

State of Minnesota

HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. **1214**

03/04/2013 Authored by Mahoney, Paymar, Lesch, Mariani, Johnson, S., and others
The bill was read for the first time and referred to the Committee on Public Safety Finance and Policy

03/07/2013 Adoption of Report: Pass and re-referred to the Committee on Judiciary Finance and Policy

03/13/2013 Adoption of Report: Pass as Amended and re-referred to the Committee on Transportation Policy

03/18/2013 Adoption of Report: Pass and Read Second Time

05/03/2013 By motion, re-referred to the Committee on Commerce and Consumer Protection Finance and Policy

05/15/2013 Adoption of Report: Pass as Amended and re-referred to the Committee on Rules and Legislative Administration

05/16/2013 Adoption of Report: Pass and Read Second Time

1.1 A bill for an act

1.2 relating to commerce; regulating motor vehicles; amending regulation of scrap

1.3 metal processing; requiring proof of ownership or hold period for vehicles

1.4 purchased for scrap; creating the automated property system; creating criminal

1.5 penalties; amending Minnesota Statutes 2012, sections 168.27, subdivisions

1.6 1a, 19a, 23; 168A.15, subdivision 3; 168A.153, subdivisions 1, 3; 325E.21,

1.7 subdivisions 1, 1a, 4, 8, 9, by adding subdivisions; proposing coding for new

1.8 law in Minnesota Statutes, chapter 168A; repealing Minnesota Statutes 2012,

1.9 section 168A.153, subdivision 2.

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

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

1.12 Subd. 1a. **Dealer license categories.** (a) No person shall engage in the business of

1.13 selling new motor vehicles or shall offer to sell, solicit, deliver, or advertise the sale of

1.14 new motor vehicles without first acquiring a new motor vehicle dealer license.

1.15 (b) No person shall engage in the business of selling used motor vehicles or shall

1.16 offer to sell, solicit, deliver, or advertise the sale of used motor vehicles without first

1.17 acquiring a used motor vehicle dealer license.

1.18 (c) No person shall engage in the business of buying or otherwise acquiring vehicles

1.19 ~~other than hulks~~; or offering to buy or otherwise acquire, or soliciting or advertising the

1.20 buying or acquiring of, vehicles ~~other than hulks~~ for processing and selling the metal for

1.21 remelting without first acquiring a scrap metal processor license.

1.22 ~~For purposes of this paragraph, a "hulk" is a motor vehicle that is incapable, under~~

1.23 ~~its own power, of moving and is incapable of transporting persons or property and has had~~

1.24 ~~valuable used parts removed. Its sole value is its metallic content.~~

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

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

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

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

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

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

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

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

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

2.27 (b) Upon proper proof a finding that a preponderance of evidence demonstrates that
 2.28 the defendant has engaged in a practice prohibited by this section violated subdivision
 2.29 2, 3, 3a, 4, 5a, 6, 7, or 7a, or section 168A.1501, 168A.153, or 325E.21, the court may
 2.30 enjoin the future commission of that practice and award civil penalties for violations of
 2.31 subdivision 2, 3, 4, 5a, 6, 7, or 7a violations and may award civil penalties as authorized
 2.32 by this subdivision. It is not a defense to an action that the state plaintiff may have
 2.33 adequate remedies at law or that the plaintiff has not shown irreparable harm. Service of
 2.34 process must be as in any other civil suit, except that where a defendant in the action is
 2.35 a natural person or firm residing outside the state, or is a foreign corporation, service of

3.1 process may also be made by personal service outside the state; in the manner provided by
3.2 section 5.25; or as the court may direct. Process is valid if it satisfies the requirements of
3.3 due process of law, whether or not the defendant is doing business in Minnesota regularly
3.4 or habitually. ~~Nothing in this subdivision limits the rights or remedies otherwise available~~
3.5 ~~to persons under common law or other statutes of this state.~~

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

3.8 (1) the number of current violations;

3.9 (2) the gravity of the current violations, including but not limited to the harm
3.10 caused by the violations;

3.11 (3) the culpability of the defendant as established by evidence of intent, willfulness,
3.12 or negligence;

3.13 (4) the economic benefit, if any, gained by the person allowing or committing the
3.14 current violations;

3.15 (5) the history of past violations, including the similarity of previous violations and
3.16 the current violation, the time elapsed since previous violations, the number of previous
3.17 violations, and the response of the person to previous violations; and

3.18 (6) any other factors as justice may require.

3.19 (d) If a court grants injunctive relief under paragraph (b), the court shall consider
3.20 the factors in paragraph (c) in determining the requirements to include in an injunction.

