

CHAPTER 126—H.F.No. 1214

An act relating to commerce; regulating motor vehicles; amending regulation of scrap metal processing; requiring proof of ownership or hold period for vehicles purchased for scrap; creating the automated property system; creating criminal penalties; amending Minnesota Statutes 2012, sections 168.27, subdivisions 1a, 19a, 23; 168A.15, subdivision 3; 168A.153, subdivisions 1, 3; 325E.21, subdivisions 1, 1a, 4, 8, 9, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 168A; repealing Minnesota Statutes 2012, section 168A.153, subdivision 2.

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

Section 1. Minnesota Statutes 2012, section 168.27, subdivision 1a, is amended to read:

Subd. 1a. **Dealer license categories.** (a) No person shall engage in the business of selling new motor vehicles or shall offer to sell, solicit, deliver, or advertise the sale of new motor vehicles without first acquiring a new motor vehicle dealer license.

(b) No person shall engage in the business of selling used motor vehicles or shall offer to sell, solicit, deliver, or advertise the sale of used motor vehicles without first acquiring a used motor vehicle dealer license.

(c) No person shall engage in the business of buying or otherwise acquiring vehicles ~~other than hulks~~; or offering to buy or otherwise acquire, or soliciting or advertising the buying or acquiring of, vehicles ~~other than hulks~~ for processing and selling the metal for remelting without first acquiring a scrap metal processor license.

~~For purposes of this paragraph, a "hulk" is a motor vehicle that is incapable, under its own power, of moving and is incapable of transporting persons or property and has had valuable used parts removed. Its sole value is its metallic content.~~

(d) No person shall be primarily engaged in the business of buying or otherwise acquiring vehicles for the purpose of dismantling the vehicles and selling used parts and the remaining scrap metals without first acquiring a used vehicle parts dealer license.

(e) No person shall engage in the business of storing and displaying, offering to store or display, or soliciting or advertising the storing or displaying, for sale, of damaged or junked vehicles as an agent or escrow agent of an insurance company without first acquiring a vehicle salvage pool license.

(f) No person shall engage in the business of leasing motor vehicles or shall offer to lease, solicit or advertise to lease motor vehicles without first acquiring a motor vehicle lessor license.

(g) No person shall engage in the business of wholesaling motor vehicles to dealers for resale or shall offer to sell, solicit or advertise the sale of motor vehicles to dealers for resale without first acquiring a motor vehicle wholesaler license.

(h) No person shall engage in the business of auctioning motor vehicles for more than one owner at an auction or shall offer to sell, solicit or advertise the sale of motor vehicles at auction without first acquiring a motor vehicle auctioneer license.

(i) No person shall engage in the business of brokering motor vehicles without first acquiring a motor vehicle broker's license.

EFFECTIVE DATE. This section is effective August 1, 2013.

Sec. 2. Minnesota Statutes 2012, section 168.27, subdivision 19a, is amended to read:

Subd. 19a. **Injunction.** (a) The commissioner in the name of the state or a county attorney in the name of a county may institute a civil action in the name of the state in district court for an injunction prohibiting a violation of this section, and for civil penalties not to exceed \$1,000 for each violation of, subdivision 2, 3, 3a, 4, 5a, 6, 7, or 7a, or section 168A.1501, 168A.153, or 325E.21. Filing fees for bringing an action under this section are waived. The court,

(b) Upon proper proof a finding that a preponderance of evidence demonstrates that the defendant has engaged in a practice prohibited by this section violated subdivision 2, 3, 3a, 4, 5a, 6, 7, or 7a, or section 168A.1501, 168A.153, or 325E.21, the court may enjoin the future commission of that practice and award civil penalties for violations of subdivision 2, 3, 4, 5a, 6, 7, or 7a violations and may award civil penalties as authorized by this subdivision. It is not a defense to an action that the state plaintiff may have adequate remedies at law or that the plaintiff has not shown irreparable harm. Service of process must be as in any other civil suit, except that where a defendant in the action is a natural person or firm residing outside the state, or is a foreign corporation, service of process may also be made by personal service outside the state; in the manner provided by section 5.25; or as the court may direct. Process is valid if it satisfies the requirements of due process of law, whether or not the defendant is doing business in Minnesota regularly or habitually. Nothing in this subdivision limits the rights or remedies otherwise available to persons under common law or other statutes of this state.

