

## CHAPTER 168

MOTOR VEHICLES; REGISTRATION; TAXATION;  
SALES; DEALERS

168.011	Definitions.	168.66	Motor vehicle retail installment sales; definitions.
168.012	Vehicles exempt from license fees.	168.705	Examinations, special investigations, costs.
168.013	Rate of tax.	168.71	Retail installment contracts.
168.021	License plates for physically handicapped persons.	168.72	Time price differentials.
168.187	Interstate registration and reciprocity.	168.73	Prepayment in full, refund credits, allowance.
168.27	Motor vehicle dealers; violations, penalties.	168.74	Extension of schedules, payments.
168.36	Unregistered vehicles, use.		

**168.011 DEFINITIONS.**

*[For text of subds 1 to 26, see M.S.1986]*

Subd. 27. **Motorized bicycle.** "Motorized bicycle" means a bicycle that is propelled by a motor of a piston displacement capacity of 50 cubic centimeters or less, and a maximum of two brake horsepower, which is capable of a maximum speed of not more than 30 miles per hour on a flat surface with not more than one percent grade in any direction when the motor is engaged.

*[For text of subds 28 to 34, see M.S.1986]*

**History:** 1987 c 269 s 3

**168.012 VEHICLES EXEMPT FROM LICENSE FEES.**

Subdivision 1. (a) The following vehicles are exempt from the provisions of this chapter requiring payment of tax and registration fees, except as provided in subdivision 1c:

(1) vehicles owned and used solely in the transaction of official business by representatives of foreign powers, by the federal government, the state, or any political subdivision;

(2) vehicles owned and used exclusively by educational institutions and used solely in the transportation of pupils to and from such institutions;

(3) vehicles owned by nonprofit charities and used exclusively to transport handicapped persons for educational purposes;

(4) vehicles owned and used by honorary consul or consul general of foreign governments.

(b) Vehicles owned by the federal government, municipal fire apparatus, police patrols and ambulances, the general appearance of which is unmistakable, shall not be required to register or display number plates.

(c) Unmarked vehicles used in general police work, arson investigations, and passenger vehicles, station wagons, and buses owned or operated by the department of corrections shall be registered and shall display passenger vehicle classification license number plates which shall be furnished by the registrar at cost. Original and renewal applications for these passenger vehicle license plates authorized for use in general police work and for use by the department of corrections must be accompanied by a certification signed by the appropriate chief of police if issued to a police vehicle, the appropriate sheriff if issued to a sheriff's vehicle, the commissioner of corrections if issued to a department of corrections vehicle, or the appropriate officer in charge if issued to a vehicle of any other law enforcement agency. The certification must be on a form prescribed by the commissioner and state that the vehicle will be used exclusively for a purpose authorized by this section.

(d) All other motor vehicles shall be registered and display tax exempt number plates which shall be furnished by the registrar at cost, except as provided in subdivision 1c. All vehicles required to display tax exempt number plates shall have the name of the state department or public subdivision on the vehicle plainly printed on both sides thereof in letters not less than 2-1/2 inches high, one inch wide and of a three-eighths inch stroke; except that each state hospital and institution for the mentally ill and mentally retarded may have one vehicle without the required printing on the sides of the vehicle. Such printing shall be in a color giving a marked contrast with that of the part of the vehicle on which it is placed and shall be done with a good quality of paint that will endure throughout the term of the registration. The printing must be on a part of the vehicle itself and not on a removable plate or placard of any kind and shall be kept clean and visible at all times; except that a removable plate or placard may be utilized on vehicles leased or loaned to a political subdivision.

*[For text of subds 1a and 1b, see M.S.1986]*

**Subd. 1c. Payment of administrative, plate, and filing fee.** The annual administrative fee for a tax-exempt vehicle under this section is \$5. The license plate fee for a tax-exempt vehicle, except a trailer, is \$10 for two plates per vehicle, payable only on the first tax-exempt registration of the vehicle. The registration period for a tax-exempt vehicle is biennial. The administrative fee is due on March 1 biennially and payable the preceding January 1, with validating stickers issued at time of payment.

*[For text of subds 2 to 11, see M.S.1986]*

**History:** 1987 c 321 s 2; 1987 c 379 s 1; 1987 c 404 s 149

## 168.013 RATE OF TAX.

*[For text of subds 1 to 19, see M.S.1986]*

**Subd. 20. Federal heavy vehicle use tax; proof of payment.** No person may register a motor vehicle that, along with the trailers and semitrailers customarily used with the same type of motor vehicle, has a taxable gross weight of at least 55,000 pounds and is subject to the use tax imposed by the Internal Revenue Code of 1954, section 4481, unless proof of payment of the use tax, if required and in a form as may be prescribed by the secretary of the treasury, is presented.

