealers having a bona fide contract or franchise with the
2.6 first-stage manufacturer of the vehicles.

2.7 (b) The requirements pertaining to franchises do not apply to persons who remodel
2.8 or convert motor vehicles for medical purposes. For purposes of this subdivision, "medical
2.9 purpose" means certification by a licensed physician that remodeling or conversion of a
2.10 motor vehicle is necessary to enable a disabled person to use the vehicle.

2.11 (c) A new motor vehicle dealer shall not deliver a manufacturer's or importer's
2.12 certificate of origin for a passenger automobile, pickup truck, or van requiring a certificate
2.13 of title according to chapter 168A to any person in conjunction with the sale of a vehicle
2.14 except to the department, another new motor vehicle dealer licensed to sell the same
2.15 line or make, or a person whose primary business is picking up and delivering motor
2.16 vehicle title documents.

2.17 (d) If a new motor vehicle dealer agrees to sell or lease a new motor vehicle using
2.18 the services of a motor vehicle broker, the new motor vehicle dealer may not refuse to
2.19 deliver possession of the vehicle to the buyer or lessee. This paragraph does not require
2.20 delivery unless all arrangements have been properly completed for payment, insurance
2.21 required by law, titling, transfer, and registration of the new vehicle and any trade-in
2.22 vehicle. Delivery may take place at or away from the dealership.

2.23 Sec. 2. Minnesota Statutes 2010, section 168.27, subdivision 3, is amended to read:

2.24 Subd. 3. **Used motor vehicle dealer.** A used motor vehicle dealer licensee may sell,
2.25 lease, broker, wholesale, or auction and solicit and advertise the sale, lease, brokerage,
2.26 wholesale, or auction of any used motor vehicles for consumer use at retail or for resale to
2.27 a dealer. A used motor vehicle dealer may engage in the business of buying or otherwise
2.28 acquiring vehicles for dismantling the vehicles and selling used parts and remaining scrap
2.29 materials under chapter 168A, except that a used motor vehicle dealer may not acquire a
2.30 junked vehicle from a salvage pool, insurance company, or its agent, unless the dealer is
2.31 also licensed as a used vehicle parts dealer or licensed as a scrap metal processor.

2.32 Sec. 3. Minnesota Statutes 2010, section 168.27, subdivision 3c, is amended to read:

2.33 Subd. 3c. **Vehicle salvage pool.** A vehicle salvage pool licensee may store and
2.34 display and may solicit and advertise the storing and displaying, for sale, of damaged or

3.1 junked vehicles as an agent or escrow agent of an insurance company. A vehicle salvage
3.2 pool licensee shall not sell junked vehicles to any party other than a licensed used parts
3.3 dealer or a licensed scrap metal processor.

3.4 Sec. 4. Minnesota Statutes 2010, section 168A.151, subdivision 6, is amended to read:

3.5 Subd. 6. **Authority under junking certificate.** A junking certificate authorizes the
3.6 holder only to possess and transport the vehicle, except that a salvage pool or insurance
3.7 company, or its agent, may sell an unrepairable total loss vehicle with a junking certificate
3.8 to a licensed used parts dealer or a licensed scrap metal processor.

3.9 Sec. 5. **RULE CHANGE.**

3.10 The commissioner shall amend Minnesota Rules, part 7400.5300, subpart 3, to
3.11 remove the words "from Minnesota" and to allow a dealer to sell a junked vehicle as
3.12 described in Minnesota Rules, part 7400.5300, subpart 3, to a purchaser whom the
3.13 dealer verifies is a licensed scrap metal processor. The commissioner must comply with
3.14 Minnesota Statutes, section 14.389, subdivision 5, in adopting the amendment.