(c) In determining the civil penalty amount and whether to order injunctive relief under paragraph (b), the court shall consider:

- (1) the number of current violations;
- (2) the gravity of the current violations, including but not limited to the harm caused by the violations;
- (3) the culpability of the defendant as established by evidence of intent, willfulness, or negligence;
- (4) the economic benefit, if any, gained by the person allowing or committing the current violations;
- (5) the history of past violations, including the similarity of previous violations and the current violation, the time elapsed since previous violations, the number of previous violations, and the response of the person to previous violations; and

(6) any other factors as justice may require.

(d) If a court grants injunctive relief under paragraph (b), the court shall consider the factors in paragraph (c) in determining the requirements to include in an injunction. A court issuing an injunction under this section shall have the discretion to fashion an injunction that is reasonably intended to prevent a violator from committing future violations. Such authority shall include, but is not limited to, issuing an order for a period of 12 months which:

(1) requires a defendant to wait up to 15 days before scrapping, dismantling, selling, or otherwise disposing of any vehicle that the defendant has acquired without first having received proof of ownership in compliance with section 168A.1501, subdivision 7, 8, or 9; or

(2) prohibits a defendant from acquiring, scrapping, dismantling, selling, or otherwise disposing of any vehicle without first having received proof of ownership in compliance with section 168A.1501, subdivision 7, 8, or 9.

(e) A court issuing an injunction under this section shall not require the posting of any bond or other security.

(f) In an action brought under this section by a county attorney, all civil penalties collected under this section shall be deposited into the general fund of the county. In an action brought under this section by the attorney general or the commissioner, all civil penalties collected shall be deposited into the general fund of the state.

(g) Nothing in this subdivision limits the rights or remedies which are otherwise available to a person under common law or other statutes of this state.

EFFECTIVE DATE. This section is effective August 1, 2013.

Sec. 3. Minnesota Statutes 2012, section 168.27, subdivision 23, is amended to read:

Subd. 23. ~~Registrar may file charges County or city attorney to prosecute.~~ The registrar or the registrar's appointed inspectors may file charges with the city or county attorney may file charges against any licensee person who violates any of the provisions of this section or section 168A.1501 or 325E.21, including but not limited to, the grounds for suspension or revocation set out in subdivision 12.

EFFECTIVE DATE. This section is effective August 1, 2013.

Sec. 4. Minnesota Statutes 2012, section 168A.15, subdivision 3, is amended to read:

Subd. 3. **Title; scrapped, dismantled, or destroyed vehicle.** ~~An owner who scraps, dismantles, or destroys a vehicle, or A person dealer who purchases a vehicle as scrap or to be dismantled or destroyed; shall immediately have the certificate of title mailed or delivered to the department for cancellation maintain the certificate of title on the vehicle for three years before destroying the title as prescribed by the commissioner. A certificate of title for the vehicle shall not again be issued.~~

Sec. 5. **[168A.1501] SCRAPPED, DISMANTLED, OR DESTROYED VEHICLE.**

Subdivision 1. Definitions. (a) For purposes of this section, the terms defined in this subdivision have the meanings given.

(b) "Law enforcement agency" or "agency" means a duly authorized municipal, county, state, or federal law enforcement agency.

(c) "Person" means an individual, partnership, limited partnership, limited liability company, corporation, or other entity.

(d) "Scrap vehicle" means a motor vehicle purchased primarily as scrap, for its reuse or recycling value as raw metal, or for dismantling for parts.

(e) "Scrap vehicle operator" or "operator" means the following persons who engage in a transaction involving the purchase or acquisition of a scrap vehicle: scrap metal processors licensed under section 168.27, subdivision 1a, paragraph (c); used vehicle parts dealers licensed under section 168.27, subdivision 1a, paragraph (d); scrap metal dealers under section 325E.21; and junk yards under section 471.925.

(f) "Interchange file specification format" means the most recent version of the Minneapolis automated property system interchange file specification format.

(g) "Motor vehicle" has the meaning given in section 169.011, subdivision 42.

(h) "Proof of identification" means a driver's license, Minnesota identification card number, or other identification document issued for identification purposes by any state, federal, or foreign government if the document includes the person's photograph, full name, birth date, and signature.