**History:** 1987 c 383 s 1

## 168.021 LICENSE PLATES FOR PHYSICALLY HANDICAPPED PERSONS.

**Subdivision 1. Special plates; application for issuance.** When a motor vehicle registered under section 168.017, or a self-propelled recreational vehicle, is owned or primarily operated by a permanently physically handicapped person, the owner may apply for and secure from the registrar of motor vehicles two license plates with attached emblems, one plate to be attached to the front, and one to the rear of the vehicle. Application for the plates must be made at the time of renewal or first application for registration. When the owner first applies for the plates, the owner must submit a physician's statement on a form developed by the commissioner under section 169.345.

**Subd. 1a. Scope of privilege.** If a physically handicapped person parks a vehicle displaying license plates described in this section or any person parks the vehicle for a physically handicapped person, that person shall be entitled to park the vehicle as provided in section 169.345.

**Subd. 2. Design of plates; furnishing by registrar.** The registrar of motor vehicles shall design and furnish two license number plates with attached emblems to each eligible owner. The emblem must bear the internationally accepted wheelchair symbol, as designated in section 16.8632, approximately three inches square. The emblem must be large enough to be visible plainly from a distance of 50 feet. An applicant eligible

for the special plates shall pay the motor vehicle registration fee authorized by law less a credit of \$1 for each month registered.

**Subd. 3. Penalties for unauthorized use of plates.** A person who uses the plates provided under this section on a motor vehicle in violation of this section is guilty of a misdemeanor, and is subject to a fine of \$500. This subdivision does not preclude a person who is not physically handicapped from operating a vehicle bearing the plates if the person is the owner of the vehicle and permits its operation by a physically handicapped person, or if the person operates the vehicle with the consent of the owner who is physically handicapped. A driver who is not handicapped is not entitled to the parking privileges provided in this section and in section 169.346 unless parking the vehicle for a physically handicapped person.

*[For text of subd 4, see M.S.1986]*

**Subd. 5. Definitions.** For the purposes of this section, the term "physically handicapped person" has the meaning given it in section 169.345.

**Subd. 6. Driver's license law not affected.** Nothing in this section shall be construed to revoke, limit, or amend chapter 171.

**Subd. 7. [Repealed, 1987 c 355 s 10]**

**History:** 1987 c 355 s 1-6

## **168.187 INTERSTATE REGISTRATION AND RECIPROCITY.**

*[For text of subds 1 to 16, see M.S.1986]*

**Subd. 17. Trip permits.** The commission may, subject to agreements or arrangements made or entered into pursuant to subdivision 7 issue trip permits for use of Minnesota highways by individual vehicles, on an occasional basis, for periods not to exceed 120 hours in compliance with rules promulgated pursuant to subdivision 23 and upon payment of a fee of \$15.

*[For text of subds 18 to 25, see M.S.1986]*

**History:** 1987 c 383 s 2

## **168.27 MOTOR VEHICLE DEALERS; VIOLATIONS, PENALTIES.**

*[For text of subds 1 to 15, see M.S.1986]*

**Subd. 16. Plates, distinguishing numbers.** (a) The registrar shall issue to every motor vehicle dealer, upon a request from the motor vehicle dealer licensed as provided in subdivision 2 or 3, one or more plates displaying a general distinguishing number upon the payment of \$10 to the registrar. In addition the dealer shall pay a motor vehicle excise tax of \$15 annually for each dealer plate purchased as required by section 297B.035. The registrar shall deposit the tax in the state treasury and it shall be credited as provided in section 297B.09. Motor vehicles, new or used, owned by the motor vehicle dealer and bearing the number plate, except vehicles leased to the user who is not an employee of the dealer during the term of the lease, held for hire, or customarily used by the dealer as a tow truck, service truck, or parts pickup truck, may be driven upon the streets and highways of this state as follows:

(1) by the motor vehicle dealer, or any employee of the motor vehicle dealer or by any member of the immediate family of the dealer or employee for either private or business purposes;

(2) for demonstration purposes by any prospective buyer thereof for a period of 48 hours or in the case of a truck, truck-tractor, or semitrailer, for a period of seven days; or

(3) in a promotional event that lasts no longer than four days in which at least three motor vehicles are involved.

