

(1) a person or company that repairs a hearing aid pursuant to an express warranty covering the entire hearing aid and the warranty covers the entire costs, both parts and labor, of the repair; and

(2) a person or company that repairs a hearing aid and the repair is expressly warranted for the entire hearing aid for a period of at least ~~one year~~ six months, the warranty covers the entire costs, both parts and labor, of the repair, and a copy of the express warranty is given to the customer.

Sec. 3. Minnesota Statutes 1986, section 145.43, is amended by adding a subdivision to read:

Subd. 5. REPAIR WARRANTY. Any guarantee of hearing aid repairs must be in writing and delivered to the owner of the hearing aid stating the repairer's name, address, telephone number, length of guarantee, model, and serial number of the hearing aid and all other terms and conditions of the guarantee.

Approved April 12, 1988

CHAPTER 496—S.F.No. 1121

An act relating to motor vehicles; establishing a titling system for salvage and rebuilt motor vehicles; requiring licenses for scrap metal processors, used vehicle parts dealers, and salvage pool operators; amending Minnesota Statutes 1986, sections 168.27, subdivisions 1, 2, 3, 8, 10, 24, and by adding subdivisions; 168.33, subdivision 7; 168A.01, subdivision 2, and by adding subdivisions; and 168A.15; Minnesota Statutes 1987 Supplement, section 168.27, subdivision 16; proposing coding for new law in Minnesota Statutes, chapter 168A.

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

Section 1. Minnesota Statutes 1986, section 168.27, subdivision 1, is amended to read:

Subdivision 1. **DEFINITIONS.** For the purposes of this section, the following terms have the meanings given them:

(1) "Leasing motor vehicles" means furnishing a motor vehicle for a fee under a bailor-bailee relationship where no incidences of ownership are intended to be transferred other than the right to use the vehicle for a stated period of time.

(2) "Brokering motor vehicles" means arranging sales between willing buyers and sellers of motor vehicles and receiving a fee for said service.

(3) "Wholesaling motor vehicles" means selling new or used motor vehicles to dealers for resale to the public.

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(4) "Auctioning motor vehicles" means arranging for and handling the sale of motor vehicles, not the property of the auctioneer, to the highest bidder.

(5) "Dealer" includes new motor vehicle dealers, used motor vehicle dealers, brokers, wholesalers, auctioneers ~~and~~, lessors of new or used motor vehicles, scrap metal processors, used vehicle parts dealers, and salvage pools.

(6) "Commercial building" means a building adapted to commercial use and located in an area zoned for commercial or other less restrictive nonresidential use by the governmental unit in which it is located.

(7) "Horse trailer" is a trailer designed and used to carry horses and other livestock, which has not more than three axles and a maximum gross weight capacity of not more than 24,000 pounds.

(8) "Junked vehicle" means a vehicle that is graded and stamped as a "class D" total loss vehicle under section 19.

Sec. 2. Minnesota Statutes 1986, section 168.27, subdivision 2, is amended to read:

Subd. 2. **NEW MOTOR VEHICLE DEALER.** (a) No person shall engage in the business of selling or arranging the sale of new motor vehicles or shall offer to sell, solicit, arrange, or advertise the sale of new motor vehicles without first acquiring a new motor vehicle dealer license. A new motor vehicle dealer licensee shall be entitled thereunder to sell, broker, wholesale, or auction and to solicit and advertise the sale, broker, wholesale, or auction of new motor vehicles covered by the franchise and any used motor vehicles or to lease and to solicit and advertise the lease of new motor vehicles and any used motor vehicles and such sales or leases may be either for consumer use at retail or for resale to a dealer. A new motor vehicle dealer may engage in the business of buying or otherwise acquiring vehicles for dismantling the vehicles and selling used parts and remaining scrap materials under chapter 168A, except that a new motor vehicle dealer may not purchase a junked vehicle from a salvage pool, insurance company, or its agent unless the dealer is also licensed as a used vehicle parts dealer. Nothing herein shall be construed to require an applicant for a dealer license who proposes to deal in: (1) new and unused motor vehicle bodies; or (2) type A, B, or C motor homes as defined in section 168.011, subdivision 25, to have a bona fide contract or franchise in effect with either the first-stage manufacturer of the motor home or the manufacturer or distributor of any motor vehicle chassis upon which the new and unused motor vehicle body is mounted. The modification or conversion of a new van-type vehicle into a multipurpose passenger vehicle which is not a motor home does not constitute dealing in new or unused motor vehicle bodies, and a person engaged in the business of selling these van-type vehicles must have a bona fide contract or franchise with the appropriate manufacturer under subdivision 10. A van converter or modifier who owns these modified or converted van-type vehicles may sell them at wholesale to new motor vehicle dealers having a bona fide contract or franchise with the first-stage manufacturer of the vehicles.

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(b) The requirements pertaining to franchises do not apply to persons who remodel or convert motor vehicles for medical purposes. For purposes of this subdivision, "medical purpose" means certification by a licensed physician that remodeling or conversion of a motor vehicle is necessary to enable a handicapped person to use the vehicle.

Sec. 3. Minnesota Statutes 1986, section 168.27, subdivision 3, is amended to read:

Subd. 3. **USED MOTOR VEHICLE DEALER.** No person shall engage in the business of selling or arranging the sale of used motor vehicles or shall offer to sell, solicit, arrange, or advertise the sale of used motor vehicles without first acquiring a used motor vehicle dealer license. A used motor vehicle dealer licensee shall be entitled thereunder to sell, lease, broker, wholesale or auction and to solicit and advertise the sale, lease, broker, wholesale or auction of any used motor vehicles for consumer use at retail or for resale to a dealer. A used motor vehicle dealer may engage in the business of buying or otherwise acquiring vehicles for dismantling the vehicles and selling used parts and remaining scrap materials under chapter 168A, except that a used motor vehicle dealer may not acquire a junked vehicle from a salvage pool, insurance company, or its agent, unless the dealer is also licensed as a used vehicle parts dealer.

Sec. 4. Minnesota Statutes 1986, section 168.27, is amended by adding a subdivision to read:

Subd. 3a. SCRAP METAL PROCESSOR. (a) A person must have a scrap metal processor license to engage in the business of:

(1) buying or otherwise acquiring vehicles other than hulks; or

(2) offering to buy or otherwise acquire, or soliciting or advertising the buying or acquiring of, vehicles other than hulks for processing and selling the metal for remelting. For purposes of this subdivision, a "hulk" is a motor vehicle that is incapable, under its own power, of moving and is incapable of transporting persons or property and has had any valuable used parts removed. Its sole value is its metallic content.

(b) A scrap metal processor licensee is entitled to buy or otherwise acquire vehicles and to solicit and advertise the buying or acquiring of vehicles for processing and selling the metal for remelting. A scrap metal processor licensee may not acquire a junked vehicle for the purpose of dismantling and selling used vehicle parts and remaining scrap materials unless the scrap metal processor is also licensed as a used vehicle parts dealer.

Sec. 5. Minnesota Statutes 1986, section 168.27, is amended by adding a subdivision to read:

Subd. 3b. USED VEHICLE PARTS DEALER. A person must have a used vehicle parts dealer's license to be primarily engaged in the business of buying or otherwise acquiring vehicles for the purpose of dismantling the vehicles and selling used parts and the remaining scrap metals.

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Sec. 6. Minnesota Statutes 1986, section 168.27, is amended by adding a subdivision to read:

Subd. 3c. VEHICLE SALVAGE POOL. A person must have a vehicle salvage pool license to engage in the business of; storing and displaying, offering to store or display, or soliciting or advertising the storing or displaying, for sale, of damaged or junked vehicles as an agent or escrow agent of an insurance company. A vehicle salvage pool licensee is entitled to store and display and to solicit and advertise the storing and displaying, for sale, of damaged or junked vehicles as an agent or escrow agent of an insurance company. A vehicle salvage pool licensee shall not sell junked vehicles to any party other than a licensed used parts dealer.