3.21 A court issuing an injunction under this section shall have the discretion to fashion
3.22 an injunction that is reasonably intended to prevent a violator from committing future
3.23 violations. Such authority shall include, but is not limited to, issuing an order for a period
3.24 of 12 months which:

3.25 (1) requires a defendant to wait up to 15 days before scrapping, dismantling, selling,
3.26 or otherwise disposing of any vehicle that the defendant has acquired without first having
3.27 received proof of ownership in compliance with section 168A.1501, subdivision 7, 8, or
3.28 9; or

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

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

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

4.1 action brought under this section by the attorney general or the commissioner, all civil
4.2 penalties collected shall be deposited into the general fund of the state.

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

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

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

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

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

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

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

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

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

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

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

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

4.29 (e) "Scrap vehicle operator" or "operator" means the following persons who engage
4.30 in a transaction involving the purchase or acquisition of a scrap vehicle: scrap metal
4.31 processors licensed under section 168.27, subdivision 1a, paragraph (c); used vehicle parts

5.1 dealers licensed under section 168.27, subdivision 1a, paragraph (d); scrap metal dealers
5.2 under section 325E.21; and junk yards under section 471.925.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6.4 (c) No record is required for property purchased from manufacturers, salvage pools,
6.5 merchants operating under a contract with a scrap vehicle operator, insurance companies,
6.6 rental car companies, financial institutions, charities, dealers licensed under section
6.7 168.27, or wholesale dealers, having an established place of business, or of any goods
6.8 purchased at open sale from any bankrupt stock, but a receipt as required under paragraph
6.9 (a), clause (8), shall be obtained and kept by the person, which must be shown upon
6.10 demand to any properly identified law enforcement officer.

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

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

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

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

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

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

- 7.1 (c) This subdivision does not apply to transactions under subdivision 2, paragraph (c).
7.2 Subd. 5. **Automated property system.** (a) A scrap vehicle operator must
7.3 completely and accurately provide all the record information required in subdivision 2 by
7.4 transferring it from the operator's computer to the automated property system, by the close
7.5 of business each day, using the interchange file specification format.
- 7.6 (b) An operator who does not have an electronic point-of-sale program may
7.7 request to be provided software by the automated property system to record the required
7.8 information. If the operator uses a commercially available electronic point-of-sale
7.9 program to record the information required in this section, it must submit the information
7.10 using the interchange file specification format. Any record submitted by an operator
7.11 that does not conform to the interchange file specification format must be corrected and
7.12 resubmitted the next business day. No fees may be charged to an operator for use of the
7.13 automated property system until such time as the legislature enacts a fee schedule.
- 7.14 (c) An operator must display a sign of sufficient size, in a conspicuous place in the
7.15 premises, which informs all patrons that transactions are reported to law enforcement daily.
- 7.16 (d) Every local law enforcement agency shall participate in the automated property
7.17 system as an individual agency or in conjunction with another agency or agencies to
7.18 provide the service.
- 7.19 (e) This subdivision does not apply to the purchase of a scrap vehicle by a used
7.20 vehicle parts dealer licensed under section 168.27, for dismantling the vehicle for its parts.
- 7.21 Subd. 6. **Additional reporting.** In addition to the requirements under subdivision 5
7.22 if applicable, the following entities must submit information on the purchase or acquisition
7.23 of a scrap vehicle to the National Motor Vehicle Title Information System, established
7.24 pursuant to United States Code, title 49, section 30502, by the close of business the
7.25 following day:
- 7.26 (1) an operator who is not licensed under section 168.27; and
7.27 (2) an operator who purchases a scrap vehicle under subdivision 9.
- 7.28 Subd. 7. **Vehicle with proof of ownership; title or bill of sale required.** Except
7.29 as provided in subdivisions 8, 9, and 10, no person shall purchase a scrap vehicle unless
7.30 the seller:
- 7.31 (1) provides the vehicle title and lien releases, if the vehicle is subject to any liens, or
7.32 an official bill of sale issued by a public impound lot, each listing the vehicle identification
7.33 number;
- 7.34 (2) provides proof of identification; and

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

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

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

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

8.9 (3) the seller:

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

8.12 (ii) provides proof of identification; and

8.13 (iii) signs a statement, under penalty of perjury as provided in section 609.48,

8.14 attesting that the motor vehicle is not stolen and is free of any liens or encumbrances and
8.15 that the seller has the right to sell the motor vehicle.

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

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

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

8.20 (3) the seller:

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

8.22 (ii) provides proof of identification; and

8.23 (iii) signs a statement, under penalty of perjury as provided in section 609.48,

8.24 attesting that the motor vehicle is not stolen and is free of any liens or encumbrances and
8.25 that the seller has the right to sell the motor vehicle.

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

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

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

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

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

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

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

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

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

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

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

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

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

9.25 (c) An operator may request seized property be returned in accordance with section
9.26 626.04.