(b) A new or used motor vehicle sold by the motor vehicle dealer and bearing the motor vehicle dealer's number plate may be driven upon the public streets and highways for a period of 72 hours by the buyer for either of the following purposes: (1) Removing the vehicle from this state for registration in another state, or (2) permitting the buyer to use the motor vehicle before the buyer receives number plates pursuant to registration. Use of a motor vehicle by the buyer under the provisions of clause (2) of the preceding sentence before the buyer receives number plates pursuant to registration constitutes a use of the public streets or highways for the purpose of the time requirements for registration of motor vehicles.

*[For text of subds 17 to 25, see M.S.1986]*

**History:** 1987 c 383 s 3

### 168.36 UNREGISTERED VEHICLES, USE.

*[For text of subd 1, see M.S.1986]*

Subd. 2. **Certain acts, misdemeanors.** Any person who shall loan or use any number plate or registration certificate upon or in connection with any motor vehicle except the one for which the same was duly issued, or upon any such motor vehicle after such certificate or plates, or the right to use the same, have expired, or any person who shall retain in possession or shall fail to surrender, as herein provided, any such number plate or registration certificate shall be guilty of a misdemeanor. Any person who manufactures, buys, sells, uses or displays motor vehicle license number plates, motor vehicle registration certificates, or tax receipts issued by this state or any other state, territory or district in the United States, without proper authority from such state, territory or district of the United States, shall be guilty of a misdemeanor.

*[For text of subd 3, see M.S.1986]*

**History:** 1987 c 383 s 4

### 168.66 MOTOR VEHICLE RETAIL INSTALLMENT SALES; DEFINITIONS.

*[For text of subds 1 and 2, see M.S.1986]*

Subd. 3. "Retail installment sale" means any sale evidenced by a retail installment contract wherein retail buyer agrees to buy and retail seller agrees to sell a motor vehicle at a sale price payable in one or more installments with the payment of a finance charge.

Subd. 4. "Retail installment contract" means any agreement, entered into in this state, evidencing a retail installment sale of a motor vehicle, other than for the purpose of resale, when purchased primarily for personal, family or household use, pursuant to which title to, or a lien upon the motor vehicle is retained by the retail seller as security for the retail buyer's obligation. This term includes a mortgage, conditional sale contract, or any contract for the bailment or leasing of a motor vehicle by which the bailee or lessee contracts to pay as compensation for its use a sum substantially equivalent to the retail installment sale price of the motor vehicle and by which it is agreed that the bailee or lessee is bound to become, or has the option of becoming, the owner of such motor vehicle for no additional consideration or for nominal additional consideration. "Retail installment contract" does not include any agreement, entered into in this state, evidencing an installment sale of a motor vehicle purchased primarily for use in business. For purposes of this subdivision, "business" means a commercial or industrial enterprise which is carried on for the purpose of active or passive investment or profit.

Subd. 5. "Motor vehicle" means any device propelled or drawn by any power other than muscular power, in, upon, or by which any person or property is, or may be transported or drawn upon a highway, excepting building and road construction equipment not subject to motor vehicle registration fees, snowmobiles, three-wheel off-road vehicles, boat, snowmobile, and other utility trailers, farm tractors, and

agricultural machinery not designed primarily for highway transportation, but which may incidentally transport persons or property on a public highway, or any other device which may not be lawfully operated upon a highway at the time of sale.

*[For text of subds 6 to 8, see M.S.1986]*

Subd. 9. "Cash sale price" means the price at which the seller would in good faith sell to the buyer, and the buyer would in good faith buy from the seller, the motor vehicle which is the subject matter of the retail installment contract, if such sale were a sale for cash, instead of a retail installment sale. The cash sale price may include any taxes, charges for delivery, servicing, repairing or improving the motor vehicle, including accessories and their installation, and any other charges agreed upon between the parties. The cash price may not include a documentary fee or document administration fee in excess of \$25 for services actually rendered to, for, or on behalf of, the retail buyer in preparing, handling, and processing documents relating to the motor vehicle and the closing of the retail sale.

Subd. 10. "Total of payments" means the amount which the buyer contracts to pay under a retail installment contract, excluding any down payment.

Subd. 11. "Finance charge" means any charge payable directly or indirectly by the buyer and imposed directly or indirectly by the seller as a condition of the extension of credit under a retail installment contract, and includes a time price differential. The term does not include the cost of any insurance and other benefits included in the retail installment contract and any other permissible cost or expense incidental to the retail installment sale or any charge of a type payable in a comparable cash transaction, or any taxes, fees, or charges that actually are or will be paid to public officials or government agencies for determining the existence of or for perfecting, releasing, or satisfying a security interest. The term also does not include premiums for insurance against loss of or damage to property, or against liability arising out of the ownership or use of property if the insurance coverage may be obtained from a person of the buyer's choice.

