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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 1804

02/15/2023 Authored by Kotyza-Witthuhn and Stephenson The bill was read for the first time and referred to the Committee on Commerce Finance and Policy

1.1 A bill for an act
1.2 relating to consumer protection; modifying and adding provision governing the
1.3 sale of certain motor vehicles; amending Minnesota Statutes 2022, sections 53C.01,
1.4 subdivision 12c, by adding a subdivision; 53C.06; 53C.08, subdivisions 1, 1a;
1.5 325F.662, subdivisions 2, 8a, by adding subdivisions.

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

1.7 Section 1. Minnesota Statutes 2022, section 53C.01, is amended by adding a subdivision
1.8 to read:

1.9 Subd. 4a. Global positioning system starter interrupt device. "Global positioning
1.10 system starter interrupt device" or "GPS starter interrupt device" means a device installed
1.11 on a motor vehicle that enables an individual who is not in possession of the motor vehicle
1.12 to remotely disable the motor vehicle's ignition. GPS starter interrupt device includes a
1.13 device commonly referred to as a fuel or ignition kill switch.

1.14 Sec. 2. Minnesota Statutes 2022, section 53C.01, subdivision 12c, is amended to read:

1.15 Subd. 12c. Theft deterrent device. "Theft deterrent device" means the following devices:

- 1.16 (1) a vehicle alarm system;
1.17 (2) a window etch product;
1.18 (3) a body part marking product;
1.19 (4) a steering lock; or
1.20 (5) a pedal or ignition lock; or
1.21 (6) a fuel or ignition kill switch.

2.1 Sec. 3. Minnesota Statutes 2022, section 53C.06, is amended to read:

2.2 **53C.06 VEHICLE CONDITIONAL SALES INSTALLMENT CONTRACT;**
 2.3 **EXAMINATION, SPECIAL INVESTIGATION, COST ASSESSMENT.**

2.4 Subdivision 1. Authority of the commissioner to investigate contracts. (a) For the
 2.5 purpose of discovering violations of sections 53C.01 to 53C.14 or securing information
 2.6 lawfully required by the commissioner hereunder, the commissioner may, at any time, either
 2.7 personally or by a person or persons duly designated by the commissioner, investigate the
 2.8 conditional sales contracts and business related to the conditional sales contracts and examine
 2.9 the books, accounts, records, and files used therein, of every licensee, assignee of the licensee,
 2.10 and of every person who shall be engaged in the business of a sales finance company,
 2.11 including the retail seller and assignee of the retail seller, whether the person shall act as
 2.12 principal or agent, or under or without the authority of sections 53C.01 to 53C.14. For that
 2.13 purpose, the commissioner and the commissioner's duly designated representative shall
 2.14 have free access to the offices and places of business, books, accounts, papers, records,
 2.15 files, safes, and vaults of all these persons. The commissioner and all persons duly designated
 2.16 by the commissioner shall have authority to require the attendance of and to examine, under
 2.17 oath, all persons whomsoever whose testimony the commissioner may require relative to
 2.18 the conditional sales contract or the business or to the subject matter of any examination,
 2.19 investigation, or hearing.

2.20 Subd. 2. Authority of commissioner to examine records and assess fees. (b) The
 2.21 commissioner may make an examination of the affairs, business, office, and records of
 2.22 licensees, and of other persons subject to examination under this section, as often as
 2.23 considered necessary. The commissioner may assess a fee covering the necessary costs of
 2.24 an examination or special investigation under this section, section 53C.04, or reports filed
 2.25 under section 53C.07. The fee is payable to the commissioner on the commissioner's request
 2.26 for payment. The commissioner may maintain an action for the recovery of the costs in any
 2.27 court of competent jurisdiction.

2.28 Subd. 3. Limitations on conditional sale contracts on used motor vehicles. (a) A
 2.29 retail installment contract for a used motor vehicle must not include a term rendering the
 2.30 contract voidable, subject to modification, or otherwise not binding on the dealer as a result
 2.31 of the dealer's inability or unwillingness to sell, assign, or otherwise transfer the contract
 2.32 to a third party after executing the contract.

2.33 (b) A dealer is prohibited from releasing or transferring possession of a used motor
 2.34 vehicle to a buyer or prospective buyer, other than for a test drive, unless the sale and

3.1 purchase of the used motor vehicle, including all the financing terms for the sale and
3.2 purchase, is final. Once the dealer releases or transfers possession of a used motor vehicle,
3.3 other than for a test drive, the dealer is prohibited from changing the terms, including the
3.4 financing terms, of the transaction.

