

Salvage Title Task Force

Report to the Legislature*

January 26, 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.
5. estimate costs and fiscal impacts of implementing the recommendations.

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 memorandum.)

Meeting Seven - January 26, 2022

The Task Force reviewed the revised salvage title draft bill, MB069-6, and approved the Task Force's Report to the Legislature. (See Attached Appendix B for Meeting Minutes. See Appendix H for the revised bill draft and associated memorandum.)

III. Task Force Recommendations

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

- 1.1 A bill for an act
- 1.2 relating to motor vehicles; amending various requirements governing motor vehicle
- 1.3 titles and disclosure; making technical and clarifying changes; appropriating money;
- 1.4 amending Minnesota Statutes 2020, sections 168A.01, subdivision 17b, by adding
- 1.5 a subdivision; 168A.04, subdivisions 1, 4; 168A.05, subdivision 3; 168A.151,
- 1.6 subdivision 1; 168A.152, subdivisions 1, 1a; 325F.662, subdivision 3; 325F.6641;
- 1.7 325F.6642; 325F.6644; 325F.665, subdivision 14; repealing Minnesota Statutes
- 1.8 2020, sections 168A.01, subdivision 17a; 325F.6642, subdivisions 3, 6, 7, 8;
- 1.9 325F.6644.
- 1.10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
- 1.11 Section 1. Minnesota Statutes 2020, section 168A.01, is amended by adding a subdivision
- 1.12 to read:
- 1.13 Subd. 16b. **Recovered intact vehicle.** "Recovered intact vehicle" means a vehicle that
- 1.14 was:
- 1.15 (1) verified by the vehicle insurer to be stolen and declared a total loss; and
- 1.16 (2) subsequently recovered with damage that is not in excess of 80 percent of its value
- 1.17 upon recovery.
- 1.18 Sec. 2. Minnesota Statutes 2020, section 168A.01, subdivision 17b, is amended to read:
- 1.19 Subd. 17b. **Salvage vehicle.** (a) "Salvage vehicle" means a vehicle ~~that has a salvage~~
- 1.20 ~~certificate of title~~ (1) for which an insurance company has declared a total loss or paid a
- 1.21 total loss claim, or (2) that has been involved in a collision or other event in which the cost
- 1.22 of repairs exceeds 80 percent of the value of the vehicle immediately before the damage
- 1.23 occurred.
- 2.1 (b) Salvage vehicle does not include a recovered intact vehicle.
- 2.2 Sec. 3. Minnesota Statutes 2020, section 168A.04, subdivision 1, is amended to read:

2.3 Subdivision 1. **Contents.** The application for the first certificate of title of a vehicle or
2.4 manufactured home in this state, or for reissuance of a certificate of title for a manufactured
2.5 home under section 168A.142, ~~shall~~ must be made by the owner to the department on the
2.6 form prescribed by the department and ~~shall~~ must contain:

2.7 (1) the first, middle, and last names, the dates of birth, and addresses of all owners who
2.8 are natural persons, the full names and addresses of all other owners;

2.9 (2) a description of the vehicle or manufactured home including, so far as the following
2.10 data exists, its make, model, year, identifying number in the case of a vehicle or serial
2.11 number in the case of a manufactured home, type of body, and whether new or used;

2.12 (3) the date of purchase by applicant, the name and address of the person from whom
2.13 the vehicle or manufactured home was acquired, the names and addresses of any secured
2.14 parties in the order of their priority, and the dates of their respective security agreements;

2.15 (4) with respect to motor vehicles subject to the provisions of section 325E.15, the true
2.16 cumulative mileage registered on the odometer or that the actual mileage is unknown if the
2.17 odometer reading is known by the owner to be different from the true mileage;

2.18 (5) ~~with respect to vehicles subject to section 325F.6641,~~ whether the vehicle sustained
2.19 damage by collision or other occurrence ~~which exceeded 70 percent of the actual cash value~~
2.20 that meets the disclosure requirements under section 325F.6641, subdivision 1; and

2.21 (6) any further information the department reasonably requires to identify the vehicle
2.22 or manufactured home and to enable it to determine whether the owner is entitled to a
2.23 certificate of title, and the existence or nonexistence and priority of any security interest in
2.24 the vehicle or manufactured home.

2.25 Sec. 4. Minnesota Statutes 2020, section 168A.04, subdivision 4, is amended to read:

2.26 Subd. 4. **Vehicle last registered out of state.** If the application refers to a vehicle last
2.27 previously registered in another state or country, the application ~~shall~~ must contain or be
2.28 accompanied by:

2.29 (1) any certificate of title issued by the other state or country;

3.1 (2) any other information and documents the department reasonably requires to establish
3.2 the ownership of the vehicle and the existence or nonexistence and priority of any security

3.3 interest in it;

3.4 (3) the certificate of a person authorized by the department that the identifying number
3.5 of the vehicle has been inspected and found to conform to the description given in the
3.6 application, or any other proof of the identity of the vehicle the department reasonably
3.7 requires; and

3.8 (4) ~~with respect to vehicles subject to section 325F.6641,~~ whether the vehicle sustained
3.9 damage by collision or other occurrence ~~which exceeded 70 percent of actual cash value~~
3.10 that meets the disclosure requirements under section 325F.6641, subdivision 1. Damage,
3.11 for the purpose of ~~this~~ the calculation under this clause, does not include the actual cost
3.12 incurred to repair, replace, or reinstall inflatable safety restraints and other vehicle
3.13 components that must be replaced due to the deployment of the inflatable safety restraints.

3.14 Sec. 5. Minnesota Statutes 2020, section 168A.05, subdivision 3, is amended to read:

3.15 Subd. 3. **Content of certificate.** (a) Each certificate of title issued by the department
3.16 ~~shall~~ must contain:

3.17 (1) the date issued;

3.18 (2) the first, middle, and last names and the dates of birth of all owners who are natural
3.19 persons, and the full names of all other owners;

3.20 (3) the residence address of the owner listed first if that owner is a natural person or the
3.21 address if that owner is not a natural person;

3.22 (4) the names of any secured parties, and the address of the first secured party, listed in
3.23 the order of priority (i) as shown on the application, or (ii) if the application is based on a
3.24 certificate of title, as shown on the certificate, or (iii) as otherwise determined by the
3.25 department;

3.26 (5) any liens filed pursuant to a court order or by a public agency responsible for child
3.27 support enforcement against the owner;

3.28 (6) the title number assigned to the vehicle;

3.29 (7) a description of the vehicle including, so far as the following data exists, its make,
3.30 model, year, identifying number, type of body, whether new or used, and if a new vehicle,

3.31 the date of the first sale of the vehicle for use;

4.1 (8) with respect to a motor vehicle subject to section 325E.15, (i) the true cumulative
4.2 mileage registered on the odometer or (ii) that the actual mileage is unknown if the odometer
4.3 reading is known by the owner to be different from the true mileage;

4.4 (9) one or more of the following:

4.5 (i) with respect to a vehicle subject to sections ~~325F.6641~~ 168A.151 and 325F.6642, the
4.6 appropriate ~~term brand~~ "flood damaged," "~~rebuilt,~~" "salvage," "prior salvage," or
4.7 "reconstructed";

4.8 ~~(10)~~ (ii) with respect to a vehicle contaminated by methamphetamine production, if the
4.9 registrar has received the certificate of title and notice described in section 152.0275,
4.10 subdivision 2, paragraph (g), the ~~term brand~~ "hazardous waste contaminated vehicle"; and

4.11 ~~(11)~~ (iii) with respect to a vehicle subject to section 325F.665, the ~~term brand~~ "lemon
4.12 law vehicle"; and

4.13 ~~(12)~~ (10) any other data the department prescribes.

4.14 (b) For a certificate of title on a vehicle that is a restored pioneer vehicle:

4.15 (1) the identifying number must be the valid identifying number as provided under
4.16 section 168A.04, subdivision 5;

4.17 (2) the year of the vehicle must be the year of original vehicle manufacture and not the
4.18 year of restoration; and

4.19 (3) the title must not bear a "reconstructed vehicle" brand.

4.20 Sec. 6. Minnesota Statutes 2020, section 168A.151, subdivision 1, is amended to read:

4.21 Subdivision 1. **Salvage titles and prior salvage brands.** (a) When an insurer, licensed
4.22 to conduct business in Minnesota, acquires ownership of a ~~late-model or high-value~~ vehicle
4.23 through payment of damages, the insurer ~~shall~~ must:

4.24 (1) ~~for a late-model or high-value vehicle,~~ immediately apply for a ~~salvage~~ certificate
4.25 of title that bears a "salvage" brand or ~~shall~~ stamp the existing certificate of title with ~~the~~
4.26 ~~legend~~ "SALVAGE CERTIFICATE OF TITLE" in a manner prescribed by the department;
4.27 or

4.28 (2) for a vehicle that is not subject to clause (1), immediately apply for a certificate of
4.29 title that bears a "prior salvage" brand.

4.30 (b) Within ten days of obtaining the title of a vehicle through payment of damages, an
4.31 insurer must notify the department in a manner prescribed by the department.

5.1 ~~(b)~~ (c) A person shall must immediately apply for a salvage certificate of title that bears
5.2 a "salvage" brand if the person acquires a damaged late-model or high-value vehicle with
5.3 ~~an out-of-state title and the vehicle that:~~

5.4 ~~(1) is a vehicle that~~ was acquired by an insurer through payment of damages;

5.5 ~~(2) is a vehicle for which the~~ will incur a cost of repairs that exceeds the value of the
5.6 damaged vehicle; or

5.7 ~~(3) has an out-of-state salvage certificate of title as proof of ownership; or~~

5.8 ~~(4) bears the brand "damaged," "repairable," "salvage," or any similar term on the~~
5.9 certificate of title.

5.10 (d) A person must immediately apply for a certificate of title that bears a "prior salvage"
5.11 brand if the person acquires a damaged vehicle and:

5.12 (1) a "salvage" brand is not required under paragraph (c); and

5.13 (2) the vehicle:

5.14 (i) bears the brand "damaged," "repairable," "salvage," "rebuilt," or "reconditioned," or
5.15 any similar term on the certificate of title; or

5.16 (ii) had a salvage certificate of title or brand issued at any time in the vehicle's history
5.17 by any other jurisdiction.

5.18 ~~(e)~~ (e) A self-insured owner of a late-model or high-value vehicle that sustains damage
5.19 by collision or other occurrence which exceeds 80 percent of its actual cash value shall
5.20 must:

5.21 (1) for a late-model or high-value vehicle, immediately apply for a salvage certificate
5.22 of title that bears a "salvage" brand; or

5.23 (2) for a vehicle that is not subject to clause (1), immediately apply for a certificate of
5.24 title that bears a "prior salvage" brand.