Sec. 7. Minnesota Statutes 1986, section 168.27, subdivision 8, is amended to read:

Subd. 8. **EXEMPTIONS.** (1) Salespeople and other employees of licensed dealers under this section shall not be required to obtain individual licenses.

(2) Isolated or occasional sales or leases of new or used motor vehicles shall be exempt from the provisions of this section. A person who makes only isolated or occasional sales or leases is not required to be licensed under this section and does not qualify to receive dealer plates under subdivision 16. "Isolated or occasional sales or leases" means the sale, purchase, or lease of not more than five motor vehicles in a 12-month period.

Sec. 8. Minnesota Statutes 1986, section 168.27, subdivision 10, is amended to read:

Subd. 10. **PLACE OF DOING BUSINESS.** All licensees under this section shall have an established place of business which shall include as a minimum;

(1) For a new motor vehicle dealer, the following:

(a) a permanent enclosed commercial building on a permanent foundation, owned or under lease by the licensee. The lease shall be for a minimum term of one year. The building shall contain office space where the books, records, and files necessary to conduct the business are kept and maintained with personnel available during normal business hours;

(b) a bona fide contract or franchise (1) in effect with a manufacturer or distributor of the new motor vehicles the dealer proposes to sell, broker, wholesale, or auction, or (2) in effect with the first-stage manufacturer or distributor of new motor vehicles purchased from a van converter or modifier which the dealer proposes to sell, broker, wholesale, or auction, or (3) in effect with the final stage manufacturer of the new type A, B, or C motor homes which the dealer proposes to sell, broker, wholesale, or auction;

(c) a facility for the repair and servicing of motor vehicles and the storage of

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parts and accessories, not to exceed ten miles distance from the principal place of business. Such service may be provided through contract with bona fide operators actually engaged in such services;

(d) an area to display motor vehicles, which is owned or under lease by the licensee.

(2) For a used motor vehicle dealer or vehicle salvage pool, the following: a ~~permanent enclosed commercial building on a permanent foundation and an area to display motor vehicles~~, owned or under lease by the licensee. The lease shall be for a minimum term of one year. The building shall contain office space ~~for where~~ the books, records, and files necessary to conduct the business are kept and maintained with personnel available during normal business hours or automatic telephone answering service during normal working business hours.

(3) For a motor vehicle lessor or wholesaler, the following: a commercial office space where the books, records, and files necessary to conduct the business are kept and maintained with personnel available during normal business hours or an automatic telephone answering service during normal business hours.

(4) For a ~~motor vehicle broker~~ used parts dealer or scrap metal processor, the following: a ~~commercial office space street address~~ where the books, records, and files necessary to conduct the business are kept and maintained with personnel available during normal business hours or an automatic telephone answering service during normal business hours.

(5) ~~For a motor vehicle wholesaler, the following: a commercial office space where the books, records and files necessary to conduct the business are kept and maintained with personnel available during normal business hours or an automatic telephone answering service during normal business hours.~~

(6) For a motor vehicle auctioneer, the following: a permanent enclosed commercial building, within or without the state, on a permanent foundation, owned or under lease by the licensee. The lease shall be for a minimum term of one year. The building shall contain office space where the books, records, and files necessary to conduct the business are kept and maintained with personnel available during normal business hours or an automatic telephone answering service during normal business hours.

(7) (6) If a new or used motor vehicle dealer or salvage pool maintains more than one place of doing business in a county, the separate places shall be listed on the application. If additional places of business are maintained outside of one county, separate licenses shall be obtained for each county.