3.5 (c) A dealer is prohibited from taking possession of a trade-in vehicle from a buyer until
3.6 the sale and purchase of a used motor vehicle, including all the financing terms, is final.

3.7 Sec. 4. Minnesota Statutes 2022, section 53C.08, subdivision 1, is amended to read:

3.8 Subdivision 1. **Terms and limitations.** (a) Every retail installment contract shall be in
3.9 writing, shall contain all the agreements of the parties, shall be signed by the retail buyer
3.10 and seller, and a copy signed by the retail buyer shall be furnished to such retail buyer at
3.11 the time the retail buyer executes the contract. The contract must be written in the language
3.12 used to negotiate the transaction. The copy signed by both the retail buyer and retail seller
3.13 shall be provided to the retail buyer within seven days after delivery of the vehicle. With
3.14 respect to any contract executed prior to August 1, 1996, which has not been paid in full by
3.15 the retail buyer, the retail seller shall provide such retail buyer a copy signed by both the
3.16 retail buyer and retail seller within 120 days after August 1, 1996.

3.17 (b) No provisions for confession of judgment or power of attorney therefor contained
3.18 in any retail installment contract or contained in a separate agreement relating thereto, shall
3.19 be valid or enforceable.

3.20 (c) The holder of a precomputed retail installment contract may, if the contract so
3.21 provides, collect a delinquency and collection charge on each installment in arrears for a
3.22 period not less than ten days in an amount not in excess of five percent of each installment
3.23 or \$5, whichever is greater. In addition to such delinquency and collection charge, the retail
3.24 installment contract, whether interest-bearing or precomputed, may provide for the payment
3.25 of attorneys' fees not exceeding 15 percent of the amount due and payable under such
3.26 contract where such contract is referred to an attorney not a salaried employee of the holder
3.27 of the contract for collection plus the court costs.

3.28 (d) Unless written notice has been given to the retail buyer of actual or intended
3.29 assignment of a retail installment contract, payment thereunder or tender thereof made by
3.30 the retail buyer to the last known holder of such contract shall be binding upon all subsequent
3.31 holders or assignees.

3.32 (e) Upon written request from the retail buyer, the holder of the retail installment contract
3.33 shall give or forward to the retail buyer a written statement of the dates and amounts of

4.1 payments and the total amount unpaid under such contract. A retail buyer shall be given a
4.2 written receipt for any payment when made in cash.

4.3 Sec. 5. Minnesota Statutes 2022, section 53C.08, subdivision 1a, is amended to read:

4.4 Subd. 1a. **Disclosures required.** (a) Prior to the execution of a retail installment contract,
4.5 the seller shall provide to a buyer, and obtain the buyer's signature on, a written disclosure
4.6 that sets forth the following information:

4.7 (1) a description and the total price of all items sold in the following categories if the
4.8 contract includes a charge for the item:

4.9 (i) a service contract;

4.10 (ii) an insurance product;

4.11 (iii) a debt cancellation agreement;

4.12 (iv) a theft deterrent device; or

4.13 (v) a surface protection product;

4.14 (2) whether a GPS starter interrupt device is installed on the motor vehicle, regardless
4.15 of whether the contract includes a charge for the GPS starter interrupt device;

4.16 ~~(2)~~ (3) the amount that would be calculated under the contract as the regular installment
4.17 payment if charges for the items referenced under clause (1) are not included in the contract;

4.18 ~~(3)~~ (4) the amount that would be calculated under the contract as the regular installment
4.19 payment if charges for the items referenced under clause (1) are included in the contract;

4.20 and

4.21 ~~(4)~~ (5) the disclosures required under this subdivision must be in at least ten-point type
4.22 and must be contained in a single document that is separate from the retail installment
4.23 contract and any other vehicle purchase documents.

4.24 (b) The disclosures required under this subdivision must be provided (1) in the buyer's
4.25 primary language if the debt settlement services provider advertises in that language, or (2)
4.26 in the language used to negotiate the transaction, regardless of whether the seller advertises
4.27 in that language.

