

**SENATE
STATE OF MINNESOTA
NINETIETH SESSION**

S.F. No. 1637

(SENATE AUTHORS: LOUREY)

DATE
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OFFICIAL STATUS
Introduction and first reading
Referred to Commerce and Consumer Protection Finance and Policy

1.1 A bill for an act
1.2 relating to commerce; allowing an exemption from posting a surety bond for certain
1.3 vehicle dealers who demonstrate financial responsibility; amending Minnesota
1.4 Statutes 2016, section 168.27, subdivision 24.

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

1.6 Section 1. Minnesota Statutes 2016, section 168.27, subdivision 24, is amended to read:

1.7 Subd. 24. **Bonds.** (a) Except as otherwise provided in this subdivision, all persons
1.8 licensed according to this section shall keep in full force and effect a bond with a corporate
1.9 surety to be approved by the registrar of motor vehicles in the following amounts; in the
1.10 case of boat trailer, snowmobile trailer, horse trailer or motorized bicycle dealers, or dealers
1.11 in trailers with a manufacturer's rated carrying capacity under 15,000 pounds designed to
1.12 transport small construction or farm equipment, in the amount of \$5,000; and as to all other
1.13 persons in the amount of \$50,000. The bond must be conditioned on the faithful performance
1.14 by the licensee of the obligations imposed on persons engaged in motor vehicle transactions
1.15 by the laws of this state, including the conduct required of a licensee by this section and
1.16 other sections governing the sale or transfer of motor vehicles, and the payment of all taxes,
1.17 license fees, and penalties. The bond must be for the benefit of the state of Minnesota and
1.18 any transferor, seller, or purchaser of a motor vehicle for any monetary loss caused by failure
1.19 of the licensee to meet the obligations enumerated above. Proceedings on the forfeiture of
1.20 the bonds must be commenced in the district court of the county wherein the business of
1.21 the licensed person was carried on, or if in more than one county, the county in which the
1.22 offense occurred. This subdivision does not apply to a used vehicle parts dealer or a scrap
1.23 metal processor.

1.24 (b) This subdivision does not apply to:

2.1 (1) a dealer in new trailers designed to transport small construction or farm equipment
2.2 in any year following a year in which the dealer had less than \$500,000 in gross receipts
2.3 from the sale of such trailers; or

2.4 (2) a dealer in new trailers designed to transport small construction or farm equipment
2.5 who has been a dealer in such trailers for less than one year and who the department
2.6 reasonably determines will have gross receipts of less than \$500,000 during the first year
2.7 of business.

2.8 (c) A licensee may apply for an exemption to the bond requirement under this subdivision.
2.9 A licensee seeking an exemption must provide the commissioner with an itemized financial
2.10 statement showing the assets and liabilities of the applicant. If the commissioner determines,
2.11 from the financial statement or otherwise, that the applicant is financially responsible, the
2.12 commissioner may exempt the applicant from furnishing a bond until the commissioner
2.13 orders otherwise.