(i) "Seller" means any seller, prospective seller, or agent of the seller.

Subd. 2. **Purchase or acquisition record required.** (a) Every scrap vehicle operator, including an agent, employee, or representative of the operator, shall create a permanent record written in English, using ink or an electronic record program, as appropriate, at the time of each purchase or acquisition of a scrap vehicle. The record must include:

(1) the vehicle identification number; license plate number, if any, including state of issue and month and year of validation; and vehicle make, model, and color;

(2) the date, time, and place of the receipt of the vehicle purchased or acquired and a unique transaction identifier;

(3) a photocopy or electronic scan of the seller's proof of identification including the identification number;

(4) the amount paid and the number of the check or electronic transfer used to purchase the vehicle;

(5) the license plate number and description of the vehicle used by the person when delivering the scrap vehicle, including the vehicle make and model, and any identifying marks on the vehicle, such as a business name, decals, or markings, if applicable;

(6) a statement signed by the seller, under penalty of perjury as provided in section 609.48, attesting that the scrap vehicle is not stolen and is free of any liens or encumbrances and the seller has the right to sell it;

(7) a copy of the title, if any, provided by the seller of a motor vehicle or, if no title is provided, documentation required under (i) subdivision 8, clause (3), item (i), or (ii) subdivision 9, paragraph (a), clause (3), item (i); and

(8) a copy of the receipt, which must include at least the following information: the name and address of the operator; the date and time the scrap vehicle was received by the operator; an accurate description of the scrap vehicle; and the amount paid for the scrap vehicle.

(b) The record, as well as the scrap vehicle purchased or received, shall at all reasonable times be open to the inspection of any properly identified law enforcement officer.

(c) No record is required for property purchased from manufacturers, salvage pools, merchants operating under a contract with a scrap vehicle operator, insurance companies, rental car companies, financial institutions, charities, dealers licensed under section 168.27, or wholesale dealers, having an established place of business, or of any goods purchased at open sale from any bankrupt stock, but a receipt as required under paragraph (a), clause (8), shall be obtained and kept by the person, which must be shown upon demand to any properly identified law enforcement officer.

(d) The operator must provide a copy of the receipt required under paragraph (a), clause (8), to the seller in every transaction.

(e) Law enforcement agencies in the jurisdiction where an operator is located may conduct regular and routine inspections to ensure compliance, refer violations to the city or county attorney for criminal prosecution, and notify the registrar of motor vehicles.

(f) Except as otherwise provided in this section, a scrap vehicle operator or the operator's agent, employee, or representative may not disclose personal information concerning a customer without the customer's consent unless the disclosure is required by law or made in response to a request from a law

enforcement agency. A scrap vehicle operator must implement reasonable safeguards to protect the security of the personal information and prevent unauthorized access to or disclosure of the information. For purposes of this paragraph, "personal information" is any individually identifiable information gathered in connection with a record under paragraph (a).

Subd. 3. **Retention required.** Records required to be maintained by subdivision 2 shall be retained by the scrap vehicle operator for a period of three years, and a dealer licensed under section 168.27 shall maintain records and information as required under section 168A.11, subdivision 3.

Subd. 4. **Payment by check or electronic transfer required.** (a) Except as provided in paragraph (b), a scrap vehicle operator or the operator's agent, employee, or representative shall pay for all scrap vehicle purchases only by check or electronic transfer.

(b) For purchase of a scrap vehicle without a title, payment shall be made only by check or by electronic transfer of funds to a bank account. Checks shall be payable only to the individual providing proof of identification at the time of purchase. The operator shall retain a record of the mailing address or unique transaction identifier for a period of three years and such information shall at all reasonable times be open for inspection by a properly identified law enforcement officer.

(c) This subdivision does not apply to transactions under subdivision 2, paragraph (c).

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

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

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

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

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

Subd. 6. **Additional reporting.** In addition to the requirements under subdivision 5 if applicable, the following entities must submit information on the purchase or acquisition of a scrap vehicle to the National Motor Vehicle Title Information System, established pursuant to United States Code, title 49, section 30502, by the close of business the following day:

(1) an operator who is not licensed under section 168.27; and

(2) an operator who purchases a scrap vehicle under subdivision 9.

