

House Research Act Summary

CHAPTER: 204

SESSION: 2001 Regular Session

TOPIC: Bad checks; Gasoline drive-offs

Date: June 18, 2001

Analyst: Deborah K. McKnight, 651-296-5056

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd.

Overview

This act provides remedies for bad checks and "gasoline drive offs." Section 1 involves the remedies available to merchants and others who accept a check that is later rejected ("dishonored") by the financial institution upon which the check is drawn, usually due to insufficient funds in the checking account. Under prior law, holders of bad checks could impose a service charge of up to \$30 immediately when a check is dishonored and obtain additional penalties if the check plus the initial service charge is not paid within a period of time. This act changes the law in a variety of ways involving the initial service charge, the notices sent to the issuer of the check, the imposition of additional charges, and the time-lines for doing so.

Section 2 provides a somewhat parallel remedy for gasoline retailers when customers fail to pay.

1 **Issuance of worthless check.**

Subd. 1. Definitions. Provides a new paragraph (a) for technical reasons. Adds a definition of payee and holder to include an agent of either.

Subd. 2. Acts constituting. (a) Changes the initial service charge for dishonored checks to an amount up to \$30. Eliminates a differentiation depending upon whether law enforcement has become involved and charged the holder a fee. Requires that a notice displayed on the premises of a merchant must warn consumers about civil penalties in addition to the initial charge.

(b) Amends the process for assessing a civil penalty. States that in determining the penalty amount, the court must consider the check amount and the reason for nonpayment.

Subds. 3 and 5. Technical changes.

2 **Theft of motor fuel; civil liability.**

Subd. 1. Definitions. Defines "motor fuel," "retailer," and "vehicle."

Subd. 2. Violation and civil penalties. Subjects motor vehicle owners to civil penalties for gas

drive-offs. Allows retailers to recover the cost of the fuel and a service charge of up to \$20 or the actual cost of collection, not to exceed \$30. Retailers can impose the service charge by sending a notice to the owner, if notice of the service fee was conspicuously displayed on the retailer's premises. Subjects the recipient of stolen motor fuel to a civil penalty of up to \$100 if the recipient does not reimburse the retailer for the cost of the gas and the service charge within 30 days of receiving the notice.

Subd. 3. Notice of nonpayment. Establishes procedures that retailers must follow in providing notice of nonpayment to vehicle owners.

Subd. 4. Notice of dispute. The vehicle owner can dispute the retailer's claim by providing written notice to the retailer within 30 days of service of the retailer's notice. In that event, the retailer may recover only by a court judgment.

2 **Effective Date.** Establishes August 1, 2001, as the effective date. Section 1 applies to checks issued on or after that date. Section 2 applies to causes of action arising on or after that date.