5.25 Sec. 7. Minnesota Statutes 2020, section 168A.152, subdivision 1, is amended to read:

5.26 Subdivision 1. **Certificate of inspection.** (a) ~~A salvage certificate of title that bears a~~
5.27 "salvage" brand authorizes the holder to possess, transport, and transfer ownership in a
5.28 vehicle. ~~A salvage certificate of title that bears a "salvage" brand does not authorize the~~
5.29 ~~holder to register a vehicle. A certificate of title must not be issued for a vehicle for which~~
5.30 ~~a salvage certificate of title has been issued unless~~

6.1 (b) For a late-model or high-value vehicle with a certificate of title that bears a "salvage"
6.2 brand, the commissioner must not issue a certificate of title that bears a "prior salvage"
6.3 brand unless the application for title is accompanied by a certification of inspection in the
6.4 ~~form and content specified by the department accompanies the application for a certificate~~
6.5 ~~of title.~~

6.6 Sec. 8. Minnesota Statutes 2020, section 168A.152, subdivision 1a, is amended to read:

6.7 Subd. 1a. **Duties of salvage vehicle purchaser.** No salvage vehicle purchaser shall
6.8 possess or retain a salvage vehicle which does not have a ~~salvage~~ certificate of title that
6.9 bears a "salvage" brand. The salvage vehicle purchaser ~~shall~~ must display the ~~salvage~~
6.10 certificate of title upon the request of any appropriate public authority.

6.11 Sec. 9. Minnesota Statutes 2020, section 325F.662, subdivision 3, is amended to read:

6.12 Subd. 3. **Exclusions.** Notwithstanding the provisions of subdivision 2, a dealer is not
6.13 required to provide an express warranty for a used motor vehicle:

6.14 (1) sold for a total cash sale price of less than \$3,000, including the trade-in value of
6.15 any vehicle traded in by the consumer, but excluding tax, license fees, registration fees, and
6.16 finance charges;

6.17 (2) with an engine designed to use diesel fuel;

6.18 (3) with a gross weight, as defined in section 168.002, subdivision 13, in excess of 9,000
6.19 pounds;

6.20 (4) that has been custom-built or modified for show or for racing;

6.21 (5) that is eight years of age or older, as calculated from the first day in January of the
6.22 designated model year of the vehicle;

6.23 (6) that has been produced by a manufacturer which has never manufactured more than
6.24 10,000 motor vehicles in any one year;

6.25 (7) that has 75,000 miles or more at time of sale;

6.26 (8) that has not been manufactured in compliance with applicable federal emission
6.27 standards in force at the time of manufacture as provided by the Clean Air Act, United
6.28 States Code, title 42, sections 7401 through 7642, and regulations adopted pursuant thereto,
6.29 and safety standards as provided by the National Traffic and Motor Safety Act, United
6.30 States Code, title 15, sections 1381 through 1431, and regulations adopted pursuant thereto;
6.31 or

7.1 (9) that has been issued a ~~salvage~~ certificate of title that bears a "salvage" brand under
7.2 section 168A.151.

7.3 Sec. 10. Minnesota Statutes 2020, section 325F.6641, is amended to read:

7.4 **325F.6641 DISCLOSURE OF VEHICLE DAMAGE.**

7.5 Subdivision 1. **Prior damage disclosure.** (a) If a ~~late model~~ vehicle, ~~as defined in~~
7.6 ~~section 168A.01, subdivision 8a,~~ has sustained damage by collision or other occurrence
7.7 which exceeds 80 percent of its actual cash value immediately prior to sustaining damage,
7.8 the seller must disclose that fact to the buyer, if the seller has actual knowledge of the
7.9 damage. The amount of damage is determined by the retail cost of repairing the vehicle
7.10 based on a complete written retail repair estimate or invoice.

7.11 (b) The disclosure required under this subdivision must be made in writing on the
7.12 application for title and registration or other transfer document, in a manner prescribed by
7.13 the registrar of motor vehicles. The registrar ~~shall revise~~ must design the certificate of title
7.14 form, including the assignment by seller (transferor) and reassignment by licensed dealer
7.15 sections of the form, the separate application for title forms, and other transfer documents
7.16 to accommodate this disclosure. ~~If the seller is a motor vehicle dealer licensed pursuant to~~
7.17 ~~section 168.27, the disclosure required by this section must be made orally by the dealer to~~
7.18 ~~the prospective buyer in the course of the sales presentation.~~

7.19 (c) ~~Upon transfer and application for title to a vehicle covered by this subdivision, the~~
7.20 ~~registrar shall record the term "rebuilt" on the first Minnesota certificate of title and all~~

7.21 ~~subsequent Minnesota certificates of title used for that vehicle.~~

7.22 Subd. 2. **Form of Disclosure requirements.** (a) If a motor vehicle dealer licensed under
7.23 section 168.27 offers a vehicle for sale, in the course of a sales presentation to any prospective
7.24 buyer, the dealer must provide both an oral and a written disclosure of:

7.25 (1) prior vehicle damage as required under subdivision 1;

7.26 (2) the existence or requirement of any title brand under sections 168A.05, subdivision
7.27 3, 168A.151, 325F.6642, or 325F.665, subdivision 14; and

7.28 (3) whether the vehicle has been submerged or flooded above the bottom of the dashboard
7.29 while part of a motor vehicle dealer's inventory and parked on the dealer's lot.

7.30 (b) If a person receives a flood disclosure as described in paragraph (a), clause 3, whether
7.31 from a motor vehicle dealer or another seller, and subsequently offers that vehicle for sale,
7.32 the person must provide the same disclosure to any prospective subsequent buyer.

8.1 (c) Written disclosure under this subdivision must be signed by the buyer and maintained
8.2 in the motor vehicle dealer's sales file in the manner prescribed by the registrar of motor
8.3 vehicles.

8.4 (d) The disclosure required in ~~this section~~ subdivision 1 must be made in substantially
8.5 the following form: "To the best of my knowledge, this vehicle has has not sustained
8.6 damage in excess of 80 percent actual cash value."

8.7 Sec. 11. Minnesota Statutes 2020, section 325F.6642, is amended to read:

8.8 **325F.6642 TITLE BRANDING.**

8.9 Subdivision 1. **Flood damage.** If the application for title and registration indicates that
8.10 the vehicle has been classified as a total loss ~~vehicle~~ because of water or flood damage, or
8.11 that the vehicle bears a "flood damaged" or similar brand, the registrar of motor vehicles
8.12 ~~shall~~ must record the ~~term~~ brand "flood damaged" on the certificate of title and all subsequent
8.13 certificates of title issued for that vehicle.

8.14 Subd. 2. **Total Loss Salvage vehicles.** (a) Upon transfer and application for title to all
8.15 ~~total loss~~ vehicles for which the "salvage" brand is required under section 168A.151,
8.16 subdivision 1, the registrar of motor vehicles ~~shall~~ must (1) record the ~~term~~ brand "prior
8.17 salvage" on the first ~~Minnesota~~ certificate of title, and (2) subject to section 168A.152,

8.18 record the brand "prior salvage" on all subsequent Minnesota certificates of title used issued
8.19 for that vehicle.

8.20 (b) Notwithstanding paragraph (a), a "prior salvage" brand is not required for a recovered
8.21 intact vehicle, as defined in section 168A.01, subdivision 16b.

8.22 Subd. 2a. **Prior salvage.** Upon application for title to all vehicles for which the "prior
8.23 salvage" brand is required under section 168A.151, subdivision 1, the registrar of motor
8.24 vehicles must record the brand "prior salvage" on the certificate of title and all subsequent
8.25 certificates of title issued for that vehicle.

8.26 Subd. 2b. **Certain damaged vehicles.** Upon transfer and application for title to a vehicle
8.27 that is subject to section 325F.6641, subdivision 1, the registrar of motor vehicles must (1)
8.28 record the brand "salvage" on the first certificate of title, and (2) subject to section 168A.152,
8.29 record the brand "prior salvage" on all subsequent certificates of title issued for that vehicle.

8.30 Subd. 3. **Out-of-state vehicles.** (a) Upon transfer and application for title of all repaired
8.31 vehicles with out-of-state titles that bear the term "damaged," "salvage," "rebuilt,"
8.32 "reconditioned," or any similar term, the registrar of motor vehicles shall record the term
9.1 "prior salvage" on the first Minnesota certificate of title and all subsequent Minnesota
9.2 certificates of title used for that vehicle.

9.3 (b) The registrar shall mark "prior salvage" on the first Minnesota certificate of title and
9.4 all subsequent certificates of title issued for any vehicle which came into the state unrepaired
9.5 and for which a salvage certificate of title was issued.

9.6 (c) For vehicles with out-of-state titles which bear the term "flood damaged," the registrar
9.7 of motor vehicles shall record the term "flood damaged" on the first Minnesota certificate
9.8 of title and all subsequent Minnesota certificates of title issued for that vehicle.

9.9 (d) the registrar shall mark "prior salvage" on the first Minnesota certificate of title and
9.10 all subsequent certificates of title issued for any vehicle that had a salvage certificate of title
9.11 issued at any time in the vehicle's history by any other jurisdiction.

9.12 Subd. 4. **Reconstructed vehicles.** For vehicles that are reconstructed within the meaning
9.13 of section 168A.15, the registrar shall must record the ~~term~~ brand "reconstructed" on the
9.14 certificate of title and all subsequent certificates of title.

9.15 Subd. 5. **Manner of branding.** The Each brand designation of "flood damaged," "rebuilt,"

9.16 "~~prior salvage,~~" or "~~reconstructed~~" under this section or section 168A.05, subdivision 3,
9.17 168A.151, or 325F.665, subdivision 14, required on a certificate of title ~~shall~~ must be made
9.18 by the registrar of motor vehicles in a clear and conspicuous manner, in a ~~color~~ format
9.19 different from all other writing on the certificate of title.

9.20 ~~Subd. 6. **Total loss vehicle; definition.** For the purposes of this section, "total loss~~
9.21 ~~vehicle" means a vehicle damaged by collision or other occurrence, for which a salvage~~
9.22 ~~certificate of title has been issued. Total loss vehicle does not include a stolen and recovered~~
9.23 ~~vehicle verified by the insurer who declared the vehicle to be a total loss vehicle unless~~
9.24 ~~there is more than minimal damage to the vehicle as determined by the registrar.~~

9.25 ~~Subd. 7. **Dealer disclosure.** If a licensed motor vehicle dealer offers for sale a vehicle~~
9.26 ~~with a branded title, the dealer shall orally disclose the existence of the brand in the course~~
9.27 ~~of the sales presentation.~~

9.28 ~~Subd. 8. **Flood damage; dealer lots.** If a motor vehicle, which is part of a licensed motor~~
9.29 ~~vehicle dealer's inventory, has been submerged or flooded above the bottom of the dashboard~~
9.30 ~~while parked on the dealer's lot, the dealer must disclose that fact in writing to any buyer~~
9.31 ~~and must orally disclose that fact in the course of a sales presentation to any prospective~~
9.32 ~~buyer. The buyer must also disclose the existence of the flood damage in writing to any~~
9.33 ~~subsequent buyer.~~

10.1 Sec. 12. Minnesota Statutes 2020, section 325F.6644, is amended to read:

10.2 ~~**325F.6644 APPLICATION.**~~

10.3 ~~Subdivision 1. **Damage disclosure.** Section 325F.6641 does not apply to commercial~~
10.4 ~~motor vehicles with a gross vehicle weight rating of 16,000 pounds or more or to motorcycles.~~

10.5 ~~Subd. 2. **Title branding.** Section 325F.6642 does not apply to (1) commercial motor~~
10.6 ~~vehicles with a gross vehicle weight rating of 16,000 pounds or more or to motorcycles,~~
10.7 ~~other than reconstructed vehicles, as defined in section 168A.01, subdivision 16; and (2)~~
10.8 ~~restored pioneer vehicles, as defined in section 168A.01, subdivision 16a.~~

10.9 Sec. 13. Minnesota Statutes 2020, section 325F.665, subdivision 14, is amended to read:

10.10 Subd. 14. **Title branding.** (a) Upon transfer and application for title of all vehicles
10.11 subject to this section, the registrar of motor vehicles shall record the term "lemon law
10.12 vehicle" on the certificate of title and all subsequent certificates of title for that vehicle.