Subd. 7. **Vehicle with proof of ownership; title or bill of sale required.** Except as provided in subdivisions 8, 9, and 10, no person shall purchase a scrap vehicle unless the seller:

(1) provides the vehicle title and lien releases, if the vehicle is subject to any liens, or an official bill of sale issued by a public impound lot, each listing the vehicle identification number;

(2) provides proof of identification; and

(3) signs a statement, under penalty of perjury as provided in section 609.48, attesting that the motor vehicle is not stolen and is free of any liens or encumbrances and that the seller has the right to sell the motor vehicle.

Subd. 8. **Vehicle without proof of ownership; certain older vehicles.** If the provisions of subdivision 7 are not met, an operator may purchase a scrap vehicle if:

(1) the operator is a dealer licensed under section 168.27;

(2) the vehicle has a manufacturer's designated model year equal to or less than the tenth year immediately preceding the current calendar year; and

(3) the seller:

(i) provides printed documentation from the commissioner that the vehicle has not been registered for more than seven years;

(ii) provides proof of identification; and

(iii) signs a statement, under penalty of perjury as provided in section 609.48, attesting that the motor vehicle is not stolen and is free of any liens or encumbrances and that the seller has the right to sell the motor vehicle.

Subd. 9. **Vehicle without proof of ownership; vehicles for dismantling.** (a) If the provisions of subdivision 7 are not met, an operator may purchase a scrap vehicle if:

(1) the operator is a used vehicle parts dealer licensed under section 168.27;

(2) the vehicle is being purchased for dismantling for its parts; and

(3) the seller:

(i) agrees in writing to a sale with a seven-day hold period;

(ii) provides proof of identification; and

(iii) signs a statement, under penalty of perjury as provided in section 609.48, attesting that the motor vehicle is not stolen and is free of any liens or encumbrances and that the seller has the right to sell the motor vehicle.

(b) An operator purchasing a scrap vehicle under this subdivision shall:

(1) hold the vehicle for a period of seven consecutive days, excluding Saturdays, Sundays, and holidays; and

(2) not scrap, resell, dismantle, or in any way destroy the vehicle during the hold period under clause (1).

Subd. 10. **Exempt purchases.** Subdivisions 7, 8, and 9 do not apply when a scrap vehicle is:

(1) purchased from a manufacturer, salvage pool, merchant operating under a contract with a scrap vehicle operator, insurance company, rental car company, financial institution, charity, dealer licensed under section 168.27, or wholesale dealers, having an established place of business, or of any goods purchased at open sale from any bankrupt stock; or

(2) an inoperable motor vehicle with a manufacturer's designated model year equal to or less than the 20th year immediately preceding the current calendar year.

Subd. 11. **Criminal penalty.** A scrap vehicle operator, or the agent, employee, or representative of the operator, who intentionally violates a provision of this section, is guilty of a misdemeanor.

Subd. 12. **Investigative holds; scrap vehicle or parts.** (a) Whenever a law enforcement official from any agency has probable cause to believe that a scrap vehicle or motor vehicle parts in the possession of a scrap vehicle operator are stolen or evidence of a crime and notifies the operator not to sell the item, the scrap vehicle operator shall not (1) process or sell the item, or (2) remove or allow its removal from the premises. This investigative hold must be confirmed in writing by the originating agency within 72 hours and will remain in effect for 30 days from the date of initial notification, or until the investigative hold is canceled or renewed, or until a law enforcement notification to confiscate or directive to release is issued, whichever comes first.

(b) If a scrap vehicle or motor vehicle parts are identified as stolen or evidence in a criminal case, a law enforcement official may:

(1) physically confiscate and remove the item from the scrap vehicle operator, pursuant to a written notification;

(2) place the item on hold or extend the hold under paragraph (a) and leave it on the premises; or

(3) direct its release to a registered owner or owner's agent.

When an item is confiscated, the person doing so shall provide identification upon request of the scrap vehicle operator, and shall provide the name and telephone number of the confiscating agency and investigator, and the case number related to the confiscation.

(c) An operator may request seized property be returned in accordance with section 626.04.

(d) When an investigative hold or notification to confiscate is no longer necessary, the law enforcement official or designee shall so notify the operator.