5.1 Sec. 6. Minnesota Statutes 2022, section 325F.662, subdivision 2, is amended to read:

5.2 Subd. 2. **Written warranty required.** (a) Every used motor vehicle sold by a dealer is
5.3 covered by an express warranty which the dealer shall provide to the consumer. At a
5.4 minimum, the express warranty applies for the following terms:

5.5 (1) if the used motor vehicle has less than 36,000 miles, the warranty must remain in
5.6 effect for at least 60 days or 2,500 miles, whichever comes first;

5.7 (2) if the used motor vehicle has 36,000 miles or more, but less than 75,000 miles, the
5.8 warranty must remain in effect for at least 30 days or 1,000 miles, whichever comes first;

5.9 and

5.10 (3) if the used motor vehicle has 75,000 miles or more, the warranty must remain in
5.11 effect for at least ten days or 100 miles, whichever comes first.

5.12 (b) The express warranty must require the dealer, in the event of a malfunction, defect,
5.13 or failure in a covered part, to repair or replace the covered part, or at the dealer's election,
5.14 to accept return of the used motor vehicle from the consumer and provide a refund to the
5.15 consumer.

5.16 (c) For used motor vehicles with less than 36,000 miles, the dealer's express warranty
5.17 shall cover, at minimum, the following parts:

5.18 (1) with respect to the engine, all lubricated parts, intake manifolds, engine block, cylinder
5.19 head, rotary engine housings, and ring gear;

5.20 (2) with respect to the transmission, the automatic transmission case, internal parts, and
5.21 the torque converter; or, the manual transmission case, and the internal parts;

5.22 (3) with respect to the drive axle, the axle housings and internal parts, axle shafts, drive
5.23 shafts and output shafts, and universal joints; but excluding the secondary drive axle on
5.24 vehicles, other than passenger vans, mounted on a truck chassis;

5.25 (4) with respect to the brakes, the master cylinder, vacuum assist booster, wheel cylinders,
5.26 hydraulic lines and fittings, and disc brakes calipers;

5.27 (5) with respect to the steering, the steering gear housing and all internal parts, power
5.28 steering pump, valve body, piston, and rack;

5.29 (6) the water pump;

5.30 (7) the externally mounted mechanical fuel pump;

5.31 (8) the radiator;

6.1 (9) the alternator, generator, and starter.

6.2 (d) For used motor vehicles with 36,000 miles or more, but less than 75,000 miles, the
6.3 dealer's express warranty shall cover, at minimum, the following parts:

6.4 (1) with respect to the engine, all lubricated parts, intake manifolds, engine block, cylinder
6.5 head, rotary engine housings, and ring gear;

6.6 (2) with respect to the transmission, the automatic transmission case, internal parts, and
6.7 the torque converter; or, the manual transmission case, and internal parts;

6.8 (3) with respect to the drive axle, the axle housings and internal parts, axle shafts, drive
6.9 shafts and output shafts, and universal joints; but excluding the secondary drive axle on
6.10 vehicles, other than passenger vans, mounted on a truck chassis;

6.11 (4) with respect to the brakes, the master cylinder, vacuum assist booster, wheel cylinders,
6.12 hydraulic lines and fittings, and disc brake calipers;

6.13 (5) with respect to the steering, the steering gear housing and all internal parts, power
6.14 steering pump, valve body, and piston;

6.15 (6) the water pump;

6.16 (7) the externally mounted mechanical fuel pump.

6.17 (e)(1) A dealer's obligations under the express warranty remain in effect notwithstanding
6.18 the fact that the warranty period has expired, if the consumer promptly notified the dealer
6.19 of the malfunction, defect, or failure in the covered part within the specified warranty period
6.20 and, within a reasonable time after notification, brings the vehicle or arranges with the dealer
6.21 to have the vehicle brought to the dealer for inspection and repair.

6.22 (2) If a dealer does not have a repair facility, the dealer shall designate where the vehicle
6.23 must be taken for inspection and repair.

6.24 (3) In the event the malfunction, defect, or failure in the covered part occurs at a location
6.25 which makes it impossible or unreasonable to return the vehicle to the selling dealer, the
6.26 consumer may have the repairs completed elsewhere with the consent of the selling dealer,
6.27 which consent may not be unreasonably withheld.

6.28 (4) Notwithstanding the provisions of this paragraph, a consumer may have nonwarranty
6.29 maintenance and nonwarranty repairs performed other than by the selling dealer and without
6.30 the selling dealer's consent.

6.31 (f) Nothing in this section diminishes the obligations of a manufacturer under an express
6.32 warranty issued by the manufacturer. The express warranties created by this section do not

7.1 require a dealer to repair or replace a covered part if the repair or replacement is covered
 7.2 by a manufacturer's new car warranty, or the manufacturer otherwise agrees to repair or
 7.3 replace the part.