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

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

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

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

9.34 (f) If a scrap vehicle operator is required to hold a scrap vehicle or motor vehicle
9.35 parts at the direction of law enforcement for purposes of investigation or prosecution or
9.36 it is seized by law enforcement, the operator, and any other victim, shall be entitled to

10.1 seek restitution against the person who delivered the item to the scrap vehicle operator
10.2 in any criminal case that may arise from the investigation, including any out-of-pocket
10.3 expenses for storage and lost profit.

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

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

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

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

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

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

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

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

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

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

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

11.3 Subd. 3. **Notification on vehicle to be dismantled or destroyed; service fee.**

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

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

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

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

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

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

11.18 (d) "Scrap metal" means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

12.15 (5) the number of the seller's or deliverer's driver's license, Minnesota identification

12.16 card number, or other identification document number of an identification document

12.17 issued for identification purposes by any state, federal, or foreign government if the

12.18 document includes the person's photograph, full name, birth date, and signature; ~~and~~

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

12.22 (7) a statement signed by the seller, under penalty of perjury as provided in section
12.23 609.48, attesting that the scrap metal is not stolen and is free of any liens or encumbrances
12.24 and the seller has the right to sell it.

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

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

12.32 (d) Except as otherwise provided in this section, a scrap metal dealer or the dealer's
12.33 agent, employee, or representative may not disclose personal information concerning a
12.34 customer without the customer's consent unless the disclosure is made in response to a
12.35 request from a law enforcement agency. A scrap metal dealer must implement reasonable

13.1 safeguards to protect the security of the personal information and prevent unauthorized
13.2 access to or disclosure of the information. For purposes of this paragraph, "personal
13.3 information" is any individually identifiable information gathered in connection with a
13.4 record under paragraph (a).

13.5 (e) This subdivision expires January 1, 2015.

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

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

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

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

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

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

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

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

13.24 (6) a statement signed by the seller, under penalty of perjury as provided in section
13.25 609.48, attesting that the scrap metal is not stolen and is free of any liens or encumbrances
13.26 and the seller has the right to sell it; and

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

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

13.32 (c) No record is required for property purchased from merchants, manufacturers,
13.33 salvage pools, insurance companies, rental car companies, financial institutions, charities,
13.34 dealers licensed under section 168.27, or wholesale dealers, having an established place of
13.35 business, or of any goods purchased at open sale from any bankrupt stock, but a receipt as

14.1 required under paragraph (a), clause (7), shall be obtained and kept by the person, which
14.2 must be shown upon demand to any properly identified law enforcement officer.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

15.18 (d) This subdivision expires January 1, 2015.

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

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

15.30 (b) If an item is identified as stolen or evidence in a criminal case, ~~the~~ a law
15.31 enforcement official may:

15.32 (1) physically ~~seize~~ confiscate and remove it from the scrap metal dealer, pursuant to
15.33 a written ~~order from the law enforcement official~~ notification; ~~or~~

16.1 (2) place the item on hold or extend the hold ~~as provided in this section and leave it~~
 16.2 ~~in the shop~~ under paragraph (a) and leave it in the licensed premise; or

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

16.4 (e) When an item is ~~seized~~ confiscated, the person doing so shall provide identification
 16.5 upon request of the scrap metal dealer, and shall provide ~~the dealer~~ the name and telephone
 16.6 number of the ~~seizing~~ confiscating agency and investigator, and the case number related to
 16.7 the ~~seizure~~ confiscation.

16.8 (d) (c) A dealer may request seized property be returned in accordance with section
 16.9 626.04.

16.10 (e) (d) When an ~~order to hold or seize~~ investigative hold or notification to confiscate
 16.11 is no longer necessary, the law enforcement official or designee shall so notify the ~~dealer~~
 16.12 licensee.

16.13 (e) A scrap metal dealer may process or otherwise dispose of the scrap metal if:

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

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

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

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

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

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

16.33 (b) The video camera or still digital camera must be kept in operating condition
 16.34 and must be shown upon request to a properly identified law enforcement officer for

17.1 inspection. The camera must record and display the accurate date and time. The video
17.2 camera must be turned on at all times when the location is open for business and at any
17.3 other time when scrap metal is purchased.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

18.4 (6) proposing legislation supported by the group; and

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

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

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

18.11 Sec. 17. **REPEALER.**

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

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

APPENDIX
Repealed Minnesota Statutes: H1214-2

168A.153 REPORT OF VEHICLE RECEIPT.

Subd. 2. **Late-model or high-value vehicle.** A dealer who buys a late-model or high-value vehicle to be dismantled or destroyed shall notify the secured party, if any, and the commissioner in the manner prescribed in subdivision 3. The dealer must then properly destroy the certificate of title.