(e) A scrap vehicle operator may process or otherwise dispose of the scrap vehicle or motor vehicle parts if:

(1) a notification to confiscate is not issued during the investigative hold; or

(2) a law enforcement official does not physically remove the item from the premises within 15 calendar days from issuance of a notification to confiscate.

(f) If a scrap vehicle operator is required to hold a scrap vehicle or motor vehicle parts at the direction of law enforcement for purposes of investigation or prosecution or it is seized by law enforcement, the operator, and any other victim, shall be entitled to seek restitution against the person who delivered the item to the scrap vehicle operator in any criminal case that may arise from the investigation, including any out-of-pocket expenses for storage and lost profit.

Subd. 13. **Video security cameras.** (a) Each scrap vehicle operator shall install and maintain at each location video surveillance cameras, still digital cameras, or similar devices positioned to record or photograph a frontal view showing a clear and readily identifiable image of the face of each seller of a scrap vehicle who enters the location. The scrap vehicle operator shall also photograph the seller's vehicle, including license plate, either by video camera or still digital camera, so that an accurate and complete description of it may be obtained from the recordings made by the cameras. Photographs and recordings must be clearly and accurately associated with their respective records.

(b) The video camera or still digital camera must be kept in operating condition and must be shown upon request to a properly identified law enforcement officer for inspection. The camera must record and display the accurate date and time. The video camera must be turned on at all times when the location is open for business and at any other time when a scrap vehicle is purchased.

(c) Recordings and images required by paragraph (a) shall be retained by the scrap vehicle operator for a minimum period of 60 days and shall at all reasonable times be open to the inspection of any properly identified law enforcement officer.

(d) If the scrap vehicle operator does not purchase some or any scrap vehicles at a specific business location, the operator need not comply with this subdivision with respect to those purchases.

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

Subd. 14. **Preemption of local ordinances.** This section preempts and supersedes any local ordinance or rule concerning the same subject matter.

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

Sec. 6. Minnesota Statutes 2012, section 168A.153, subdivision 1, is amended to read:

Subdivision 1. ~~Older model~~ **Dismantled or destroyed vehicle.** A dealer who buys ~~an older model~~ a vehicle to be dismantled or destroyed shall report to the department within ~~30~~ ten days including the vehicle's license plate number and identification number, and the seller's name and driver's license number.

EFFECTIVE DATE. This section is effective August 1, 2013.

Sec. 7. Minnesota Statutes 2012, section 168A.153, subdivision 3, is amended to read:

Subd. 3. **Notification on vehicle to be dismantled or destroyed; service fee.** ~~Within the time frames prescribed in subdivisions 1 and 2 of acquiring a vehicle titled and registered in Minnesota, a dealer shall notify the registrar that the dealership purchased the vehicle to be dismantled or destroyed.~~ The notification under subdivision 1 must be made electronically as prescribed by the registrar. The dealer may contract this service to a deputy registrar and the registrar may charge a fee not to exceed \$7 per transaction to provide this service.

EFFECTIVE DATE. This section is effective August 1, 2013.

Sec. 8. Minnesota Statutes 2012, section 325E.21, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For purposes of this section, the terms defined in this subdivision have the meanings given.

(b) "Law enforcement agency" or "agency" means a duly authorized municipal, county, state, or federal law enforcement agency.

(c) "Person" means an individual, partnership, limited partnership, limited liability company, corporation, or other entity.

(d) "Scrap metal" means:

(1) wire and cable commonly and customarily used by communication and electric utilities; and

(2) copper, aluminum, or any other metal purchased primarily for its reuse or recycling value as raw metal, including metal that is combined with other materials at the time of purchase, but does not include a scrap vehicle as defined in section 168A.1501, subdivision 1.

(e) "Scrap metal dealer" or "dealer" means a person engaged in the business of buying or selling scrap metal, or both, but does.

The terms do not include a person engaged exclusively in the business of buying or selling new or used motor vehicles or motor vehicle parts, paper or wood products, rags or furniture, or secondhand machinery.

(f) "Interchange file specification format" means the most recent version of the Minneapolis automated property system interchange file specification format.

(g) "Seller" means any seller, prospective seller, or agent of the seller.

(h) "Proof of identification" means a driver's license, Minnesota identification card number, or other identification document issued for identification purposes by any state, federal, or foreign government if the document includes the person's photograph, full name, birth date, and signature.