10.13 (b) For vehicles with out-of-state titles that bear the term "lemon law vehicle," or any
10.14 similar term, the registrar of motor vehicles shall record the term "lemon law vehicle" on
10.15 the first Minnesota certificate of title and all subsequent Minnesota certificates of title issued
10.16 for that vehicle.

10.17 ~~(c) The designation of "lemon law vehicle" on a certificate of title must be made by the~~
10.18 ~~registrar of motor vehicles in a clear and conspicuous manner, in a color different from all~~
10.19 ~~other writing on the certificate of title.~~

10.20 Sec. 14. **APPROPRIATION; MOTOR VEHICLE TITLE ADMINISTRATION.**

10.21 \$,in fiscal year 2022 is appropriated from the vehicle services operating account in
10.22 the special revenue fund to the commissioner of public safety to implement the requirements
10.23 of this act. This is a onetime appropriation.

10.24 **EFFECTIVE DATE.** This section is effective the day following final enactment.

10.25 Sec. 15. **REPEALER.**

10.26 Minnesota Statutes 2020, sections 168A.01, subdivision 17a; 325F.6642, subdivisions
10.27 3, 6, 7, and 8; and 325F.6644, are repealed.

10.28 Sec. 16. **EFFECTIVE DATE.**

10.29 Unless specified otherwise, this act is effective January 1, 2023.

IV. 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: H.F. 1145: Motor vehicle salvage title cause of damage disclosure required.

Appendix G: MB069-1 Salvage Title Bill Draft and associated memorandum.

Appendix H: MB069-6 Salvage Title Bill Draft and associated memorandum.

Appendix A

2021 Law Establishing the Salvage Title Task Force

2021 Minnesota Session Law, Chapter 5, Article 2, Section 147

SALVAGE TITLE TASK FORCE .

Subdivision 1. Definitions.

- (a) For purposes of this section, the following terms have the meanings given.
- (b) "High-value vehicle " has the meaning given in Minnesota Statutes, section 168A.01, subdivision 6a.
- (c) "Late-model vehicle " has the meaning given in Minnesota Statutes, section 168A.01, subdivision 8a.
- (d) " Task Force " means the salvage title task force established in this section.

Subd. 2. Establishment; purpose.

A salvage title task force is established to evaluate issues related to salvage certificates of title and make any recommendations for legislative changes.

Subd. 3. Membership.

- (a) The task force consists of the following members:
 - (1) two members of the house of representatives, with one appointed by the speaker of the house and one appointed by the house minority leader; and
 - (2) two members of the senate, with one appointed by the senate majority leader and one appointed by the senate minority leader.
- (b) The appointing authorities under paragraph (a) must make the appointments by August 1, 2021.
- (c) At its first meeting, the task force must elect a chair by a majority vote of those members present.

Subd. 4. Duties.

The task force must:

- (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:
 - (i) 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

(ii) 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; and

(5) estimate costs and fiscal impacts of implementing the recommendations.

Subd. 5. Meetings.

(a) By September 1, 2021, the chair of the Legislative Coordinating Commission must convene the first meeting of the task force.

(b) The task force must establish a schedule for meetings and meet as necessary to accomplish the duties under subdivision 4.

(c) The task force is subject to the Minnesota Open Meeting Law under Minnesota Statutes, chapter 13D.

Subd. 6. Administration.

(a) The Legislative Coordinating Commission must provide administrative services and support and physical or virtual meeting space. Upon request of the task force, the commissioner of public safety must provide technical support.

(b) Members of the task force serve without compensation.

Subd. 7. Legislative report.

By January 31, 2022, the task force must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation finance and policy. At a minimum, the report must describe the activities, evaluations and findings, cost estimates, and recommendations of the task force.

Subd. 8. Expiration.

The task force expires the day following submission of the report under subdivision 7.

EFFECTIVE DATE.

This section is effective the day following final enactment.

Appendix B

Meeting Minutes



Salvage Title Task Force

Meeting Minutes

Wednesday, September 1, 2021

Remote via Zoom

1:30 PM

Members Present

Representative John Petersburg

Representative Cheryl Youakim

Senator Jim Carlson

Senator John Jasinski

Speaker of the House Melissa Hortman called the remote meeting of the Salvage Title Task Force to order at 1:34 PM.

A quorum was present.

Election of Chair

Representative Petersburg nominated Senator Jasinski for position of chair. **THE MOTION PREVAILED.**

Senator Jasinski assumed the gavel.

Nonpartisan Staff Overview of Legislation

Matt Burress, Legislative Analyst, House Research Department, presented a brief review of the legislation establishing the Task Force.

Task Force Discussion of Goals

Each member provided input on their goals for the Task Force.

Possible Future Meeting Topics and Schedule

Senator Jasinski asked the members to provide ideas on testifiers and topics to be discussed at the next meeting.

There being no further business, the meeting adjourned at 2:02 PM.



Salvage Title Task Force

Meeting Minutes

Wednesday, October 6, 2021

Remote via Zoom

Members Present

Senator Jasinski, Chair

Representative Petersburg

Representative Youakim

Senator Carlson

Senator Jasinski called the remote meeting of the Salvage Title Task Force to order at 2:00 PM.

A quorum was present.

Overview of current Salvage Title process

Pong Xiong, Director, Department of Public Safety Driver and Vehicle Services Division, provided introductory comments related to the salvage title process.

Jason Lacina, Dealers and Inspections Unit Supervisor, Department of Public Safety, provided a presentation on salvage branding and inspections.

Sergeant Jeffrey Pinoniemi, Vehicle Crimes Unit, Minnesota State Patrol, provided comments related to the enforcement of Minnesota Statutes 325F.6641: Disclosure of Vehicle Damages.

There being no further business, the meeting adjourned at 3:30 PM.



Salvage Title Task Force

Meeting Minutes

Wednesday, November 10, 2021

Remote via Zoom

Members Present

Senator Jasinski, Chair
Representative Youakim
Senator Carlson

Members Excused

Representative Petersburg

Senator Jasinski called the remote meeting of the Salvage Title Task Force to order at 2:06 PM.

A quorum was present.

Representative Youakim moved to approve the Minutes for the September 1, 2021 and October 6, 2021 meetings.

Motion prevailed

Presentations were as follows:

- a. Amber Bacchus, Auto Dealers Association
- b. Mark Kulda, Insurance Federation of Minnesota
- c. Kevin Fisk, LKQ
- d. Willy Malecha, Malecha's Autobody
- e. Brenda Misgen, Vice President, Automotive Recyclers of Minnesota, Misgen Auto Parts, Inc.
- f. Eric Schulz, Chief Financial Officer, AAA Auto Salvage, Inc.

Each providing information related to the salvage titles.

There being no further business, the meeting adjourned at 3:04 PM.



Salvage Title Task Force

Meeting Minutes

Wednesday, December 15, 2021

Remote via Zoom

Members Present

Senator John Jasinski, Chair

Senator Jim Carlson

Representative John Petersburg

Representative Cheryl Youakim

Senator Jasinski called the remote meeting of the Salvage Title Task Force to order at 2:02 PM.

A quorum was present.

Representative Petersburg moved to approve the Minutes for the November 10, 2021 meeting.

Motion prevailed

Presentations were as follows:

- a. Kevin Park, Insurance Auto Auctions, Inc.
- b. Ron Elwood, Legal Services Advocacy Project
- c. Written presentation from Sam Ritchie, Alliance of Automotive Service Providers of Minnesota

Each providing information related to salvage titles.

The next meeting will be Wednesday, December 29, 2021.

There being no further business, the meeting adjourned at 2:56 PM.



Salvage Title Task Force

Meeting Minutes

Wednesday, December 29, 2021

Remote via Zoom

Members Present

Senator Jasinski, Chair

Senator Carlson

Representative Petersburg

Representative Youakim

Senator Jasinski called the remote meeting of the Salvage Title Task Force to order at 2:04 PM.

A quorum was present.

Representative Petersburg moved to approve the Minutes for the December 15, 2021 meeting.

Motion prevailed

Members discussed creation of the final report . Aliexis Stangl, Lead Counsel for the Senate and Matt Burress, Legislative Analyst with the House have been asked to assist with the process.

The next meeting will be Wednesday, January 12, 2022.

There being no further business, the meeting adjourned at 2:56 PM.



Salvage Title Task Force

Meeting Minutes

Wednesday, January 12, 2022

Remote via Zoom

Members Present

Senator Jasinski, Chair

Senator Carlson

Representative Petersburg

Representative Youakim

Senator Jasinski called the remote meeting of the Salvage Title Task Force to order at 2:02 PM.

A quorum was present.

Representative Petersburg moved to approve the Minutes for the December 29, 2021 meeting.

Motion prevailed

Matt Burress, Legislative Analyst with the House and Alexis Stangl, Lead Counsel for the Senate presented a draft Bill MB069-1. Members discussed the bill language and listened to stakeholder comments. Members asked staff to redraft the bill and present at the next meeting.

The next meeting will be Wednesday, January 26, 2022.

There being no further business, the meeting adjourned at 3:06 PM.



Salvage Title Task Force

Meeting Minutes

Wednesday, January 26, 2022

Remote via Zoom

Members Present

Senator Jasinski, Chair

Senator Carlson

Representative Petersburg

Representative Youakim

Senator Jasinski called the remote meeting of the Salvage Title Task Force to order at 2:02 PM.

A quorum was present.

Matt Burrell, Legislative Analyst, House Research Department, presented an overview of MB069-6, the bill draft that will be included in the Task Force's report to the Legislature.

Representative Youakim moved approval of the Salvage Title Task Force Report to the Legislature.

A roll call vote was taken. The results were as follows:

Ayes: Senator Jasinski, Representative Petersburg, Representative Youakim

There being 3 ayes and 1 absent, **The Motion Prevailed.**

Representative Youakim moved to approve the Minutes for the January 12, 2022 meeting.

The Motion Prevailed

There being no further business, the meeting adjourned at 2:23 PM.

Appendix C

**October 6, 2021 Salvage Branding and Inspections
Presentation by Jason E. Lacina, Dealers and Inspections Unit
Supervisor, Department of Public Safety**



DVS
Driver &
Vehicle Services

Salvage Branding and Inspections Salvage Title Task Force October 6, 2021

Minnesota Department of Public Safety
Driver and Vehicle Services

Jason E. Lacina, Dealers and Inspections Unit Supervisor

What is a Title Brand?

- Official designation appearing on vehicle's title paperwork
- Indicates a vehicle has sustained damage
- Title brands vary by state



What is a Title Brand?

Title Brands Applied to Minnesota Titles

- Salvage
- Prior Salvage
- Flood
- Lemon Law
- Reconstructed
- Rebuilt
- Assembled
- Distinctive

What is a Title Brand?