*[For text of subds 12 and 13, see M.S.1986]*

**History:** 1987 c 349 art 2 s 3-8

## **168.705 EXAMINATIONS, SPECIAL INVESTIGATIONS, COSTS.**

For the purpose of discovering violations of sections 168.66 to 168.77 or securing information lawfully required by the administrator hereunder, the administrator may, at any time, either personally or by a person or persons duly designated by the administrator, investigate the conditional sales contracts and business related to the conditional sales contracts and examine the books, accounts, records, and files used therein, of every licensee and of every person who shall be engaged in the business of a sales finance company, whether the person shall act as principal or agent, or under or without the authority of sections 168.66 to 168.77. For that purpose, the administrator and the administrator's duly designated representative shall have free access to the offices and places of business, books, accounts, papers, records, files, safes, and vaults of all these persons. The administrator and all persons duly designated by the administrator shall have authority to require the attendance of and to examine, under oath, all persons whomsoever whose testimony the administrator may require relative to the conditional sales contract or the business or to the subject matter of any examination, investigation, or hearing.

The administrator may make an examination of the affairs, business, office, and records of licensees as often as considered necessary. The administrator may assess a fee covering the necessary costs of an examination or special investigation under this section, section 168.69, or reports filed under section 168.706. The fee is payable to the administrator on the administrator's request for payment. The administrator may maintain an action for the recovery of the costs in any court of competent jurisdiction.

**History:** 1987 c 349 art 2 s 9

**168.71 RETAIL INSTALLMENT CONTRACTS.**

(a)(1) Every retail installment contract shall be in writing, shall contain all the agreements of the parties, shall be signed by the retail buyer and seller, and a copy thereof shall be furnished to such retail buyer at the time of the execution of the contract.

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

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

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

(5) Upon written request from the retail buyer, the holder of the retail installment contract shall give or forward to the retail buyer a written statement of the dates and amounts of payments and the total amount unpaid under such contract. A retail buyer shall be given a written receipt for any payment when made in cash.

(b) The retail installment contract shall contain the following items:

(1) The cash sale price of the motor vehicle which is the subject matter of the retail installment contract;

(2) The total amount of the retail buyer's down payment, whether made in money or goods, or partly in money or partly in goods;

(3) The difference between items one and two;

(4) The charge, if any, included in the transaction for any insurance and other benefits not included in clause (1), specifying the types of coverage and taxes, fees, and charges that actually are or will be paid to public officials or government agencies, including those for perfecting, releasing, or satisfying a security interest if such taxes, fees, or charges are not included in clause (1);

(5) Principal balance, which is the sum of items three and four;

(6) The amount of the finance charge;

(7) The total of payments payable by the retail buyer to the retail seller and the number of installment payments required and the amount of each installment expressed in dollars or percentages, and date of each payment necessary finally to pay the total of payments which is the sum of item five and item six.

Provided, however, that said items one to seven inclusive need not be stated in the terms, sequence or order set forth above. Provided further, that clauses (6) and (7) may be disclosed on the assumption that all scheduled payments under the contract will be made when due.

In lieu of the above clauses, the retail seller may give the retail buyer disclosures which satisfy the requirements of the Federal Truth-In-Lending Act in effect as of the time of the contract, notwithstanding whether or not that act applies to the transaction.

(c) Every retail seller or sales finance company, if a charge for insurance on the motor vehicle is included in a retail installment contract shall within 30 days after execution of the retail installment contract send or cause to be sent to the retail buyer a policy or policies or certificate of insurance, which insurance shall be written by a company authorized to do business in this state, clearly setting forth the amount of the premium, the kind or kinds of insurance and the scope of the coverage and all the terms,

exceptions, limitations, restrictions and conditions of the contract or contracts of the insurance. The buyer of a motor vehicle under a retail installment contract shall have the privilege of purchasing such insurance from an agent or broker of the buyer's own selection and selecting an insurance company mutually acceptable to the seller and the buyer; provided, however, that the inclusion of the cost of the insurance premium in the retail installment contract when the buyer selects the agent, broker or company, shall be optional with the seller.

(d) Any sales finance company hereunder may purchase or acquire from any retail seller any retail installment contract on such terms and conditions as may be mutually agreed upon between them.