EFFECTIVE DATE. This section is effective August 1, 2013.

Sec. 9. Minnesota Statutes 2012, section 325E.21, subdivision 1a, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

(e) This subdivision expires January 1, 2015.

EFFECTIVE DATE. This section is effective August 1, 2013.

Sec. 10. Minnesota Statutes 2012, section 325E.21, is amended by adding a subdivision to read:

Subd. 1b. Purchase or acquisition record required. (a) Every scrap metal dealer, including an agent, employee, or representative of the dealer, shall create a permanent record written in English, using an electronic record program at the time of each purchase or acquisition of scrap metal. The record must include:

(1) a complete and accurate account or description, including the weight if customarily purchased by weight, of the scrap metal purchased or acquired;

(2) the date, time, and place of the receipt of the scrap metal purchased or acquired and a unique transaction identifier;

(3) a photocopy or electronic scan of the seller's proof of identification including the identification number;

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

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

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

(7) a copy of the receipt, which must include at least the following information: the name and address of the dealer, the date and time the scrap metal was received by the dealer, an accurate description of the scrap metal, and the amount paid for the scrap metal.

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

(c) No record is required for property purchased from merchants, manufacturers, salvage pools, insurance companies, rental car companies, financial institutions, charities, dealers licensed under section 168.27, or wholesale dealers, having an established place of business, or of any goods purchased at open sale from any bankrupt stock, but a receipt as required under paragraph (a), clause (7), shall be obtained and kept by the person, which must be shown upon demand to any properly identified law enforcement officer.

(d) The dealer must provide a copy of the receipt required under paragraph (a), clause (7), to the seller in every transaction.

(e) Law enforcement agencies in the jurisdiction where a dealer is located may conduct regular and routine inspections to ensure compliance, refer violations to the city or county attorney for criminal prosecution, and notify the registrar of motor vehicles.

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

EFFECTIVE DATE. This section is effective January 1, 2015.

Sec. 11. Minnesota Statutes 2012, section 325E.21, is amended by adding a subdivision to read:

Subd. 1c. Automated property system. (a) Dealers must completely and accurately provide all the record information required in subdivision 1b by transferring it from their computer to the automated property system, by the close of business each day, using the interchange file specification format.

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

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

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

EFFECTIVE DATE. This section is effective January 1, 2015.

Sec. 12. Minnesota Statutes 2012, section 325E.21, subdivision 4, is amended to read:

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

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

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

(d) This subdivision expires January 1, 2015.

Sec. 13. Minnesota Statutes 2012, section 325E.21, subdivision 8, is amended to read:

Subd. 8. ~~Property held by law enforcement~~ Investigative holds; confiscation of property. (a) Whenever a law enforcement official from any agency has probable cause to believe that property in the possession of a scrap metal dealer is stolen or is evidence of a crime and notifies the dealer not to sell the item, ~~the item may not be sold or removed~~ the scrap metal dealer shall not (1) process or sell the item, or (2) remove or allow its removal from the premises. This investigative hold ~~remains~~ must be confirmed in writing by the originating agency within 72 hours and will remain in effect for 90 30 days from the date of initial notification, or until it the investigative hold is canceled or a seizure order is issued renewed, or until a law enforcement notification to confiscate or directive to release is issued, whichever comes first.

- (b) If an item is identified as stolen or evidence in a criminal case, ~~the~~ a law enforcement official may:
- (1) physically seize confiscate and remove it from the scrap metal dealer, pursuant to a written order from the law enforcement official notification; or
 - (2) place the item on hold or extend the hold ~~as provided in this section and leave it in the shop~~ under paragraph (a) and leave it in the licensed premise; or
 - (3) direct its release to a registered owner or owner's agent.
- (~~e~~) When an item is ~~seized~~ confiscated, the person doing so shall provide identification upon request of the scrap metal dealer, and shall provide ~~the dealer~~ the name and telephone number of the seizing confiscating agency and investigator, and the case number related to the seizure confiscation.
- (~~d~~) (c) A dealer may request seized property be returned in accordance with section 626.04.
- (~~e~~) (d) When an ~~order to hold or seize~~ investigative hold or notification to confiscate is no longer necessary, the law enforcement official or designee shall so notify the ~~dealer~~ licensee.
- (e) A scrap metal dealer may process or otherwise dispose of the scrap metal if:
- (1) a notification to confiscate is not issued during the investigative hold; or
 - (2) a law enforcement official does not physically remove the motor vehicle from the premises within 15 calendar days from issuance of a notification to confiscate.
- (f) If a scrap metal dealer is required to hold the metal at the direction of law enforcement for purposes of investigation or prosecution or it is seized by law enforcement, the scrap metal dealer, and any other victim, shall be entitled to seek restitution against the person who delivered the metal to the scrap metal dealer in any criminal case that may arise from the investigation, including any out-of-pocket expenses for storage and lost profit.