- 8 title brands are printed on a title highlighted by a black box with offset lettering
- DVS Title and Registration Unit processes all Minnesota titles for motor vehicles, including branded titles

804 Laurel St
Brewster
MN 56401

APPLICANT'S BUYER'S SIGNATURE(S) All Must Sign
IMPORTANT - PLEASE READ: ALL INFORMATION COLLECTED ON THIS APPLICATION IS TO BE USED FOR OFFICIAL PURPOSES. INFORMATION OBTAINED BY YOUR PROVIDER MAY RESULT IN DENIAL OF THE REQUESTED ACTION EXCEPT FOR CERTAIN USES PERMITTED BY LAW. YOUR INFORMATION WILL BE SHARED WITH ANYONE WITHOUT YOUR EXPRESS CONSENT. YOU MAY EXPRESSLY CONSENT TO THE RELEASE OF YOUR INFORMATION BY WRITING TO THE FOLLOWING ADDRESS:

LEMON LAW | **PRIOR SALVAGE**

DRIVER AND VEHICLE SERVICES DIVISION
PHONE 651-297-2126 TTY 651-282-6055
dvs.dps.mn.gov

PS2700-19

KEEP IN A SAFE PLACE. ANY ALTERATION OR ERASURE VOIDS THIS TITLE



What is a Salvage Title Brand?

Salvage Brand

- Vehicle is declared a total loss through an insurance claim
- Vehicle is “repairable” and could be driven on the road again
- Determination is made by the insurance company
- Placed in national database and can be viewed by title and registration authority and law enforcement



What is a Salvage Title Brand?

Salvage Brand Title in Minnesota

- Issued to vehicles
 - Newer than 6 years old;
 - Valued over \$9000; and
 - Insurance company has paid total loss claim
- Salvage Brand Title can be changed to “Prior Salvage” if owner brings vehicle for inspection, documents all major parts used in the repair, submits fees, receipts, forms, and the original salvage title



What is a Junk Title?

Junk or Non-Repairable Title

- Vehicle is declared non-roadworthy and non-repairable through an insurance claim
- Determination is made by the insurance company, not the State
- Placed in national database and can be viewed by title and registration authority and law enforcement



What is a Junk Title?

Junk Vehicle in Minnesota

- Minnesota, along with most other states, does not issue title to vehicles branded “Junk”
- Instead, a Junking Certificate of Title is issued noting the vehicle may not be driven and can only be used for parts
- A vehicle designated as Junk in Minnesota or in another state, cannot be repaired or returned the road; it is no longer eligible for titling in most states



What is a Reconstructed Vehicle?

- A vehicle branded “Reconstructed” has been rebuilt and had its appearance or mode changed
- Minnesota vehicles (both commercial and passenger) are titled according to the VIN on the cab, also known as the public VIN, rather than the VIN on the frame
- Minnesota does not specify which parts of a junked vehicle can be used to reconstruct another vehicle



What is a Reconstructed Vehicle?

- Rebuilders can take a commercial vehicle with Junk status, place a new cab over the frame, and the vehicle will be titled as “Reconstructed” and titled based on the new cab’s VIN
- Some states title based on the VIN on the frame
- If the vehicle described above were moved to one of those states, the owner would not be able to obtain title based on the frame’s junk history



Salvage Vehicles and Insurance Companies

- When an insurance company declares a vehicle salvage or junk, it buys the vehicle back from the owner through an insurance settlement
- Vehicle is placed for sale with a salvage pool dealer
- Rebuilders and Dealers purchase the vehicles with the intent to repair them for resale or to use for parts
- It is estimated the 80% of vehicles sold at auction are provided by insurers



DVS Role in the Salvage Process

- DVS is responsible for Inspection and Titling of vehicles registered in Minnesota
- Vehicles with certain title brands can be repaired, given a new title (that may or may not continue to carry a brand), and returned to the road
- The two largest salvage pool auctioneers sell an estimated 1,000 salvage vehicles in Minnesota per week



What is a Salvage Vehicle Inspection?

- **A salvage vehicle inspection is NOT a safety inspection**
- Identifies possible stolen vehicles and stolen parts
- DVS inspectors work closely with State Patrol Vehicle Crimes Unit when inspection identifies possible criminal activity



What is a Salvage Vehicle Inspection?

- Inspection of a salvage vehicle is intended to prevent vehicle theft crimes and the proliferation of Chop Shops
- Inspection of a salvage vehicle involves identifying:
 - Vehicle
 - Each major part used to repair it
- Inspectors are looking for:
 - Stolen vehicles that may have had a public VIN switched
 - Stolen parts used to repair a salvage or reconstructed vehicle



Who Inspects Salvage Vehicles?

- Minn. Stat. section 168.27, subdivision 15 requires DVS to have a minimum of 7 inspectors
- In FY22-23 DVS has the funding and appropriation for 7 full-time inspectors
- DVS inspectors responsible for inspections related to enforcement of dealer regulations *and* vehicle inspections
- Inspectors split their time between dealer audits and vehicle inspections



Who Inspects Salvage Vehicles?

- Inspectors from the Dealers and Inspections Unit conduct approximately 450-500 vehicle inspections per week at three main locations
- Approximately 200 inspections per month at two additional locations
- Exam and Inspections Specialists at Exam Stations can also conduct VIN inspections at designated Exam Stations



How Does the Salvage Process Work?

A Few Important Notes

- An estimated 9 of 10 salvage vehicles in Minnesota are purchased and brought for inspection by a salvage dealer
- If a private individual purchases a salvage vehicle for repair and inspection, they must pay the taxes and registration and complete the repair and inspection within one year



How Does the Salvage Process Work?

A Few Important Notes

- Commercial vehicles over 16,000 pounds and motorcycles are EXEMPT from damage disclosure requirements
- Commercial vehicles over 16,000 pounds, motorcycles, and restored pioneer vehicles are EXEMPT from title branding requirements
- Minn. Stat. section [325F.6644](#)



How Does the Salvage Process Work?

1. Vehicle Damaged

- Insurance company pays a total loss claim on a vehicle damaged due accident, flood, theft, or other event

2. Title Branded

- Insurance company takes possession of the vehicle and brands the title according to state requirements; salvage, flood, etc.



How Does the Salvage Process Work?

3. Salvage Vehicle Sold

- Vehicle is sold as a salvaged vehicle that “must be inspected”
- This is not a safety inspection



Salvaged commercial boom truck.



How Does the Salvage Process Work?

4. Salvage Vehicle Purchased

- Buyer is often a salvage vehicle dealer
- Intent is to repair the vehicle and sell or use for parts in reconstruction of other vehicles

5. Buyer Repairs Salvage Vehicle

- Buyer can repair with parts from other vehicles or parts purchased from a parts dealer
- Buyer can change the vehicle use in the process, known as Reconstruction



Salvaged commercial boom truck “Reconstructed” into Fire Truck.

Note: Due to statutory exemptions, this vehicle will receive a “Reconstructed” brand following inspection, removing all reference to its salvage history. The seller is also not required to disclose the salvage history to the buyer.



How Does the Salvage Process Work?

6. Vehicle Inspected

- Buyer schedules an inspection at DVS inspection site
- Inspector visually inspects noting major components replaced
- Inspector compares findings to owner's declaration of replaced components
- Inspector verifies owner has receipts for each major replaced component

7. Inspection Results

- If Inspector determines owner has met all requirements and there are no stolen parts, the vehicle receives a "Passed Inspection" rating
- Without a "Passed Inspection" the owner cannot purchase new registration and cannot operate the vehicle on roadways, i.e. the vehicle remains branded as salvage



How Does the Salvage Process Work?

8. Application for New Title and Registration

- Owner takes required forms and original receipts to Deputy Registrar
- Owner pays inspection fee (\$35 + \$11 filing fee)

9. DVS Review

- DVS Title and Registration Unit verifies all required documentation submitted and inspection passed



How Does the Salvage Process Work?

10. Title and Registration Issued – Passenger Vehicle

- Branded Title “Prior Salvage” Issued
- Seller of this vehicle statutorily required to verbally tell buyer of branding status

STATE OF MINNESOTA
CERTIFICATE OF TITLE FOR A MOTOR VEHICLE

Vehicle Identification Number	Year	Make	Model	Body	Title Issue Date	Title Number
SNPDH4AE1 [REDACTED]	2013	HYUN	ELANTRA	SD	Jun 02, 2021	17875468-1

Engine Number: 88000 Odometer: 88000 Condition: USED Acquisition Date: May 21, 2021

NO SECURITY INTERESTS 1/3/1995 OWNER: [REDACTED]

Total Liens 0 56387-1710 WAITE PARK MN 0-005-694-231

INSURANCE SALVAGE HIGH VALUE

ASSIGNMENT BY SELLER (TRANSFEROR)
FEDERAL AND STATE LAWS REQUIRE THAT YOU STATE THE MILEAGE IN CONNECTION WITH THE TRANSFER OF OWNERSHIP. MINNESOTA LAW REQUIRES THAT YOU MAKE A DISCLOSURE ABOUT DAMAGE TO THE VEHICLE. A FALSE OR FRAUDULENT STATEMENT OF PURCHASE BY ANY PERSON IS A GROSS MISDEMEANOR OR FELONY.

ODOMETER DISCLOSURE STATEMENT: I (WE) CERTIFY THAT THE ODOMETER NOW READS [] NO TENTHS) MILES AND TO THE BEST OF MY KNOWLEDGE THE ODOMETER RELEASED [] IS ACTUAL MILEAGE [] EXCEEDS MECHANICAL LIMITS OF ODOMETER [] IS NOT ACTUAL MILEAGE - WARNING ODOMETER DISCREPANCY

DAMAGE DISCLOSURE STATEMENT: TO THE BEST OF MY KNOWLEDGE, THIS VEHICLE: [] HAS [] HAS NOT (CHECK ONE) SUSTAINED DAMAGE IN EXCESS OF 30 PERCENT ACTUAL CASH VALUE

ASSIGNMENT: I (WE) CERTIFY THAT THIS VEHICLE IS FREE FROM ALL SECURITY INTERESTS, WARRANT TITLE, AND ASSIGN THE REGISTRATION TAX AND VEHICLE TO:

SELLER'S PRINTED NAME(S) [REDACTED] BUYER'S PRINTED NAME(S) [REDACTED]
SELLER'S ADDRESS [REDACTED] BUYER'S ADDRESS [REDACTED]
SELLER'S SIGNATURE(S) [REDACTED] BUYER'S SIGNATURE(S) [REDACTED]

APPLICATION FOR TITLE BY BUYER (TRANSFEREE). MUST BE SUBMITTED WITHIN 10 DAYS (Please Print)

ALL STATE INSURANCE CO
PO Box 169
Avon, MN 56310

IS THIS VEHICLE SUBJECT TO SECURITY AGREEMENT(S)? [] NO [] YES (IF YES, COMPLETE SECTION BELOW)

PRIOR SALVAGE

PS2700-19



How Does the Salvage Process Work?

10. Title and Registration Issued – Exempted Vehicle

- If the rebuilder returns the vehicle back to its original form and function, a CLEAR title with no brand is issued
- Branded title “Reconstructed” issued if the rebuilder changed the vehicle’s appearance and mode of operation; no longer any reference to salvage on the title
- Seller of this vehicle not required to disclose salvage history or branded title to buyer

The image shows a Minnesota Certificate of Title and Registration form for a 2015 PAUG RS vehicle. The form is filled out with the following information:

Vehicle Identification Number	Year	Make	Model	Body	Title Issue Date	Title Number
PA1RL2E24	2015	PAUG	RS		May 06, 2021	L235D6010

Additional information on the form includes:

- Engine Number: 5
- Odometer: 5
- Condition: USED
- Acquisition Date: Aug 22, 2016
- NO SECURITY INTERESTS
- OWNER: [Redacted]
- Total Liens: 0
- DR: S AFTON MN
- 55001-4500

The form also includes a section for "ASSIGNMENT BY SELLER (TRANSFEROR)" and a section for "APPLICATION FOR TITLE BY BUYER (TRANSFeree)". The word "RECONSTRUCTED" is circled in red on the form. The title number is L235D6010 and the registration number is M N 22 20947217.