7.4 (g) The express warranties created by this section do not cover defects or repair problems
 7.5 which result from collision, abuse, negligence, or lack of adequate maintenance following
 7.6 sale to the consumer.

7.7 (h) The terms of the express warranty, including the duration of the warranty and the
 7.8 parts covered, must be fully, accurately, and conspicuously disclosed by the dealer on the
 7.9 front of the Buyers Guide.

7.10 (i) A used motor vehicle dealer that fails to provide the written warranty under this
 7.11 subdivision violates section 325F.69.

7.12 Sec. 7. Minnesota Statutes 2022, section 325F.662, subdivision 8a, is amended to read:

7.13 Subd. 8a. **Certified motor vehicle.** (a) It is unlawful for a dealer to advertise for sale
 7.14 or sell a used motor vehicle as "certified" or use any similar descriptive term in the
 7.15 advertisement or the sale of a used motor vehicle that implies the vehicle has been certified
 7.16 to meet the terms of a used motor vehicle certification program if any of the following apply:

7.17 (1) the dealer knows or should know that the odometer on the vehicle does not indicate
 7.18 actual mileage, has been rolled back or otherwise altered to show fewer miles, or has been
 7.19 replaced with an odometer showing fewer miles than actually driven;

7.20 (2) the dealer knows or should know that the vehicle was reacquired by the vehicle's
 7.21 manufacturer or a dealer pursuant to state or federal warranty laws;

7.22 (3) the dealer knows or should know that the title to the vehicle has been inscribed with
 7.23 the notation "damaged," "flood," "junk," "lemon law buyback," "manufacturer repurchase,"
 7.24 "nonrepairable," "rebuilt," "reconditioned," "salvage," or similar title designation required
 7.25 by this state or another state;

7.26 (4) the dealer knows or should know that the vehicle has sustained damage in an impact,
 7.27 fire, or flood, that substantially impairs the use or safety of the vehicle;

7.28 (5) the dealer knows or should know that the vehicle has sustained frame damage;

7.29 (6) prior to sale, the dealer fails to provide the buyer with a completed inspection report
 7.30 indicating all the components inspected; or

7.31 (7) the dealer disclaims any warranties of merchantability on the vehicle; ~~or.~~

8.1 ~~(8) the vehicle is sold "AS IS."~~

8.2 (b) This section does not abrogate or limit any disclosure obligation imposed by any
8.3 other law.

8.4 Sec. 8. Minnesota Statutes 2022, section 325F.662, is amended by adding a subdivision
8.5 to read:

8.6 Subd. 8b. **Right of buyer if tampering discovered.** A buyer has the right to return a
8.7 used motor vehicle for a full refund at any time within the first year after purchase if the
8.8 buyer discovers a violation of section 325E.14, subdivision 1.

8.9 Sec. 9. Minnesota Statutes 2022, section 325F.662, is amended by adding a subdivision
8.10 to read:

8.11 Subd. 8c. **Single-language transactions.** When engaging in a transaction to sell a used
8.12 motor vehicle, the dealer and the consumer must conduct the transaction in a single language.
8.13 The dealer and the consumer must agree on the language used before commencing a
8.14 discussion or negotiation that may lead to a sale or transaction, and the dealer must
8.15 memorialize the agreement. Before executing a contract, the dealer must ensure the consumer
8.16 understands the terms of the contract.

8.17 Sec. 10. Minnesota Statutes 2022, section 325F.662, is amended by adding a subdivision
8.18 to read:

8.19 Subd. 8d. **Price disclosure.** (a) A dealer must prominently display the price of a used
8.20 motor vehicle so that a consumer has access to the price before expressing interest in the
8.21 used motor vehicle or engaging in a transaction to purchase the used motor vehicle.

8.22 (b) For purposes of this subdivision, a dealer prominently displays a used motor vehicle's
8.23 price by:

8.24 (1) displaying the vehicle's price in large print on the vehicle's windshield;

8.25 (2) clearly indicating the price on the dealer's website; or

8.26 (3) any other equivalent means that provides a consumer adequate notice of the vehicle's
8.27 price without directly engaging the dealer or one of the dealer's employees.

8.28 Sec. 11. **EFFECTIVE DATE.**

8.29 Sections 1 to 10 are effective August 1, 2023, and apply to motor vehicle retail installment
8.30 contracts executed on or after that date.