EFFECTIVE DATE. This section is effective August 1, 2013.

Sec. 14. Minnesota Statutes 2012, section 325E.21, subdivision 9, is amended to read:

Subd. 9. **Video security cameras required.** (a) Each scrap metal dealer shall install and maintain at each location video surveillance cameras, still digital cameras, or similar devices positioned to record or photograph a frontal view showing a readily identifiable image of the face of each seller or prospective seller of scrap metal who enters the location. The scrap metal dealer shall also photograph the seller's ~~or prospective seller's~~ vehicle, including license plate, either by video camera or still digital camera, so that an accurate and complete description of it may be obtained from the recordings made by the cameras. Photographs and recordings must be clearly and accurately associated with their respective records.

(b) The video camera or still digital camera must be kept in operating condition and must be shown upon request to a properly identified law enforcement officer for inspection. The camera must record and display the accurate date and time. The video camera must be turned on at all times when the location is open for business and at any other time when scrap metal is purchased.

(c) Recordings and images required by paragraph (a) shall be retained by the scrap metal dealer for a minimum period of 60 days and shall at all reasonable times be open to the inspection of any properly identified law enforcement officer.

(~~b~~) (d) If the scrap metal dealer does not purchase some or any scrap metal at a specific business location, the dealer need not comply with this subdivision with respect to those purchases.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 15. Minnesota Statutes 2012, section 325E.21, is amended by adding a subdivision to read:

Subd. 10. **Preemption of local ordinances.** This section preempts and supersedes any local ordinance or rule concerning the same subject matter.

Sec. 16. **AUTOMATED PROPERTY SYSTEM STANDARDS.**

(a) The Minneapolis Police Department, in consultation with law enforcement, prosecutors, the commissioner of public safety, legislators, and representatives from each regulated industry, shall develop the following, with respect to sections 168A.1501 and 325E.21:

(1) by August 1, 2013, a model affidavit of the right to sell a vehicle for use by the regulated industries;
and

(2) by August 1, 2014, standards for implementation and use of the automated property system.

(b) By February 1, 2014, the department shall submit proposed standards under paragraph (a), clause (2), and a report that addresses the following issues and goals to the chairs and ranking minority members of the senate and house of representatives committees and divisions having jurisdiction over commerce and criminal justice policy and funding;

(1) minimizing financial and administrative burdens created by this act on the regulated industries;

(2) developing a user-friendly system that allows one data entry point to update multiple reporting systems;

(3) implementing database management and control protocols, data security protocols, record retention guidelines and procedures, and audit procedures;

(4) controlling and minimizing system costs and developing cost allocation guidelines;

(5) identifying outstanding concerns of any member of the group;

(6) proposing legislation supported by the group; and

(7) addressing any other issues identified by the group, including any minority or dissenting opinions.

(c) By September 1, 2014, the department shall provide copies of the standards under paragraph (a), clause (2), upon request, to anyone required to report using the automated property system under section 168A.1501, subdivision 5, or 325E.21, subdivision 1c.

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

Sec. 17. **SUPERSEDED PROVISIONS.**

Sections 6, 7, and 18 supersede and replace all amendments to Minnesota Statutes, section 168A.153, made in 2013 S.F. 1270, if enacted, regardless of order of enactment.

Sec. 18. **REPEALER.**

Minnesota Statutes 2012, section 168A.153, subdivision 2, is repealed.

EFFECTIVE DATE. This section is effective August 1, 2013.

Presented to the governor May 22, 2013

Signed by the governor May 24, 2013, 1:56 p.m.