Questions?

Appendix D

**S.F. 640: Vehicle class requiring a salvage of title
modification and appropriation.**

SENATE
STATE OF MINNESOTA
NINETY-SECOND SESSION

S.F. No. 640

(SENATE AUTHORS: JASINSKI, Newman, Frentz, Tomassoni and Coleman)

DATE	D-PG	OFFICIAL STATUS
02/04/2021	247	Introduction and first reading Referred to Transportation Finance and Policy
02/11/2021	299a	Comm report: To pass as amended and re-refer to Finance
	345	Author added Coleman
03/01/2021	592	Comm report: To pass
	600	Second reading
	4795	Rule 47, returned to Finance

- 1.1 A bill for an act
- 1.2 relating to motor vehicles; modifying the class of vehicles requiring a salvage
- 1.3 certificate of title; appropriating money; amending Minnesota Statutes 2020, section
- 1.4 168A.151, subdivision 1.
- 1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
- 1.6 Section 1. Minnesota Statutes 2020, section 168A.151, subdivision 1, is amended to read:
- 1.7 Subdivision 1. **Salvage titles.** (a) When an insurer, licensed to conduct business in
- 1.8 Minnesota, acquires ownership of a ~~late-model or high-value~~ vehicle through payment of
- 1.9 damages, the insurer shall immediately apply for a salvage certificate of title or shall stamp
- 1.10 the existing certificate of title with the legend "SALVAGE CERTIFICATE OF TITLE" in
- 1.11 a manner prescribed by the department. Within ten days of obtaining the title of a vehicle
- 1.12 through payment of damages, an insurer must notify the department in a manner prescribed
- 1.13 by the department.
- 1.14 (b) A person shall immediately apply for a salvage certificate of title if the person acquires
- 1.15 a damaged ~~late-model or high-value~~ vehicle with an out-of-state title and the vehicle:
- 1.16 (1) is a vehicle that was acquired by an insurer through payment of damages;
- 1.17 (2) is a vehicle for which the cost of repairs exceeds the value of the damaged vehicle;
- 1.18 or
- 1.19 (3) has an out-of-state salvage certificate of title as proof of ownership.
- 1.20 (c) A self-insured owner of a ~~late-model or high-value~~ vehicle that sustains damage by
- 1.21 collision or other occurrence which exceeds 80 percent of its actual cash value shall
- 1.22 immediately apply for a salvage certificate of title.

2.1 (d) A person who retains ownership of a late-model or high-value motor vehicle and
2.2 receives a total loss settlement from an insurance company, shall immediately apply for a
2.3 salvage certificate of title.

2.4 **EFFECTIVE DATE.** This section is effective January 1, 2023, and applies to: (1) a
2.5 vehicle subject to this section that is acquired on or after that date; (2) a vehicle that sustains
2.6 damage by collision as described in paragraph (c) on or after that date; or (3) a vehicle for
2.7 which a person receives a total loss settlement as described in paragraph (d) on or after that
2.8 date.

2.9 Sec. 2. **APPROPRIATION.**

2.10 \$441,000 in fiscal year 2022 and \$395,000 in fiscal year 2023 are appropriated from the
2.11 vehicle services operating account in the special revenue fund to the commissioner of public
2.12 safety for the costs of two additional vehicle inspection sites, including the costs of equipment
2.13 and staff.

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.**

Testimony of Kevin Park

Insurance Auto Auctions

Thank you Sen. Jasinski, for the opportunity to speak to the Salvage Study Task Force and represent the salvage auction Industry. My name is Kevin Park and I work for Insurance Auto Auctions Inc. I am here to testify on behalf of Insurance Auto Auctions and Copart. These two companies represent the majority of salvage vehicle auctions in the State of Minnesota.

Talking Points:

- Our industry believes in transparency on vehicles determined salvage and we believe this is currently addressed by Minnesota statutes.
- The confusion comes when not all totaled vehicles are damaged significantly enough to be designated salvage.
 - Because of the low value of most older vehicles, a total loss vehicle does not mean the vehicle is a safety hazard. As a general rule, when a vehicle is involved in an accident and sustains damage that exceeds 75% of the market value of the vehicle, the vehicle owner's insurance company decides to declare the vehicle a "total loss". A vehicle could have a repair cost exceeding 75% of its fair market value and, yet, have no safety-related damage. While this is true for many older vehicle collisions, it is also certainly true for hail-damaged or vandalized cars.
- Vehicle historical information is currently available in many forms in the marketplace.
 - Consumers may obtain a vehicle history report from several commercial companies and from National Motor Vehicle Title Information System, otherwise known as NMVTIS
 - The available reports will show if a vehicle was totaled by an insurance company.
 - Additionally, the chain-of-title reflects ownership by an insurance company.
- There are also unintended consequences of branding all vehicles salvage that are total loss. Such as:
 - Increased cost to the state by the expansion of required inspections when the vehicle is repaired for on-road use.
 - Disproportionate impact to lower-income consumers who are at a higher percentage purchasing and driving previously damaged vehicles.
- The majority of states provide exemption from salvage designation on vehicle titles based on age and/or damage threshold.
- As stated by the Insurance Federation of Minnesota at the last Task Force meeting, we would find it acceptable to add the damage type to salvage vehicles. Our request is like theirs and that if this is implemented it will be a standardized format with limited options (Collision, Flood, Hail, Cosmetic, etc.)
- A report provided by the Minnesota Department of Public Safety for the 2019-year shows (please see pages 79 and 80 of the report, tables 12.01 and 12.02)
 - Very few accidents are caused by defective vehicles, generally around 1% of all accidents. Of that small number, brakes, mechanical system and other equipment are the most frequent culprits. These defects are not associated with "total loss" vehicles, but rather, generally reflect poor maintenance.

Thank you again Sen. Jasinski and all members of the Task Force. I am available if you have any questions or require clarification of my comments.



Legal Services Advocacy Project

Testimony of Ron Elwood Before the Salvage Title Task Force

December 15, 2021

Chair Jasinski and Members:

My name is Ron Elwood. I am the Supervising Attorney of the Legal Services Advocacy Project (LSAP). LSAP is a statewide division of Legal Aid, conducting legislative and administrative policy advocacy on behalf of our clients and on behalf of all low-income Minnesotans, elder Minnesotans, and Minnesotans with disabilities across the state.

Thank you allowing me the opportunity to speak with you today on the Salvage Title issue.

At the outset, let me make my interests and involvement in this issue crystal clear. My only interests are in consumer protection, consumer knowledge, and public safety.

As the Task Force's charge clearly states, the purpose of the salvage title designation is to provide make buyers of used and previously totaled cars more informed when they are contemplating purchasing a vehicle.

And let me pause to be clear that I am only concerned with commercial transactions between prospective buyers and used car dealers – not in individual purchases at auto auctions.

The salvage title designation can convey a sense of the roadworthiness of a vehicle that a person is considering purchasing. It should provide a warning of possible structural or mechanical defects that could render a car unsafe and dangerous.

The question before you is whether our current salvage title law gives consumers the information they need to be informed purchasers – to know whether a car they are looking to buy from an auto dealer is safe or not. And if the answer to that question is no – and I think it is no – then what should replace it?

The current law creates a demarcation line for the salvage title designation for “late model” cars (that is, cars 6 years old or newer) and “high value” cars (that is, cars worth more or less than \$9,000. Are those the right demarcation lines?

More importantly, wherever the line is drawn does that title designation provide the prospective buyer with the information they need to know whether the car they are looking to buy commercially is safe, or a death trap?

The current demarcation line is arbitrary. Two vehicles that suffer the same exact damage and are equally safe or unsafe get two different treatments. If the car is worth \$9,100 an appropriate warning – a salvage title designation – obtains. But a different vehicle, worth \$8,900 and possibly unsafe is put back in the stream of commerce and the buyer has no indication that there may be a safety problem.

For example, a quick check of Carfax came up with a mix of prices for the same year car. One for instance – a relatively late model 2014 Toyota Corolla with 166,000 miles – was listed for \$8,884. It falls neither in the “late model” category nor the “high value” category.

Had this car been totaled – and unsafe -- it would not have been designated as salvaged and the buyer would have no indication of potential danger.

But again, is the title the right place to provide the guidance and warnings for which the salvage designation is intended? If the title is not the proper (pun intended) vehicle for conveying this vital information to prospective buyers, what is?

The ideal solution – an objective inspection for structural and mechanical damage -- is simply impossible. Today, a salvage vehicle is inspected by the state – not for roadworthiness but rather for stolen parts.

While identifying stolen parts is important for crime prevention, it is not really what the consumer cares about when at a used car lot contemplating a vehicle purchase. If we had unlimited funds and were willing to set up a government or nonprofit infrastructure to evaluate the safety of totaled cars, this problem would be solved. But that is not going to happen.

So we’re left with proxies called salvage title designations.

The bill that passed unanimously on the Senate floor would have designated all cars totaled as salvage. That would certainly send the signal for a buyer to beware. It would also ensure that all vehicles with structural or mechanical damage that renders them unsafe would be flagged for consumers. And it would serve to likely prevent vehicles that are damaged but not obvious to the naked eye from being sold at inflated prices that do not reflect the condition of the vehicle. It is our client’s who are more often subject to this marketplace flaw.

But that bill is overinclusive. As you know, the older the car, the less cosmetic damage it takes to total it. Therefore, while ALL unsafe cars would be included, so would cars that could actually put back in the stream of commerce and be driven safely. This could serve to reduce the supply and raise the price of used cars. (As we are experiencing right now for another reason – the tightening of the supply chain.)

Any other proposal to move the yardsticks on “late model” or “high value” but fall short of eliminating those definitions would be underinclusive. Certainly changing the definitions to include more cars would move in the right direction, be a compromise, and theoretically give more consumers more information about the potential roadworthiness of a vehicle they are contemplating purchasing.

I know the question for me that would come next from you is, “well if this method of title designation is not the right method to provide prospective car buyers the information they need, then what do you propose?”

Regrettably, I don’t have the magic solution – we’ve all been at this for at least three years now (and before that, in 1988 – before my time – when these definitions were put in place).

But I will leave you with this: Generally I would suggest that the Task Force think about a means to provide car buyers at used cars dealers with at the very least a clear disclosure – not in tiny print or buried in stacks of paper the buyer needs to sign, to be glossed over and ignored by the consumer -- that the vehicle they are thinking about buying:

- a. Has been at one point totaled by the insurance company;
- b. If true, the seller has not conducted a safety inspection and also does not know that the airbags are functioning; and
- c. The buyer may take the car to their own mechanic to check it out for safety.

Again, thank you for the opportunity to discuss this issue with you today.



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Written testimony on behalf of the Alliance of Automotive Service Providers of Minnesota (AASP-MN)

AASP-MN is the state trade association representing nearly 700 independent collision and mechanical repairs shops across Minnesota. We appreciate the opportunity to provide written testimony to the Salvage Title Task Force.