(e) An acknowledgment by the retail buyer of the delivery of any such copy or notice as required in subsection (a) contained in the body of the statement or contract shall be conclusive proof of delivery in any action or proceeding by or against any assignee of a retail installment contract.

**History:** 1987 c 349 art 2 s 10

### 168.72 TIME PRICE DIFFERENTIALS.

Subdivision 1. (a) The finance charge authorized by sections 168.66 to 168.77 in a retail installment sale may not exceed the following simple interest annual percentage rates:

Class 1. Any motor vehicle designated by the manufacturer by a year model of the same or not more than one year prior to the year in which the sale is made - 18 percent per year.

Class 2. Any motor vehicle designated by the manufacturer by a year model of two or three years prior to the year in which the sale is made - 19.75 percent per year.

Class 3. Any motor vehicle not in Class 1 or Class 2 - 23.25 percent per year.

(b) The finance charge must be computed on the principal balance outstanding from time to time as originally determined under section 168.71, clause (b).

Retail installment contracts may be interest-bearing or precomputed, and fixed-rate or variable rate. For precomputed retail installment contracts, the finance charge may be calculated in advance on the assumption that all scheduled payments will be made when due and the effect of prepayment in full is governed by section 168.73. To compute time for the purpose of calculating interest under this section and section 168.73, a day may be considered 1/30 of a month when calculation is made for a fraction of a calendar month. A year is 12 calendar months. A calendar month is that period from a given date in one month to the same numbered date in the following month, and if there is no same-numbered date, to the last day of the following month. When a period of time includes a whole month and a fraction of a month, the fraction of a month is considered to follow the whole month. In the alternative, for interest-bearing retail installment contracts, a retail seller may charge finance charges not to exceed 1/365th of the simple interest annual percentage rate permitted in this section for each actual day elapsed from the date of the retail installment contract through and including the date of payment in full.

(c) The finance charge is inclusive of all charges incident to investigating and making the contract, and for the extension of the credit provided for in the contract and no fee, commission, expense or other charge whatsoever may be taken, received, reserved, or contracted for except taxes, fees, and charges that actually are or will be paid to public officials or government agencies for determining the existence of or for perfecting, releasing, or satisfying a security interest, and except as provided in sections 168.66 to 168.77.

Subd. 4. A sale of a manufactured home made after July 31, 1983, is governed by the provisions of subdivision 1 for purposes of determining the lawful finance charge rate, except that the maximum finance charge for a class I manufactured home may not exceed 14.5 percent per year. A retail installment sale of a manufactured home that imposes a time price differential rate that is greater than the rate permitted by this

subdivision is lawful and enforceable in accordance with its terms until the indebtedness is fully satisfied if the rate was lawful when the sale was made.

**History:** 1987 c 349 art 2 s 11,12

### **168.73 PREPAYMENT IN FULL, REFUND CREDITS, ALLOWANCE.**

Notwithstanding the provisions of any retail installment contract to the contrary, any retail buyer may pay in full at any time before maturity the debt of any retail installment contract without penalty. In paying a precomputed retail installment contract in full, the retail buyer shall receive a refund credit thereon for such anticipation of payments. For contracts with substantially equal scheduled monthly payments remaining after the date of prepayment in full, the refund must be calculated for all fully unexpired monthly payment periods following the date of payment in full. For all other contracts, the refund must be calculated as of the date in the month following prepayment which corresponds to the original contract date. The refund shall be calculated according to the actuarial method, less an acquisition cost of \$15 after the date prepayment is made which may be deducted from the refund so calculated.

Where the amount of the credit for anticipation of payment is less than \$1, no refund need be made.

The actuarial method means the method of allocating payments on a contract between the principal amount and finance charge at the contract rate charged under section 168.72, whereby a payment is applied first to the accumulated finance charge and then to the unpaid principal balance based on the original terms of the contract and based on the assumption that all payments are made on the due date as originally scheduled or deferred.

**History:** 1987 c 349 art 2 s 13

### **168.74 EXTENSION OF SCHEDULES, PAYMENTS.**

The holder of a precomputed retail installment contract may, upon written agreement with the retail buyer, extend the scheduled due date, or defer the scheduled payment of all or part of any installment payment or payments, or renew the balance of such contract. In any such case the holder may restate the amount of the installments and the time schedule therefor, and collect as a refinance charge for such extension, deferment or renewal, a flat service fee not to exceed \$5 and a total additional charge not exceeding the simple interest annual percentage rate under the original retail installment contract calculated on the respective descending balances computed from the date of such extension, deferment or renewal.

**History:** 1987 c 349 art 2 s 14