

CHAPTER 15--H.F.No. 30

An act relating to public safety; establishing requirements for the purchase or acquisition of catalytic converters; providing for penalties; appropriating money; amending Minnesota Statutes 2022, sections 325E.21, subdivisions 1, 1b, 2, 4, 5, 6, by adding subdivisions; 609.5316, subdivisions 1, 3.

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

Section 1. Minnesota Statutes 2022, 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) "Commissioner" means the commissioner of commerce.

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

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

(e) "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.

(f) "Scrap metal dealer" or "dealer" means a person engaged in the business of buying or selling scrap metal, or both. The terms include a scrap metal processor, as described in section 168.27, subdivision 3a.

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

(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.

Sec. 2. Minnesota Statutes 2022, section 325E.21, subdivision 1b, is amended to read:

Subd. 1b. **Purchase or acquisition record required.** (a) ~~Any person who purchases or receives a catalytic converter must comply with this section.~~

(b) 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 or a motor vehicle. The record must include:

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

(2) the date, time, and place of the receipt of the scrap metal or motor 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 or acquire the scrap metal or motor vehicle;

(5) the license plate number and description of the vehicle used by the person when delivering the scrap metal or motor 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 metal or motor 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 receipt, which must include at least the following information: the name and address of the dealer, the date and time the scrap metal or motor vehicle was received by the dealer, an accurate description of the scrap metal or motor vehicle, and the amount paid for the scrap metal or motor vehicle;

(8) in order to purchase or acquire a detached catalytic converter, the vehicle identification number of the car it was removed from or, as an alternative, any numbers, bar codes, stickers, or other unique markings that result, whether resulting from the pilot project created under subdivision 2b or some other source. The alternative number must be under a numbering system that can be immediately linked to the vehicle identification number by law enforcement; and

(9) ~~the name of the person who removed the catalytic converter~~ identity or identifier of the employee completing the transaction.

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

~~(d)~~ (c) Except for the purchase or acquisition of detached catalytic converters or motor vehicles, no record is required for property purchased or acquired 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 or acquired at open sale from any bankrupt stock, but a receipt as required under paragraph ~~(b)~~ (a), clause (7), shall be obtained and kept by the person, which must be shown upon demand to any properly identified law enforcement officer.

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

~~(f)~~ (e) The commissioner of public safety and law enforcement agencies in the jurisdiction where a dealer is located may conduct ~~regular and routine~~ inspections and audits as necessary to ensure compliance, refer violations to the city or county attorney for criminal prosecution, and notify the registrar of motor vehicles.

~~(g)~~ (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).

Sec. 3. Minnesota Statutes 2022, section 325E.21, subdivision 2, is amended to read:

Subd. 2. **Retention required.** Records required to be maintained by ~~subdivision~~ subdivisions 1a or 1b, 11, 12, and 13 shall be retained by the scrap metal dealer for a period of three years.

Sec. 4. Minnesota Statutes 2022, section 325E.21, subdivision 4, is amended to read:

Subd. 4. **Registration required.** (a) Every scrap metal dealer shall register annually with the commissioner of public safety.

(b) The scrap metal dealer shall pay to the commissioner of public safety a \$50 annual fee.

(c) The commissioner of public safety may cancel or deny the registration of a scrap metal dealer convicted of a felony violation under subdivision 6.

(d) The names and addresses of scrap metal dealers registered under this subdivision are public data on individuals, as defined in section 13.02, subdivision 15, and must be provided by the commissioner of public safety upon request.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to crimes committed on or after that date.

Sec. 5. Minnesota Statutes 2022, section 325E.21, subdivision 5, is amended to read:

Subd. 5. **Training.** Each scrap metal dealer shall review the educational materials provided by the superintendent of the Bureau of Criminal Apprehension under section 299C.25 and ensure that all employees do so as well. A scrap metal dealer engaged in the purchase or acquisition of used catalytic converters shall ensure employees handling catalytic converter transactions are specifically trained and familiar with the additional requirements for catalytic converters.

Sec. 6. Minnesota Statutes 2022, section 325E.21, subdivision 6, is amended to read:

Subd. 6. **Criminal penalty.** ~~A scrap metal dealer, or the agent, employee, or representative of the dealer,~~ (a) A person who intentionally violates a provision of this section, except for subdivision 11, 12, or 13, is guilty of a misdemeanor.

