

(SENATE AUTHORS: LATZ, Scheid and Rest)

DATE	D-PG	OFFICIAL STATUS
03/10/2011	485	Introduction and first reading Referred to Commerce and Consumer Protection

1.1A bill for an act

1.2relating to commerce; prohibiting a motor vehicle dealer from selling a service

1.3contract from an unregistered provider; amending Minnesota Statutes 2010,

1.4sections 59B.02, by adding a subdivision; 168.27, subdivision 12; proposing

1.5coding for new law in Minnesota Statutes, chapter 59B.

1.6BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7Section 1. Minnesota Statutes 2010, section 59B.02, is amended by adding a

1.8subdivision to read:

1.9Subd. 5b. **Motor vehicle dealer.** "Motor vehicle dealer" means a person engaged in

1.10the business of selling new and unused motor vehicles or used motor vehicles, or both;

1.11having an established place of business for the sale, trade, and display of the motor

1.12vehicles; and having in possession motor vehicles for the purpose of sale or trade.

1.13Sec. 2. **[59B.035] OBLIGATIONS OF MOTOR VEHICLE DEALER.**

1.14Subdivision 1. **Prohibition.** It is unlawful for a motor vehicle dealer to sell, or

1.15facilitate in any manner the sale of, a service contract issued by a provider that is not

1.16registered as required by this chapter at the time of sale.

1.17Subd. 2. **Remedy.** In addition to any other remedy that may be available at law,

1.18a motor vehicle dealer that has violated subdivision 1 is responsible to the consumer

1.19for all contractual obligations of the provider under the service contract in the event of

1.20the provider's nonperformance.

1.21Sec. 3. Minnesota Statutes 2010, section 168.27, subdivision 12, is amended to read:

Subd. 12. **Grounds for suspension and revocation.** (a) A license may be suspended or revoked by the registrar of motor vehicles upon proof satisfactory to the registrar of any of the following:

(1) violations of any of the provisions of this chapter or chapter 59B, 168A, 297B, 325E, or 325F;

(2) violation of or refusal to comply with the requests and order of the registrar;

(3) failure to make or provide to the registrar all listings, notices, and reports required by the registrar;

(4) failure to pay to the registrar all taxes, fees, and arrears due from and by such dealer;

(5) failure to duly apply for renewal of license provided for in this section;

(6) revocation of previous license, of which the records of the registrar relating to the revocation are prima facie evidence of the previous revocation;

(7) failure of continued occupancy of an established place of business;

(8) sale of a new and unused current model motor vehicle other than the make of motor vehicle described in the franchise or contract filed with the original application or renewal thereof, without permission from the registrar;

(9) sale of a new and unused current model motor vehicle to anyone except for consumer use, or to a dealer duly licensed to sell the same make of motor vehicle;

(10) material misstatement or misrepresentation in application for license or renewal;

(11) having advertised, printed, displayed, published, distributed, broadcast, or televised or caused or permitted to be advertised, printed, displayed, published, distributed, broadcast, or televised in any manner whatsoever, or having made orally any statement or representation with regard to the sale, lease, or financing of motor vehicles that is false, deceptive, or misleading;

(12) having been convicted of violating section 325F.69, or having been enjoined due to a violation of section 325F.69;

(13) having been convicted of violating the Minnesota Odometer Law, section 325E.14, 325E.15, or 325E.16, or the federal odometer law, United States Code, title 15, sections 1981 to 1991;

(14) having been convicted of violating the sale of motor vehicles on Sunday law, section 168.275;

(15) having been convicted under section 609.53 of receiving or selling stolen vehicles; or

(16) having pleaded guilty, entered a plea of nolo contendere or no contest, or having been found guilty in a court of competent jurisdiction of any charge of failure to pay state

3.1 or federal income or sales taxes or felony charge of forgery, embezzlement, obtaining  
3.2 money under false pretenses, theft by swindle, extortion, conspiracy to defraud, or bribery.

3.3 (b) With respect to paragraph (a), clauses (12), (13), (15), and (16), the registrar  
3.4 may suspend or revoke a license immediately upon receiving certification of conviction  
3.5 or permanent injunction. A hearing is required under subdivision 13 within 30 days  
3.6 following a summary suspension or revocation under this paragraph, if a hearing is  
3.7 requested by the licensee.

3.8 Sec. 4. **EFFECTIVE DATE.**

3.9 Sections 1 to 3 are effective January 1, 2012.