We are familiar with the efforts to change the salvage title statute in Minnesota and continue to be concerned about the potential outcomes. We see these changes as bad for both consumers who want to repair their vehicles and for repair shops who are willing and able to fix them properly.

Eliminating reference to "late-model" and "high-value" in the salvage title statute will dramatically expand the number of vehicles required to secure a salvage certificate of title from the Minnesota Department of Public Safety while providing no consumer benefit. Consumers can easily be in a situation where they would be "underwater" with the financing of their vehicle which could be properly and safely repaired and yet, they will face the prospect of having the value of that vehicle diminished if it is identified as "salvage." Consumers who would prefer to safely and properly repair their vehicle should not be disincentivized from doing so.

The current threshold for "late-model" and "high-value" vehicles was the product of lengthy negotiation between the Insurance Federation of Minnesota and AASP-MN and we continue to believe that any changes to the previously negotiated statute should have the support of both organizations.

AASP-MN has been meeting with a number of organizations including the Auto Auctions, the Insurance Federation, and Legal Aid to discuss these proposed changes. We do not believe the changes contemplated to date would help consumers better assess the road worthiness of the vehicle they are driving or are considering for purchase. Our recommendation would be that any change to the statute have two overarching goals:

- to provide better information about damaged vehicles and
- to offer greater transparency for determining when a salvage title should be required and obtained

Last year, there was language prepared which would have called for particular reporting regarding the type of damage a vehicle had sustained, a change to the salvage title statute that we could support and believe furthers the two goals stated above.

Sincerely,

A handwritten signature in black ink, appearing to read "Linden Wicklund".

Linden Wicklund, Executive Director

Your Champion. Your Ally.

Appendix F

**H.F. 1145: Motor vehicle salvage title cause of damage
disclosure required.**

This Document can be made available in alternative formats upon request

State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 1145

02/15/2021 Authored by Youakim and Lucero

The bill was read for the first time and referred to the Committee on Transportation Finance and Policy

1.1 A bill for an act
1.2 relating to motor vehicles; requiring disclosure of cause of damage on motor vehicle
1.3 salvage titles; amending Minnesota Statutes 2020, section 168A.151, subdivision
1.4 1.

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

1.6 Section 1. Minnesota Statutes 2020, section 168A.151, subdivision 1, is amended to read:

1.7 Subdivision 1. Salvage titles. (a) When an insurer, licensed to conduct business in
1.8 Minnesota, acquires ownership of a late-model or high-value vehicle through payment of
1.9 damages, the insurer shall immediately apply for a salvage certificate of title or shall stamp
1.10 the existing certificate of title with the legend "SALVAGE CERTIFICATE OF TITLE" in
1.11 a manner prescribed by the department. Within ten days of obtaining the title of a vehicle
1.12 through payment of damages, an insurer must notify the department in a manner prescribed
1.13 by the department-, which shall identify the nature of the damage to the vehicle, including
1.14 whether the damage was due to:

1.15 (1) flood;

1.16 (2) hail;

1.17 (3) fire; or

1.18 (4) collision.

1.19 (b) A person shall immediately apply for a salvage certificate of title if the person acquires
1.20 a damaged late-model or high-value vehicle with an out-of-state title and the vehicle:

1.21 (1) is a vehicle that was acquired by an insurer through payment of damages;

- 2.1 (2) is a vehicle for which the cost of repairs exceeds the value of the damaged vehicle;
- 2.2 or
- 2.3 (3) has an out-of-state salvage certificate of title as proof of ownership.
- 2.4 (c) A self-insured owner of a late-model or high-value vehicle that sustains damage by
- 2.5 collision or other occurrence which exceeds 80 percent of its actual cash value shall
- 2.6 immediately apply for a salvage certificate of title.

Appendix G

MB069-1 Salvage Title Bill Draft and Associated Memorandum.

1.1 A bill for an act
1.2 relating to motor vehicles; amending various requirements governing motor vehicle
1.3 titles and disclosure; making technical and clarify changes; appropriating money;
1.4 amending Minnesota Statutes 2020, sections 168A.01, subdivision 17b; 168A.04,
1.5 subdivisions 1, 4; 168A.05, subdivision 3; 168A.151, subdivision 1; 168A.152,
1.6 subdivisions 1, 1a; 325F.6641; 325F.6642; repealing Minnesota Statutes 2020,
1.7 sections 168A.01, subdivision 17a; 325F.6642, subdivisions 7, 8.

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

1.9 Section 1. Minnesota Statutes 2020, section 168A.01, subdivision 17b, is amended to
1.10 read:

1.11 Subd. 17b. **Salvage vehicle.** "Salvage vehicle" means a vehicle that has a salvage
1.12 certificate of title that bears a "salvage" brand.

1.13 Sec. 2. Minnesota Statutes 2020, section 168A.04, subdivision 1, is amended to read:

1.14 Subdivision 1. **Contents.** The application for the first certificate of title of a vehicle or
1.15 manufactured home in this state, or for reissuance of a certificate of title for a manufactured
1.16 home under section 168A.142, ~~shall~~ must be made by the owner to the department on the
1.17 form prescribed by the department and ~~shall~~ must contain:

1.18 (1) the first, middle, and last names, the dates of birth, and addresses of all owners who
1.19 are natural persons, the full names and addresses of all other owners;

1.20 (2) a description of the vehicle or manufactured home including, so far as the following
1.21 data exists, its make, model, year, identifying number in the case of a vehicle or serial
1.22 number in the case of a manufactured home, type of body, and whether new or used;

2.1 (3) the date of purchase by applicant, the name and address of the person from whom
2.2 the vehicle or manufactured home was acquired, the names and addresses of any secured
2.3 parties in the order of their priority, and the dates of their respective security agreements;

2.4 (4) with respect to motor vehicles subject to the provisions of section 325E.15, the true
2.5 cumulative mileage registered on the odometer or that the actual mileage is unknown if the
2.6 odometer reading is known by the owner to be different from the true mileage;

2.7 (5) ~~with respect to vehicles subject to section 325F.6641,~~ whether the vehicle sustained
2.8 damage by collision or other occurrence ~~which exceeded 70 percent of the actual cash value~~
2.9 that meets the disclosure requirements under section 325F.6641, subdivision 1; and

2.10 (6) any further information the department reasonably requires to identify the vehicle
2.11 or manufactured home and to enable it to determine whether the owner is entitled to a
2.12 certificate of title, and the existence or nonexistence and priority of any security interest in
2.13 the vehicle or manufactured home.

2.14 Sec. 3. Minnesota Statutes 2020, section 168A.04, subdivision 4, is amended to read:

2.15 Subd. 4. **Vehicle last registered out of state.** If the application refers to a vehicle last
2.16 previously registered in another state or country, the application ~~shall~~ must contain or be
2.17 accompanied by:

2.18 (1) any certificate of title issued by the other state or country;

2.19 (2) any other information and documents the department reasonably requires to establish
2.20 the ownership of the vehicle and the existence or nonexistence and priority of any security
2.21 interest in it;

2.22 (3) the certificate of a person authorized by the department that the identifying number
2.23 of the vehicle has been inspected and found to conform to the description given in the
2.24 application, or any other proof of the identity of the vehicle the department reasonably
2.25 requires; and

2.26 (4) ~~with respect to vehicles subject to section 325F.6641,~~ whether the vehicle sustained
2.27 damage by collision or other occurrence ~~which exceeded 70 percent of actual cash value~~
2.28 that meets the disclosure requirements under section 325F.6641, subdivision 1. Damage,
2.29 for the purpose of ~~this~~ the calculation under this clause, does not include the actual cost
2.30 incurred to repair, replace, or reinstall inflatable safety restraints and other vehicle
2.31 components that must be replaced due to the deployment of the inflatable safety restraints.

3.1 Sec. 4. Minnesota Statutes 2020, section 168A.05, subdivision 3, is amended to read:

3.2 Subd. 3. **Content of certificate.** (a) Each certificate of title issued by the department
3.3 ~~shall~~ must contain:

3.4 (1) the date issued;

3.5 (2) the first, middle, and last names and the dates of birth of all owners who are natural
3.6 persons, and the full names of all other owners;

3.7 (3) the residence address of the owner listed first if that owner is a natural person or the
3.8 address if that owner is not a natural person;

3.9 (4) the names of any secured parties, and the address of the first secured party, listed in
3.10 the order of priority (i) as shown on the application, or (ii) if the application is based on a
3.11 certificate of title, as shown on the certificate, or (iii) as otherwise determined by the
3.12 department;

3.13 (5) any liens filed pursuant to a court order or by a public agency responsible for child
3.14 support enforcement against the owner;

3.15 (6) the title number assigned to the vehicle;

3.16 (7) a description of the vehicle including, so far as the following data exists, its make,
3.17 model, year, identifying number, type of body, whether new or used, and if a new vehicle,
3.18 the date of the first sale of the vehicle for use;

3.19 (8) with respect to a motor vehicle subject to section 325E.15, (i) the true cumulative
3.20 mileage registered on the odometer or (ii) that the actual mileage is unknown if the odometer
3.21 reading is known by the owner to be different from the true mileage;

3.22 (9) one or more of the following:

3.23 (i) with respect to a vehicle subject to sections 325F.6641 and 325F.6642, the appropriate
3.24 ~~term~~ brand "flood damaged," "rebuilt," "prior salvage," "insurance loss," or "reconstructed";

3.25 ~~(10)~~ (ii) with respect to a vehicle contaminated by methamphetamine production, if the
3.26 registrar has received the certificate of title and notice described in section 152.0275,
3.27 subdivision 2, paragraph (g), the ~~term~~ brand "hazardous waste contaminated vehicle"; and

3.28 ~~(11)~~ (iii) with respect to a vehicle subject to section 325F.665, the ~~term~~ brand "lemon
3.29 law vehicle"; and

3.30 ~~(12)~~ (10) any other data the department prescribes.

3.31 (b) For a certificate of title on a vehicle that is a restored pioneer vehicle:

4.1 (1) the identifying number must be the valid identifying number as provided under
4.2 section 168A.04, subdivision 5;

4.3 (2) the year of the vehicle must be the year of original vehicle manufacture and not the
4.4 year of restoration; and

4.5 (3) the title must not bear a "reconstructed vehicle" brand.

4.6 Sec. 5. Minnesota Statutes 2020, section 168A.151, subdivision 1, is amended to read:

4.7 Subdivision 1. **Salvage titles and insurance loss brands.** (a) When an insurer, licensed
4.8 to conduct business in Minnesota, acquires ownership of a ~~late-model or high-value~~ vehicle
4.9 through payment of damages, the insurer ~~shall~~ must:

4.10 (1) for a late-model or high-value vehicle, immediately apply for a salvage certificate
4.11 of title that bears a "salvage" brand or shall stamp the existing certificate of title with the
4.12 legend "SALVAGE CERTIFICATE OF TITLE" in a manner prescribed by the department;
4.13 or

4.14 (2) for a vehicle that is not subject to clause (1), immediately apply for a certificate of
4.15 title that bears an "insurance loss" brand.

4.16 (b) Within ten days of obtaining the title of a vehicle through payment of damages, an
4.17 insurer must notify the department in a manner prescribed by the department.