(b) A person who violates subdivision 11, 12, or 13 is guilty of a:

(1) misdemeanor, if the person possesses, purchases, or acquires one catalytic converter;

(2) gross misdemeanor, if the person possesses, purchases, or acquires two catalytic converters;

(3) felony, and may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both, if the person possesses, purchases, or acquires at least three but not more than ten catalytic converters;

(4) felony, and may be sentenced to imprisonment for not more than ten years or to payment of a fine of not more than \$20,000, or both, if the person possesses, purchases, or acquires more than ten but not more than 70 catalytic converters; and

(5) felony, and may be sentenced to imprisonment for not more than 20 years or to payment of a fine of not more than \$100,000, or both, if the person possesses, purchases, or acquires more than 70 catalytic converters.

The number of catalytic converters possessed, purchased, or acquired by a person within any six month period may be aggregated and the person charged accordingly. When two or more offenses are committed by the same person in two or more counties, the person may be prosecuted in any county in which one of the offenses was committed for all of the offenses aggregated under this paragraph.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to crimes committed on or after that date.

Sec. 7. Minnesota Statutes 2022, section 325E.21, is amended by adding a subdivision to read:

Subd. 6a. **Restitution.** When the court imposes a criminal penalty pursuant to subdivision 6, and orders the offender to pay restitution to any identifiable victim, the amount of the out-of-pocket losses considered by the court must include the costs and expenses of replacing a catalytic converter and may include any other restitution costs allowed under section 611A.04.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to crimes committed on or after that date.

Sec. 8. Minnesota Statutes 2022, section 325E.21, is amended by adding a subdivision to read:

Subd. 11. **Prohibition on possessing catalytic converters; exception.** (a) It is unlawful for a person to possess a used catalytic converter that is not attached to a motor vehicle except when:

(1) the converter is marked with the date the converter was removed from the vehicle and the identification number of the vehicle from which the converter was removed or an alternative number to the vehicle identification number; or

(2) the converter has been EPA certified for reuse as a replacement part.

(b) If an alternative number to the vehicle identification number is used, it must be under a numbering system that can be immediately linked to the vehicle identification number by law enforcement. The marking of the vehicle identification or alternative number may be made in any permanent manner, including but not limited to an engraving or use of permanent ink. The marking must clearly and legibly indicate the date removed and the vehicle identification number or the alternative number and the method by which law enforcement can link the converter to the vehicle identification number.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to crimes committed on or after that date.

Sec. 9. Minnesota Statutes 2022, section 325E.21, is amended by adding a subdivision to read:

Subd. 12. **Prohibition.** It is unlawful for a person who is not a registered scrap metal dealer to purchase or acquire a used catalytic converter that is not EPA certified for reuse as a replacement part except when the catalytic converter is attached to a motor vehicle. A used catalytic converter that is EPA certified for reuse as a replacement part may be sold to a person or business for reuse as a replacement part for a motor vehicle when the requirements of subdivision 11 are met.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to crimes committed on or after that date.

Sec. 10. Minnesota Statutes 2022, section 325E.21, is amended by adding a subdivision to read:

Subd. 13. **Purchase or acquisition of catalytic converters.** (a) It is unlawful for a scrap metal dealer to purchase or acquire a used catalytic converter not attached to a motor vehicle unless the converter is marked as required under subdivision 11 and the seller provides a copy of the vehicle's title or registration in order to demonstrate the seller's ownership interest in the property. A bona fide business engaged in vehicle dismantling, vehicle demolishing, scrap metal recycling, or automotive repair services may remove a converter as part of auto repair work or auto recycling without a copy of the vehicle's title or registration, if the business provides:

(1) the identity of the seller's business and a written or electronic signature of the seller;

(2) an itemized list of each detached catalytic converter being sold that includes the donor vehicle identification number or a unique alternative number that can be readily linked to the vehicle identification number by law enforcement; and

(3) the date of the removal of each catalytic converter.

The registered scrap metal dealer purchasing or acquiring the catalytic converters must keep the transaction record, along with the identity and signature of the employee completing the transaction.

(b) Notwithstanding paragraph (a), a scrap metal dealer may purchase or acquire a catalytic converter from a person possessing an old vehicle that is no longer registered and titled without a copy of the registration or title, if the person has an official law enforcement report stating that the agency has verified the person's ownership prior to the removal of the converter from the vehicle.

(c) A scrap metal dealer who purchases or acquires a used catalytic converter not attached to a motor vehicle must record the information received under this subdivision and subdivision 11, including the vehicle identification number or alternative number and the method by which law enforcement can link the converter to the vehicle identification number; make the information available upon request to law enforcement; and, effective beginning August 1, 2024, enter the information into an electronic database available to a law enforcement agency as approved by the commissioner of public safety.

(d) A scrap metal dealer is prohibited from processing, selling, or removing a catalytic converter from the dealer's premises for at least seven days after the catalytic converter purchase or acquisition by the scrap metal dealer.