(8) (7) If a motor vehicle lessor, ~~broker wholesaler~~, used parts dealer, scrap metal processor, or auctioneer maintains more than one permanent place of doing business, either in one or more counties, the separate places shall be listed in the application, but only one license shall be required.

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Sec. 9. Minnesota Statutes 1987 Supplement, section 168.27, subdivision 16, is amended to read:

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. This subdivision does not apply to a scrap metal processor, a used vehicle parts dealer, or a vehicle salvage pool. 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.

Sec. 10. Minnesota Statutes 1986, section 168.27, subdivision 24, is amended to read:

Subd. 24. **BONDS.** All persons licensed hereunder shall keep in full force and effect a bond with a corporate surety to be approved by the registrar of motor vehicles in amounts as herein provided; in the case of boat trailer, snowmobile trailer, horse trailer or motorized bicycle dealers in the amount of \$5,000; and as to all other persons in the amount of \$25,000. The bond shall be conditioned on the faithful performance by the licensee of the obligations imposed

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by the laws of this state, including the conduct required of a licensee by this section and other sections governing the sale or transfer of motor vehicles, and the payment of all taxes, license fees, and penalties. The bond shall be for the benefit of the state of Minnesota and any transferor, seller, or purchaser of a motor vehicle for any monetary loss caused by failure of the licensee to meet the obligations enumerated above. Proceedings on the forfeiture of the bonds shall be commenced in the district court of the county wherein the business of the licensed person was carried on, or if in more than one county, the county in which the offense occurred. This subdivision does not apply to a used vehicle parts dealer or a scrap metal processor.

Sec. 11. Minnesota Statutes 1986, section 168.33, subdivision 7, is amended to read:

Subd. 7. FEES. In addition to all other statutory fees and taxes, a filing fee of \$3.25 is imposed on every application; except that a filing fee may not be charged for a document returned for a refund or for a correction of an error made by the department or a deputy registrar. The filing fee shall be shown as a separate item on all registration renewal notices sent out by the department of public safety. No filing fee or other fee may be charged for the permanent surrender of a certificate of title and license plates for a motor vehicle.

Sec. 12. Minnesota Statutes 1986, section 168A.01, subdivision 2, is amended to read:

Subd. 2. "Dealer" means a person who is licensed to engage in the business of buying, selling, or exchanging vehicles, and has an established place of business; in this state has the meaning given it in section 168.27, subdivision 1.

Sec. 13. Minnesota Statutes 1986, section 168A.01, is amended by adding a subdivision to read:

Subd. 6a. "High value vehicle" means a vehicle manufactured six or more years before the start of the current model year that had an actual cash value in excess of \$5,000 before being damaged, or a vehicle with a manufacturer's rating of over 26,000 pounds gross vehicle weight.

Sec. 14. Minnesota Statutes 1986, section 168A.01, is amended by adding a subdivision to read:

Subd. 8a. "Late model vehicle" means a vehicle manufactured in the current model year or the five model years immediately preceding the current model year.

Sec. 15. Minnesota Statutes 1986, section 168A.01, is amended by adding a subdivision to read:

Subd. 12a. "Older model vehicle" means a vehicle manufactured in the sixth model year immediately preceding the current model year or earlier that is not a high value vehicle.

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Sec. 16. Minnesota Statutes 1986, section 168A.01, is amended by adding a subdivision to read:

Subd. 17a. "Salvage title" means a certificate of title that is issued to a vehicle graded and stamped as a "class C" total loss vehicle under section 19.

Sec. 17. Minnesota Statutes 1986, section 168A.01, is amended by adding a subdivision to read:

Subd. 17b. "Salvage vehicle" means a vehicle that has been graded and stamped under section 19.

Sec. 18. Minnesota Statutes 1986, section 168A.15, is amended to read:

168A.15 ~~SCRAPPED, DISMANTLED, DESTROYED OR RECONSTRUCTED~~ VEHICLES.