4.18 ~~(b)~~ (c) A person ~~shall~~ must immediately apply for a salvage certificate of title that bears
4.19 a "salvage" brand if the person acquires a damaged ~~late-model or high-value~~ vehicle with
4.20 an out-of-state title and the vehicle:

4.21 (1) is a late-model or high-value vehicle that came into the state unrepaired, and:

4.22 ~~(1) is a vehicle that~~ (i) the vehicle was acquired by an insurer through payment of
4.23 damages; or

4.24 ~~(2) is a vehicle for which the~~ (ii) the cost of repairs ~~exceeds~~ will exceed the value of the
4.25 damaged vehicle; ~~or~~

4.26 ~~(3)~~ (2) has an out-of-state salvage certificate of title as proof of ownership; or

4.27 (3) has the brand "damaged," "salvage," or any similar term on the certificate of title.

4.28 ~~(e)~~ (d) A self-insured owner of a ~~late-model or high-value~~ vehicle that sustains damage
4.29 by collision or other occurrence which exceeds 80 percent of its actual cash value ~~shall~~
4.30 must:

5.1 (1) for a late-model or high-value vehicle, immediately apply for a salvage certificate
5.2 of title that bears a "salvage" brand; or

5.3 (2) for a vehicle that is not subject to clause (1), immediately apply for a certificate of
5.4 title that bears an "insurance loss" brand.

5.5 Sec. 6. Minnesota Statutes 2020, section 168A.152, subdivision 1, is amended to read:

5.6 Subdivision 1. **Certificate of inspection.** A salvage certificate of title that bears a
5.7 "salvage" brand authorizes the holder to possess, transport, and transfer ownership in a
5.8 vehicle. A salvage certificate of title that bears a "salvage" brand does not authorize the
5.9 holder to register a vehicle. A certificate of title without the "salvage" brand must not be
5.10 issued for a vehicle for which a salvage certificate of title that bears a "salvage" brand has
5.11 been issued unless a certification of inspection in the form and content specified by the
5.12 department accompanies the application for a certificate of title.

5.13 Sec. 7. Minnesota Statutes 2020, section 168A.152, subdivision 1a, is amended to read:

5.14 Subd. 1a. **Duties of salvage vehicle purchaser.** No salvage vehicle purchaser shall
5.15 possess or retain a salvage vehicle which does not have a salvage certificate of title that
5.16 bears a "salvage" brand. The salvage vehicle purchaser shall display the salvage certificate
5.17 of title upon the request of any appropriate public authority.

5.18 Sec. 8. Minnesota Statutes 2020, section 325F.6641, is amended to read:

5.19 **325F.6641 DISCLOSURE OF VEHICLE DAMAGE.**

5.20 Subdivision 1. **Prior damage disclosure.** (a) If a late-model vehicle, as defined in
5.21 section 168A.01, subdivision 8a, has sustained damage by collision or other occurrence
5.22 which exceeds 80 percent of its actual cash value immediately prior to sustaining damage,
5.23 the seller must disclose that fact to the buyer, if the seller has actual knowledge of the
5.24 damage. The amount of damage is determined by the retail cost of repairing the vehicle
5.25 based on a complete written retail repair estimate or invoice.

5.26 (b) The disclosure required under this subdivision must be made in writing on the
5.27 application for title and registration or other transfer document, in a manner prescribed by
5.28 the registrar of motor vehicles. The registrar ~~shall revise~~ must design the certificate of title
5.29 form, including the assignment by seller (transferor) and reassignment by licensed dealer
5.30 sections of the form, the separate application for title forms, and other transfer documents
5.31 to accommodate this disclosure. ~~If the seller is a motor vehicle dealer licensed pursuant to~~

6.1 ~~section 168.27, the disclosure required by this section must be made orally by the dealer to~~
 6.2 ~~the prospective buyer in the course of the sales presentation.~~

6.3 (c) Upon transfer and application for title to a vehicle covered by this subdivision, the
 6.4 registrar ~~shall~~ must record the ~~term~~ brand "rebuilt" on the first Minnesota certificate of title
 6.5 and all subsequent Minnesota certificates of title used for that vehicle.

6.6 Subd. 2. **Form of Disclosure requirements.** (a) If a motor vehicle dealer licensed under
 6.7 section 168.27 offers a vehicle for sale, in the course of a sales presentation to any prospective
 6.8 buyer, the dealer must provide both an oral and a written disclosure of:

6.9 (1) prior vehicle damage as required under subdivision 1;

6.10 (2) the existence or requirement of any title brand under sections 168A.05, subdivision
 6.11 3, 168A.151, 325F.6641, 325F.6642, or 325F.665, subdivision 14; and

6.12 (3) whether the vehicle has been submerged or flooded above the bottom of the dashboard
 6.13 while part of a motor vehicle dealer's inventory and parked on the dealer's lot.

6.14 (b) If a person receives a flood disclosure as described in paragraph (a), clause 3, whether
 6.15 from a motor vehicle dealer or another seller, and subsequently offers that vehicle for sale,
 6.16 the person must provide the same disclosure to any prospective subsequent buyer.

6.17 (c) Written disclosure under this subdivision must be made and documented in the
 6.18 manner prescribed by the registrar of motor vehicles.

6.19 (d) The disclosure required in ~~this section~~ subdivision 1 must be made in substantially
 6.20 the following form: "To the best of my knowledge, this vehicle has has not sustained
 6.21 damage in excess of 80 percent actual cash value."

6.22 Sec. 9. Minnesota Statutes 2020, section 325F.6642, is amended to read:

6.23 **325F.6642 TITLE BRANDING.**

6.24 Subdivision 1. **Flood damage.** If the application for title and registration indicates that
 6.25 the vehicle has been classified as a ~~total loss~~ salvage vehicle because of water or flood
 6.26 damage, the registrar of motor vehicles ~~shall~~ must record the ~~term~~ brand "flood damaged"
 6.27 on the certificate of title and all subsequent certificates of title issued for that vehicle.

6.28 Subd. 2. **~~Total Loss~~ Salvage vehicles.** Upon transfer and application for title to all ~~total~~
 6.29 ~~loss~~ salvage vehicles, the registrar of motor vehicles ~~shall~~ must record the ~~term~~ brand "prior
 6.30 salvage" on the first Minnesota certificate of title and all subsequent Minnesota certificates
 6.31 of title ~~used~~ issued for that vehicle.

7.1 Subd. 2a. **Insurance loss vehicles.** Upon application for title to all vehicles for which
7.2 the brand "insurance loss" is required under section 168A.151, subdivision 1, the registrar
7.3 of motor vehicles must record the brand "insurance loss" on the first Minnesota certificate
7.4 of title and all subsequent Minnesota certificates of title issued for that vehicle.

7.5 Subd. 3. **Out-of-state vehicles.** (a) Upon transfer and application for title of all repaired
7.6 vehicles with out-of-state titles that bear the ~~term "damaged," "salvage,"~~ brand "rebuilt,"
7.7 "reconditioned," or any similar term, the registrar of motor vehicles ~~shall~~ must record the
7.8 ~~term~~ brand "prior salvage" on the first Minnesota certificate of title and all subsequent
7.9 Minnesota certificates of title ~~used~~ issued for that vehicle.

7.10 (b) The registrar ~~shall mark~~ must record the brand "prior salvage" on the first Minnesota
7.11 certificate of title and all subsequent certificates of title issued for any vehicle ~~which came~~
7.12 ~~into the state unrepaired and~~ for which a salvage certificate of title was issued and the
7.13 requirements under section 168A.152 are met.

7.14 (c) For vehicles with out-of-state titles which bear the term "flood damaged," the registrar
7.15 of motor vehicles ~~shall~~ must record the ~~term~~ brand "flood damaged" on the first Minnesota
7.16 certificate of title and all subsequent Minnesota certificates of title issued for that vehicle.

7.17 (d) Subject to section 168A.151, subdivision 1, paragraph (c), the registrar ~~shall mark~~
7.18 must record the brand "prior salvage" on the first Minnesota certificate of title and all
7.19 subsequent certificates of title issued for any vehicle that had a salvage certificate of title
7.20 or brand issued at any time in the vehicle's history by any other jurisdiction.

7.21 Subd. 4. **Reconstructed vehicles.** For vehicles that are reconstructed within the meaning
7.22 of section 168A.15, the registrar ~~shall~~ must record the ~~term~~ brand "reconstructed" on the
7.23 certificate of title and all subsequent certificates of title.

7.24 Subd. 5. **Manner of branding.** The brand designation of "flood damaged," "rebuilt,"
7.25 "prior salvage," "insurance loss," or "reconstructed" on a certificate of title ~~shall~~ must be
7.26 made by the registrar of motor vehicles in a clear and conspicuous manner, in a color different
7.27 from all other writing on the certificate of title.

7.28 Subd. 6. ~~Total-loss Salvage vehicle; definition.~~ For the purposes of this section, ~~"total~~
7.29 ~~loss salvage vehicle"~~ means a vehicle damaged by collision or other occurrence, for which
7.30 a salvage certificate of title has been issued. Total loss vehicle has the meaning given in
7.31 section 168A.01, subdivision 17b, except that the term does not include a stolen and
7.32 recovered vehicle verified by the insurer who declared the vehicle to be a total-loss salvage
7.33 vehicle unless there is more than minimal damage to the vehicle as determined by the
7.34 registrar.

8.1 ~~Subd. 7. **Dealer disclosure.** If a licensed motor vehicle dealer offers for sale a vehicle~~
8.2 ~~with a branded title, the dealer shall orally disclose the existence of the brand in the course~~
8.3 ~~of the sales presentation.~~

8.4 ~~Subd. 8. **Flood damage; dealer lots.** If a motor vehicle, which is part of a licensed motor~~
8.5 ~~vehicle dealer's inventory, has been submerged or flooded above the bottom of the dashboard~~
8.6 ~~while parked on the dealer's lot, the dealer must disclose that fact in writing to any buyer~~
8.7 ~~and must orally disclose that fact in the course of a sales presentation to any prospective~~
8.8 ~~buyer. The buyer must also disclose the existence of the flood damage in writing to any~~
8.9 ~~subsequent buyer.~~

8.10 Sec. 10. **APPROPRIATION; MOTOR VEHICLE TITLE ADMINISTRATION.**

8.11 \$..... in fiscal year 2022 is appropriated from the vehicle services operating account in
8.12 the special revenue fund to the commissioner of public safety to implement the requirements
8.13 of this act. This is a onetime appropriation.

8.14 **EFFECTIVE DATE.** This section is effective the day following final enactment.

8.15 Sec. 11. **REPEALER.**

8.16 Minnesota Statutes 2020, sections 168A.01, subdivision 17a; and 325F.6642, subdivisions
8.17 7 and 8, are repealed.

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January 7, 2022

To Salvage Title Task Force members
From Matt Burress, Legislative Analyst
Lexi Stangl, Senate Counsel
Subject Preliminary salvage title bill draft

This memo accompanies an initial bill draft, MB069, that the Salvage Title Task Force had requested. The bill draft attempts to capture a combination of comments and direction from task force members, some feedback from the Department of Public Safety, and a variety of technical and clarifying changes that we have identified. Below is an overview followed by some comments on policy considerations.

Overview

In broad terms, the draft contains the following components.

