

# HOUSE RESEARCH

## Bill Summary

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### Overview

This bill establishes regulations on scrap vehicle purchases. Before acquiring a scrap vehicle, a dealer must obtain the seller's proof of ID and a statement of the right to sell the vehicle. If the seller has a valid title to the vehicle, there is no hold period on scrapping the vehicle. If the seller does not have title, there is a seven-day hold on scrapping the vehicle and additional information and reporting is required. The bill exempts dealer-to-dealer and business-to-dealer transactions from these provisions. Finally, the bill requires that records be kept for three years, requires records be available for inspection by law enforcement, and authorizes investigative holds.

#### **1 Scrap vehicle dealers; proof of title or hold.**

**Subd. 1. Definitions.** Defines "proof of identification," "scrap vehicle," and "scrap vehicle dealer" for purposes of this section. "Scrap vehicle dealer" includes the following licensees under § 168.27: new and used motor vehicle dealers, used vehicle parts dealers, scrap metal processors, vehicle wholesalers, salvage pools, vehicle lessors, vehicle auctioneers, vehicle brokers, and limited used vehicle organizations.

**Subd. 2. Scrap vehicle transactions.** Requires dealers who acquire a scrap vehicle to obtain: (1) a copy of the seller's ID and (2) a statement signed by the seller, under penalty of perjury, attesting the vehicle is not stolen and is free of liens and they have the right to sell the vehicle.

Provides no hold period on scrapping the vehicle, if the seller has a certificate of title or salvage title matching the vehicle's VIN and any applicable lien releases.

Requires a seven-day hold on scrapping the vehicle, if there is no proof of title. In addition, the dealer must:

- (1) enter into a purchase agreement that includes the following information on the scrap vehicle: (i) VIN, (ii) make, model, and color, and (iii) license plate number, if any; and
- (2) report the vehicle to law enforcement within one business day.

**Subd. 3. Purchase from other dealers or merchants.** Exempts dealer-to-dealer and business-

to-dealer transactions from the requirements of subdivision 2 (includes transactions with insurance companies, rental car companies, financial institutions, charities, and licensees under section 168.27). Provides that in such transactions, the dealer must obtain the seller's business name and address, a copy of the seller's ID, and, if available, a bill of sale or other evidence of the purchase.

**Subd. 4. Retention period; investigative holds and seizure.** Paragraph (a) requires copies of documentation and reports under this section be retained by the dealer for a minimum of three years and, at all reasonable times, be open to law enforcement for inspection.

Paragraph (b) extends the provisions of § 325E.21, subd. 8, to scrap vehicles in possession of a dealer. Section 325E.21, subd. 8, provides that when there is probable cause to believe property is stolen, law enforcement may place an investigative hold on the item for up to 90 days, or until it is canceled or a seizure order is issued.