~~Subdivision 1. An owner who scraps, dismantles, or destroys a vehicle and a person who purchases a vehicle as scrap or to be dismantled or destroyed shall immediately cause the certificate of title to be mailed or delivered to the department for cancellation. A certificate of title of the vehicle shall not again be issued except upon application containing the information the department requires, accompanied by a certificate of inspection in the form and content specified in section 168A.04, subdivision 4, clause (3).~~

~~Subd. 2. If a vehicle is altered so as to become a reconstructed vehicle, the owner shall apply for a certificate of title to the reconstructed vehicle in the manner provided in section 168A.04, and any existing certificate of title to the vehicle shall be surrendered for cancellation.~~

Sec. 19. [168A.151] GRADING OF LATE MODEL AND HIGH VALUE VEHICLES.

Subdivision 1. INSURERS. When an insurer, licensed to conduct business in Minnesota, acquires ownership of a late model or high value vehicle through payment of damages, the insurer shall stamp and grade the assigned certificate of title as required under subdivision 3 and comply with all requirements of this chapter.

Subd. 2. DEALERS. When a dealer acquires ownership of a late model or high value vehicle that is a "class C" or "class D" total loss vehicle, and receives an assigned certificate of title, the dealer shall stamp and grade the certificate of title as required by subdivision 3, and comply with all requirements of this chapter.

Subd. 3. GRADING. An insurer or dealer who acquires ownership of a late model or high value vehicle as described in subdivision 1 or 2 must grade and stamp the certificate of title as follows:

(a) A "class A" total loss vehicle means a vehicle with damage of less than ten percent of the actual cash value, as approved by an insurer.

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(b) A "class B" total loss vehicle means a vehicle with damage of at least ten percent but less than 70 percent of the vehicle's actual cash value, as approved by an insurer.

(c) A "class C" total loss vehicle means a vehicle with damage of at least 70 percent of the vehicle's actual cash value that is repairable.

(d) A "class D" total loss vehicle means a vehicle with damage of at least 70 percent of the vehicle's actual cash value that is unrepairable, such as a total fire loss or a vehicle that cannot be restored for public use. A "class D" total loss vehicle may not be retitled, and the certificate of title must be surrendered to the department even if the vehicle is an out-of-state vehicle. A salvage pool, insurance company, or its agent may sell a "class D" total loss vehicle only to a licensed used parts dealer.

Subd. 4. OTHER OWNERS. When a person other than a dealer or insurer acquires ownership of a late model or high value vehicle that is a "class C" total loss vehicle, the person shall surrender the assigned certificate of title to the department and apply for a salvage certificate of title.

Sec. 20. [168A.152] USE AND CERTIFICATION OF TITLE.

A salvage certificate of title authorizes the holder to possess, transport, register, and transfer ownership in a vehicle. A certificate of title must not be issued for a vehicle for which a salvage certificate of title has been issued unless a certification of inspection in the form and content specified by the department accompanies the application for a certificate of title.

Sec. 21. [168A.153] REPORT OF VEHICLE RECEIPT; SURRENDER OF CERTIFICATE.

Subdivision 1. OLDER MODEL VEHICLES. A dealer who buys an older model vehicle to be dismantled or destroyed shall report to the department within 30 days including the vehicle's license plate number and identification number, and the seller's name and driver's license number.

Subd. 2. LATE MODEL OR HIGH VALUE VEHICLES. A dealer who buys a late model or high value vehicle to be dismantled or destroyed shall surrender the certificate of title and a properly completed application for a salvage certificate of title to the department within ten days.

Sec. 22. [168A.154] SALVAGE VEHICLES TAKEN OUT OF STATE.

A dealer who sells a salvage vehicle to a buyer who intends to remove the vehicle from the state shall report the sale within ten days to the department on a form prescribed by the department.

Sec. 23. EFFECTIVE DATE.

Sections 1 to 22 are effective January 1, 1989.

Approved April 12, 1988

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