

Salvage Title Task Force

Report to the Legislature*

January XX, 2022

**Report Required by Minnesota Special Session Laws 2021 Chapter 5, Article 2, Section 147*

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I. Background

A. Enabling Legislation

The Salvage Task Force (“Task Force”) was established by the Minnesota Legislature in 2021 to evaluate issues related to salvage certificates of title and make any recommendations for legislative changes.

The Task Force was directed to:

1. review state law governing motor vehicle titling and issuance of a salvage certificate of title, which must include Minnesota Statutes, sections 168A.151, 325F.6641, and 325F.6642;
2. evaluate the current salvage designation, including:
 - whether the designation conveys information about the physical, structural, and mechanical condition of the vehicle that is sufficient to enable vehicle owners and prospective purchasers of used vehicles to make informed repair or purchase decisions; and
 - whether the criteria in state statute for "high-value vehicle" and "late-model vehicle" provide meaningful information about the physical, structural, and mechanical condition of the vehicle;
3. identify any additional or alternative means to provide information about the condition of a vehicle that is subject to an insurer acquiring ownership through payment of damages;
4. make recommendations for motor vehicle titling changes based on task force findings, including development of any proposed legislation.

The Legislative Coordinating Commission provided administrative services for the Task Force. Staff from the Department of Public Safety provided general information and technical support to the Task Force.

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B. Task Force Membership

The Salvage Title Task Force consisted of 4 members appointed as follows:

- One member of the house of representatives, with one appointed by the speaker of the house: **Representative Cheryl Youakim**
- One member of the house of representatives appointed by the house minority leader: **Representative John Petersburg**
- One member of the senate appointed by the senate majority leader: **Senator John Jasinski**
- One member of the senate appointed by the senate minority leader: **Senator Jim Carlson**

II. Task Force Meetings

The Task Force was provided specific topics to study in the enacting legislation. These topics provided a framework for the meetings and presentations. The Task Force met seven times. Video of each Task Force meeting as well as meeting minutes, agendas and materials are all available on the Task Force's website <http://www.lcc.leg.mn/sttf> (www.lcc.leg.mn/sttf).

Meeting One - September 1, 2021

The Task Force elected Senator John Jasinski as Chair. Staff from House Research presented an overview of the legislation that established the Task Force. (See Attached Appendix B for Meeting Minutes.)

Meeting Two - October 6, 2021

Staff from the Department of Public Safety provided a detailed presentation on salvage and branding inspections. In addition, a representative from the Vehicle Crimes Unit of the Minnesota State Patrol presented on the enforcement of Minnesota Statutes 325F.6641: Disclosure of Vehicle Damages. (See Attached Appendix B for Meeting Minutes. See Attached Appendix C for the Salvage Branding and Inspections overview provided by Jason E. Lacina, Dealers and Inspections Unit Supervisor, Department of Public Safety.)

Meeting Three - November 10, 2021

Stakeholders from the Auto Dealers Association, the Insurance Federation of Minnesota, LKQ, Malecha's Autobody, the Automotive Recyclers of Minnesota and AAA Auto Salvage, Inc. provided general testimony as well as comments on S.F. 640, which broadens the situations in which an insurer or individual must obtain a salvage title. (See Attached Appendix B for Meeting Minutes. See Attached Appendix D for S.F. 640.)

Meeting Four - December 15, 2021

Stakeholders from the Insurance Auto Auctions and Copart, the Legal Services Advocacy Project and Alliance of Automotive Service Providers of Minnesota provided information related to salvage titles. (See Attached Appendix B for Meeting Minutes. See Attached Appendix E for written testimony provided by Kevin Park, Insurance Auto Auction, Ron Elwood, Legal Services Advocacy Project and Sam Ritchie, Alliance Automotive Service Providers of Minnesota.)

Meeting Five - December 29, 2021

Members reviewed H.F. 1145, which broadens insurance company damage disclosure requirements, and discussed potential recommendations for motor vehicle titling changes. (See Attached Appendix B for Meeting Minutes. See Appendix F for H.F. 1145.)

Meeting Six - January 12, 2022

The Task Force reviewed a preliminary salvage title draft bill, MB069-1, and heard public testimony on the draft bill. (See Attached Appendix B for Meeting Minutes. See attached Appendix G for the draft bill and associated memo.)

Meeting Seven - January 26, 2022

The Task Force reviewed a revised salvage title bill draft, MB069-xx, and voted to recommend MB069-xx to the Legislature. (See Attached Appendix B for Meeting Minutes. See Appendix H for the draft bill summary.)

IV. Task Force Recommendations

Below is the proposed salvage title legislation the Task Force voted to recommend to the Legislature on January 26, 2022.

Note: Bill draft MB069-xx to be inserted after the January 26 task force meeting.

V. Appendices

- Appendix A: 2021 Session Law Establishing the Salvage Title Task Force
- Appendix B: Meeting Minutes
- Appendix C: October 6, 2021 Salvage Branding and Inspections Presentation by Jason E. Lacina, Dealers and Inspections Unit Supervisor, Department of Public Safety
- Appendix D: S.F. 640: Vehicle class requiring a salvage of title modification and appropriation.
- Appendix E: Testimony provided by Kevin Park, Insurance Auto Auction, Ron Elwood, Legal Services Advocacy Project and Sam Ritchie, Alliance Automotive Service Providers of Minnesota.
- Appendix F: HF 1145: Motor vehicle salvage title cause of damage disclosure required.
- Appendix G: MB069-1 Salvage Title Bill Draft and associated memo.
- Appendix H: MB069-xx Draft Bill Summary.