

SENATE
STATE OF MINNESOTA
EIGHTY-EIGHTH SESSION

S.F. No. 1287

(SENATE AUTHORS: REST and Westrom)

DATE	D-PG	OFFICIAL STATUS
03/11/2013	778	Introduction and first reading Referred to Transportation and Public Safety
03/06/2014	5969a 6007	Comm report: To pass as amended and re-refer to Judiciary Author added Westrom
03/12/2014	6138	Comm report: To pass and re-referred to Taxes

A bill for an act

relating to motor vehicles; providing for transfer-on-death of title to motor vehicle; exempting transfer from motor vehicle sales tax; amending Minnesota Statutes 2013 Supplement, section 297B.01, 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. **[168A.125] TRANSFER-ON-DEATH OF TITLE TO MOTOR VEHICLE.**

Subdivision 1. **Titled as transfer-on-death.** A motor vehicle may be titled in transfer-on-death or TOD form by including in the certificate of title a designation of a beneficiary or beneficiaries to whom the motor vehicle must be transferred on death of the owner or the last survivor of joint owners with rights of survivorship, subject to the rights of all secured parties.

Subd. 2. **Designation of beneficiary.** A motor vehicle is registered in transfer-on-death form by designating on the certificate of title the name of the owner and the names of joint owners with identification of rights of survivorship, followed by the words "transfer-on-death to (name of beneficiary or beneficiaries)." The designation "TOD" may be used instead of "transfer-on-death." A title in transfer-on-death form is not required to be supported by consideration, and the certificate of title in which the designation is made is not required to be delivered to the beneficiary or beneficiaries in order for the designation to be effective.

Subd. 3. **Interest of beneficiary.** The transfer-on-death beneficiary or beneficiaries shall have no interest in the motor vehicle until the death of the owner or the last survivor of the joint owners with right of survivorship. A beneficiary designation may be changed at

2.1 any time by the owner or by all joint owners with rights of survivorship, without the consent
 2.2 of the beneficiary or beneficiaries, by filing an application for a new certificate of title.

2.3 Subd. 4. **Vesting of ownership in beneficiary.** Ownership of a motor vehicle
 2.4 titled in transfer-on-death form shall vest in the designated beneficiary or beneficiaries on
 2.5 the death of the owner or the last of the joint owners with right of survivorship, subject
 2.6 to the rights of all secured parties. The transfer-on-death beneficiary or beneficiaries
 2.7 who survive the owner may apply for a new certificate of title to the motor vehicle upon
 2.8 submitting proof of the death of the owner of the motor vehicle. If no transfer-on-death
 2.9 beneficiary or beneficiaries survive the owner of a motor vehicle, the motor vehicle must
 2.10 be included in the probate estate of the deceased owner. A transfer of a motor vehicle to a
 2.11 transfer-on-death beneficiary or beneficiaries is not a testamentary transfer.

2.12 Subd. 5. **Rights of creditors.** This section does not limit the rights of any secured
 2.13 party or creditor of the owner of a motor vehicle against a transfer-on-death beneficiary or
 2.14 beneficiaries.

2.15 Sec. 2. Minnesota Statutes 2013 Supplement, section 297B.01, subdivision 16, is
 2.16 amended to read:

2.17 Subd. 16. **Sale, sells, selling, purchase, purchased, or acquired.** (a) "Sale,"
 2.18 "sells," "selling," "purchase," "purchased," or "acquired" means any transfer of title of any
 2.19 motor vehicle, whether absolutely or conditionally, for a consideration in money or by
 2.20 exchange or barter for any purpose other than resale in the regular course of business.

2.21 (b) Any motor vehicle utilized by the owner only by leasing such vehicle to others
 2.22 or by holding it in an effort to so lease it, and which is put to no other use by the owner
 2.23 other than resale after such lease or effort to lease, shall be considered property purchased
 2.24 for resale.

2.25 (c) The terms also shall include any transfer of title or ownership of a motor vehicle
 2.26 by other means, for or without consideration, except that these terms shall not include:

2.27 (1) the acquisition of a motor vehicle by inheritance from or by bequest of, or
 2.28 transfer-on-death of title by, a decedent who owned it;

2.29 (2) the transfer of a motor vehicle which was previously licensed in the names of
 2.30 two or more joint tenants and subsequently transferred without monetary consideration to
 2.31 one or more of the joint tenants;

2.32 (3) the transfer of a motor vehicle by way of gift from a limited used vehicle dealer
 2.33 licensed under section 168.27, subdivision 4a, to an individual, when the transfer is with
 2.34 no monetary or other consideration or expectation of consideration and the parties to the
 2.35 transfer submit an affidavit to that effect at the time the title transfer is recorded;

- 3.1 (4) the transfer of a motor vehicle by gift between:
- 3.2 (i) spouses;
- 3.3 (ii) parents and a child; or
- 3.4 (iii) grandparents and a grandchild;
- 3.5 (5) the voluntary or involuntary transfer of a motor vehicle between a husband and
- 3.6 wife in a divorce proceeding; or
- 3.7 (6) the transfer of a motor vehicle by way of a gift to an organization that is exempt
- 3.8 from federal income taxation under section 501(c)(3) of the Internal Revenue Code when
- 3.9 the motor vehicle will be used exclusively for religious, charitable, or educational purposes.