

HOUSE RESEARCH

Bill Summary

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Overview

This bill amends and expands licensing and regulatory provisions in chapters 168, 168A, and 325E relating to scrap metal and vehicle purchases.

It requires scrap metal dealers to report transactions using the Automated Property System (APS) – an expansion of the automated pawn system. It also requires scrap metal dealers to place a 5- or 15-day hold on scrap vehicle purchases depending on whether the seller has proof of ownership.

In addition, the bill amends purchase record requirements, investigative hold provisions, and retention periods for digital recordings and images required under section 325E.21 – which applies to all scrap metal transactions. It also increases criminal penalties for repeat offenses under section 325E.21.

Section

- 1 Dealer license categories.** Eliminates the “hulk” exception for scrap metal processor licensing. This has the effect of requiring a license for businesses engaged in buying hulks for scrap. (A “hulk” is a vehicle that is incapable of moving under its own power and has had valuable used parts removed. Its sole value is its metallic content.)
- 2 Injunction.** Authorizes injunctive relief and civil penalties for violations of licensing and regulatory provisions relating to scrap metal dealers and scrap metal processors.

Section

- 3 **County or city attorney to prosecute.** Provides that the county attorney is the agency responsible for prosecuting violations relating to licensing and regulation of vehicle dealers or scrap metal dealers. Strikes language providing that the registrar (DMV) may file charges.
- 4 **Bonds.** Requires scrap metal dealers, used vehicle parts dealers, and scrap metal processors to carry a \$50,000 bond to ensure compliance under the law. Adds vehicle “owners” to list of possible beneficiaries under bond.
- 5 **Report of vehicle purchased for scrap.** Strikes current provisions requiring a dealer to report to the DMV within 30 days when it purchases an older model vehicle (i.e., more than five years old) to be dismantled or destroyed. Replaces this provision with an end of business day reporting provision when purchasing any motor vehicle for scrap. Lists information that must be reported, including any title number or bill of sale and applicable hold period under sections 14 and 15.
- 6 **Notification on vehicle to be dismantled or destroyed; service fee.** Conforming change. Requires a dealer who purchases a vehicle for scrap to maintain the certificate of title for three years before destroying it (see section 5).
- 7 **Definitions.** Amends definitions pertaining to “scrap metal dealer” regulations. Expands the definition of “scrap metal dealer” to include scrap metal processor licensees, used vehicle parts dealer licensees, and used motor vehicle dealer licensees engaged in buying scrap. Also defines “interchange file specification format,” “billable transaction fee,” “hold period,” “motor vehicle,” and “proof of identification.”
- 8 **Purchase or acquisition record required.** Amends the record requirements for scrap metal transactions. Provides additional information that must be collected in a permanent record. Requires dealers to provide copy of receipt to seller in all transactions. Authorizes law enforcement to conduct regular and routine inspections of dealers. Directs the registrar to inspect a licensed dealer every 18 months. Allows local jurisdictions to recover investigation costs and APS transaction fees from dealer.
- 9 **Automated property system.** Requires scrap metal dealers to provide daily sale information under section 8 via APS (using the interchange file specification format). Provides that a dealer may request to be provided the APS software. Directs dealers to notify patrons that all transactions are reported to law enforcement.
- 10 **Payment by check or electronic transfer required.** Requires dealers to pay for purchases over \$100 and for all motor vehicles by check. All other payments may be made by check or electronic transfer. Requires checks to be sent by certified mail, return receipt requested, to seller’s home or business address and payable only to individual providing ID at purchase.
- 11 **Criminal penalties.** Increases criminal penalties for repeat violations of section 325E.21 (scrap metal dealer regulations). Imposes a gross misdemeanor for a second violation within 5 years and a three-year felony for a third or subsequent violation in five years.

Section

- 12 Investigative holds; confiscation of vehicles.** Amends current section on investigative holds for scrap metal purchases. Authorizes an initial 72-hour hold upon notification from law enforcement that the scrap metal dealer shall not sell or remove an item. Requires the agency to confirm the hold in writing and it then remains in effect for 30 days from date of initial notification. Provides that the agency may confiscate the stolen item or evidence and remove it, or place the item on hold and leave it in the premises. Provides that if law enforcement does not timely issue an order to confiscate or issues the order but fails to remove the item within 15 days, the dealer may process the item.
- 13 Video security cameras required.** Requires scrap metal dealers to retain digital images and recordings for 90 days and keep them open for inspection by law enforcement.
- 14 Vehicles with proof of ownership; 5-day hold.** If a seller has proof of ownership (i.e., title or bill of sale, ID, and signed statement of right to sell), requires a scrap metal dealer to hold a vehicle for five days before completing a purchase transaction.
- 15 Vehicles without proof of ownership; 15-day hold.** If a seller does not have proof of ownership, requires a scrap metal dealer to hold a vehicle for 15 days before completing the purchase transaction, immediately report item via APS, and check VIN with DVS and law enforcement on last day of the hold period to confirm the vehicle has not been reported stolen.
- 16 Repealer.** Repeals section 168A.153, subdivision 2, requiring a dealer to report to DVS when buying a late-model or high-value vehicle for scrap and to destroy the title. This subdivision is being replaced with regulations under sections 5 & 6.