(e) Paragraphs (c) and (d) do not apply to a scrap metal dealer that purchases or acquires a catalytic converter directly from a different scrap metal dealer that has certified in writing that it has fully complied with paragraphs (c) and (d) with respect to the catalytic converter.

(f) A payment for a catalytic converter must not be made until at least five days after sale to the scrap metal dealer. Payment must be sent by check to the seller's address or a bank account in the seller's name.

(g) Notwithstanding paragraph (f), a scrap metal dealer may pay a bona fide business engaged in vehicle dismantling, vehicle demolishing, scrap metal recycling, or automotive repair services at any time for a direct sale of a catalytic converter by the bona fide business to the scrap metal dealer. Payment must be made by check payable to the seller or deposited electronically in a bank account in the seller's name.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to crimes committed on or after that date.

Sec. 11. Minnesota Statutes 2022, section 325E.21, is amended by adding a subdivision to read:

Subd. 14. **Exception; recovered catalytic converters.** It is not a violation of subdivisions 11, 12, and 13 for a scrap metal dealer to purchase or acquire catalytic converters from a law enforcement agency and marked as recovered contraband as provided in section 609.5316, subdivision 1, paragraph (b).

Sec. 12. Minnesota Statutes 2022, section 325E.21, is amended by adding a subdivision to read:

Subd. 15. **Vehicle electronic database requirement.** (a) Scrap metal dealers must completely and accurately enter all the record information required by subdivision 1b for the purchase or acquisition of a motor vehicle into the electronic database approved by the commissioner of public safety described in subdivision 13, paragraph (c), by the close of business each day.

(b) A scrap metal 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.

(c) The commissioner of public safety must make the information on the electronic database available to a law enforcement agency, including federal law enforcement agencies and law enforcement agencies with jurisdiction outside of Minnesota.

EFFECTIVE DATE. This section is effective August 1, 2024.

Sec. 13. Minnesota Statutes 2022, section 609.5316, subdivision 1, is amended to read:

Subdivision 1. **Contraband.** (a) Except as otherwise provided in this subdivision, if the property is contraband, the property must be summarily forfeited and either destroyed or used by the appropriate agency for law enforcement purposes. Upon summary forfeiture, weapons used must be destroyed by the appropriate agency unless the agency decides to use the weapons for law enforcement purposes or sell the weapons in a commercially reasonable manner to federally licensed firearms dealers, as defined in section 624.7161, subdivision 1. If a weapon is sold under this subdivision, the proceeds must be distributed under section 609.5315, subdivision 5 or 5b.

(b) If the contraband property is a catalytic converter, the appropriate agency shall sell it to a scrap metal dealer or other business that may lawfully possess it under section 325E.21. The agency shall make reasonable efforts to determine whether the person from whom it was stolen can be identified. If able to do this, the agency shall forward the proceeds to that person. If unable to do this, the agency may keep 70 percent of the proceeds from the sale and forward the remaining 30 percent to the prosecutorial office that prosecuted the case resulting in the forfeiture. If the catalytic converter is not marked as required in section 325E.21, the agency shall mark it in a permanent manner, including but not limited to an engraving or permanent ink, indicating that the converter is recovered contraband.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to crimes committed on or after that date.

Sec. 14. Minnesota Statutes 2022, section 609.5316, subdivision 3, is amended to read:

Subd. 3. **Weapons, telephone cloning paraphernalia, automated sales suppression devices, catalytic converters, and bullet-resistant vests.** Weapons used are contraband and must be summarily forfeited to the appropriate agency upon conviction of the weapon's owner or possessor for a controlled substance crime; for any offense of this chapter or chapter 624, or for a violation of an order for protection under section 518B.01, subdivision 14. Bullet-resistant vests, as defined in section 609.486, worn or possessed during the commission or attempted commission of a crime are contraband and must be summarily forfeited to the appropriate agency upon conviction of the owner or possessor for a controlled substance crime or for any offense of this chapter. Telephone cloning paraphernalia used in a violation of section 609.894, and automated sales suppression devices, phantom-ware, and other devices containing an automated sales suppression or phantom-ware device or software used in violation of section 289A.63, subdivision 12, are contraband and must be summarily forfeited to the appropriate agency upon a conviction. A catalytic converter possessed in violation of section 325E.21 is contraband and must be summarily forfeited to the appropriate agency upon a conviction.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to crimes committed on or after that date.

Sec. 15. **DEPARTMENT OF PUBLIC SAFETY; APPROPRIATION.**

\$298,000 in fiscal year 2024 and \$298,000 in fiscal year 2025 are appropriated from the general fund to the commissioner of public safety to perform auditing and registration requirements of Minnesota Statutes, section 325E.21.

Presented to the governor March 16, 2023