- **“Insurance loss” title brand.** The draft establishes a new title brand, “insurance loss,” that must be applied to in-state noncommercial vehicles that are outside the high-value or late-model thresholds when (1) acquired by an insurance company as a total loss, and (2) the vehicle is self-insured and sustains damage equal at least 80 percent of its cash value. Put another way, the current process to issue a “salvage” brand on damaged high-value and late-model vehicles remains unchanged, and a new brand is added for vehicles in the same circumstances (e.g., a total loss acquisition by an insurance company) that are not high-value or late-model. (*See sections 4, 5, and 9, subds. 2a and 6.*)
- **Written disclosure.** The draft expands disclosure requirements so that a vehicle dealer must provide written disclosure to a prospective buyer about a vehicle that has any title brand. The language also includes technical changes that centralize several oral disclosure requirements (that apply separately to different brands). (*See section 8, subdivision 2, with language stricken elsewhere and substantially reproduced in this subdivision; and section 11.*)

- **Blank appropriation.** An appropriation is made from the department’s operating account in an amount to be determined, which is designed to anticipate agency costs to revise the titling process. *(See section 10.)*
- **Various technical and clarifying changes.** The draft includes a number of changes that are designed to align state statutes with existing practices, resolve ambiguities regarding vehicles with out-of-state titles, and perform some technical cleanup and modernization. Taken together, these changes make up a rather substantial portion of the bill draft, but we opted to include them in this preliminary draft in order to provide task force members with a clearer set of options in potential legislation. The changes are primarily to:
 - Conform statutes with DVS practice and remove ambiguities regarding when damaged vehicles with out-of-state title must carry a “salvage” brand, which is **not** intended to modify current practice or requirements for out-state-vehicles *(see sections 5, subd. 1 (c), and 9, subd. 3);*
 - Revise terminology to refer to brands *(see sections 4, 5, and 9);*
 - Revise terminology on salvage titles to refer to a “salvage” brand instead of a separate type of title, since this is actual practice of DVS *(see sections 1, 5, 6, 7, and 11);*
 - Adjust the determination of a damage threshold for when notice is required in title applications, which is **not** intended to modify current practice or requirements, but rather is changed to (1) establish internal consistency in state statutes, as it appears that the section being changed in the draft were likely missed when a similar substantive change in the threshold was previously made in another statute; and (2) align with DVS practice *(see sections 2 and 3);*
 - Clarify that a title can bear more than one brand *(see section 4);* and
 - Remove a term definition that is made obsolete and is not used in statutes *(see section 11).*

Policy Considerations

While the department and stakeholders will likely have additional reactions, a couple of policy elements with the draft can be highlighted.

- The collection of vehicles that must receive a “salvage” brand is unchanged. The new “insurance loss” brand is for total loss vehicles that fall outside the thresholds high-value or late-model vehicles.
- The new “insurance loss” brand only applies to in-state vehicles, whereas damaged (or previously damaged and repaired) out-of-state vehicles get a “salvage” brand or a “prior salvage” brand, as appropriate. Thus in-state and out-of-state vehicles that have parallel circumstances can end up with different brands. (Recall, too, that in-state and out-state vehicles are already handled differently in current law: in-state total loss vehicles that do not meet the high-value or late-model thresholds will not

require a “salvage” or “prior salvage” brand and can instead be repaired and sold with a clean title.)

- The new “insurance loss” brand acts as a signifier of insurance total loss (or damage as a high percentage of vehicle value), but does not further specify the nature of the damage. Implied by this change is that the brand acts as a flag, and to be more fully informed a consumer would need to utilize a third-party service like CARFAX to check on the vehicle’s history.
- The initial draft gives discretion to the Department of Public Safety to specify written disclosure documentation requirements. Some possible alternative approaches include (1) requiring no documentation; or (2) further specify procedures for documenting the disclosure (e.g., that the dealer must retain a copy signed by the seller and prospective buyer) and document retention.
- The written disclosure requirement is established for vehicle dealers, but not for private party sales. This reflects the mandates in current law for oral disclosure, which mostly apply only to dealers. (An exception is for some types of flood damage, which under current law and in the bill draft must be disclosed by each subsequent seller.)
- The title branding and disclosure exemptions for commercial vehicles and motorcycles remain unchanged. As DVS staff had noted in task force presentations and discussion, most commercial vehicles (weighing 16,000 pounds or more) and motorcycles are exempted from the title branding and disclosure provisions. Minn. Stat. § 325F.6644. That is, such vehicles can sustain significant damage or be an insurance total loss but continue to have a “clear” title in Minnesota. The exemptions are not modified in the initial bill draft.

We are available for any questions or if the task force would like a revised bill draft. Also, a fiscal note has not yet been requested from the department. Once the task force considers a draft to be sufficiently developed, it can be requested.

MB/LS/rk

Appendix H

MB069-6 Salvage Title Bill Draft and Associated Memorandum.

1.1 A bill for an act
1.2 relating to motor vehicles; amending various requirements governing motor vehicle
1.3 titles and disclosure; making technical and clarifying changes; appropriating money;
1.4 amending Minnesota Statutes 2020, sections 168A.01, subdivision 17b, by adding
1.5 a subdivision; 168A.04, subdivisions 1, 4; 168A.05, subdivision 3; 168A.151,
1.6 subdivision 1; 168A.152, subdivisions 1, 1a; 325F.662, subdivision 3; 325F.6641;
1.7 325F.6642; 325F.6644; 325F.665, subdivision 14; repealing Minnesota Statutes
1.8 2020, sections 168A.01, subdivision 17a; 325F.6642, subdivisions 3, 6, 7, 8;
1.9 325F.6644.

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

1.11 Section 1. Minnesota Statutes 2020, section 168A.01, is amended by adding a subdivision
1.12 to read:

1.13 Subd. 16b. Recovered intact vehicle. "Recovered intact vehicle" means a vehicle that
1.14 was:

1.15 (1) verified by the vehicle insurer to be stolen and declared a total loss; and

1.16 (2) subsequently recovered with damage that is not in excess of 80 percent of its value
1.17 upon recovery.

1.18 Sec. 2. Minnesota Statutes 2020, section 168A.01, subdivision 17b, is amended to read:

1.19 Subd. 17b. **Salvage vehicle.** (a) "Salvage vehicle" means a vehicle that has a salvage
1.20 certificate of title (1) for which an insurance company has declared a total loss or paid a
1.21 total loss claim, or (2) that has been involved in a collision or other event in which the cost
1.22 of repairs exceeds 80 percent of the value of the vehicle immediately before the damage
1.23 occurred.

2.1 (b) Salvage vehicle does not include a recovered intact vehicle.

2.2 Sec. 3. Minnesota Statutes 2020, section 168A.04, subdivision 1, is amended to read:

2.3 Subdivision 1. **Contents.** The application for the first certificate of title of a vehicle or
2.4 manufactured home in this state, or for reissuance of a certificate of title for a manufactured
2.5 home under section 168A.142, ~~shall~~ must be made by the owner to the department on the
2.6 form prescribed by the department and ~~shall~~ must contain:

2.7 (1) the first, middle, and last names, the dates of birth, and addresses of all owners who
2.8 are natural persons, the full names and addresses of all other owners;

2.9 (2) a description of the vehicle or manufactured home including, so far as the following
2.10 data exists, its make, model, year, identifying number in the case of a vehicle or serial
2.11 number in the case of a manufactured home, type of body, and whether new or used;

2.12 (3) the date of purchase by applicant, the name and address of the person from whom
2.13 the vehicle or manufactured home was acquired, the names and addresses of any secured
2.14 parties in the order of their priority, and the dates of their respective security agreements;

2.15 (4) with respect to motor vehicles subject to the provisions of section 325E.15, the true
2.16 cumulative mileage registered on the odometer or that the actual mileage is unknown if the
2.17 odometer reading is known by the owner to be different from the true mileage;

2.18 (5) ~~with respect to vehicles subject to section 325F.6641,~~ whether the vehicle sustained
2.19 damage by collision or other occurrence ~~which exceeded 70 percent of the actual cash value~~
2.20 that meets the disclosure requirements under section 325F.6641, subdivision 1; and

2.21 (6) any further information the department reasonably requires to identify the vehicle
2.22 or manufactured home and to enable it to determine whether the owner is entitled to a
2.23 certificate of title, and the existence or nonexistence and priority of any security interest in
2.24 the vehicle or manufactured home.

2.25 Sec. 4. Minnesota Statutes 2020, section 168A.04, subdivision 4, is amended to read:

2.26 Subd. 4. **Vehicle last registered out of state.** If the application refers to a vehicle last
2.27 previously registered in another state or country, the application ~~shall~~ must contain or be
2.28 accompanied by:

2.29 (1) any certificate of title issued by the other state or country;

3.1 (2) any other information and documents the department reasonably requires to establish
3.2 the ownership of the vehicle and the existence or nonexistence and priority of any security
3.3 interest in it;

3.4 (3) the certificate of a person authorized by the department that the identifying number
3.5 of the vehicle has been inspected and found to conform to the description given in the
3.6 application, or any other proof of the identity of the vehicle the department reasonably
3.7 requires; and

3.8 (4) ~~with respect to vehicles subject to section 325F.6641,~~ whether the vehicle sustained
3.9 damage by collision or other occurrence ~~which exceeded 70 percent of actual cash value~~
3.10 that meets the disclosure requirements under section 325F.6641, subdivision 1. Damage,
3.11 for the purpose of ~~this~~ the calculation under this clause, does not include the actual cost
3.12 incurred to repair, replace, or reinstall inflatable safety restraints and other vehicle
3.13 components that must be replaced due to the deployment of the inflatable safety restraints.

3.14 Sec. 5. Minnesota Statutes 2020, section 168A.05, subdivision 3, is amended to read:

3.15 Subd. 3. **Content of certificate.** (a) Each certificate of title issued by the department
3.16 ~~shall~~ must contain:

3.17 (1) the date issued;

3.18 (2) the first, middle, and last names and the dates of birth of all owners who are natural
3.19 persons, and the full names of all other owners;

3.20 (3) the residence address of the owner listed first if that owner is a natural person or the
3.21 address if that owner is not a natural person;

3.22 (4) the names of any secured parties, and the address of the first secured party, listed in
3.23 the order of priority (i) as shown on the application, or (ii) if the application is based on a
3.24 certificate of title, as shown on the certificate, or (iii) as otherwise determined by the
3.25 department;

3.26 (5) any liens filed pursuant to a court order or by a public agency responsible for child
3.27 support enforcement against the owner;

3.28 (6) the title number assigned to the vehicle;

3.29 (7) a description of the vehicle including, so far as the following data exists, its make,
3.30 model, year, identifying number, type of body, whether new or used, and if a new vehicle,
3.31 the date of the first sale of the vehicle for use;

4.1 (8) with respect to a motor vehicle subject to section 325E.15, (i) the true cumulative
 4.2 mileage registered on the odometer or (ii) that the actual mileage is unknown if the odometer
 4.3 reading is known by the owner to be different from the true mileage;

4.4 (9) one or more of the following:

4.5 (i) with respect to a vehicle subject to sections ~~325F.6641~~ 168A.151 and 325F.6642, the
 4.6 appropriate ~~term~~ brand "flood damaged," ~~"rebuilt,"~~ "salvage," "prior salvage," or
 4.7 "reconstructed";

4.8 ~~(10)~~ (ii) with respect to a vehicle contaminated by methamphetamine production, if the
 4.9 registrar has received the certificate of title and notice described in section 152.0275,
 4.10 subdivision 2, paragraph (g), the ~~term~~ brand "hazardous waste contaminated vehicle"; and

4.11 ~~(11)~~ (iii) with respect to a vehicle subject to section 325F.665, the ~~term~~ brand "lemon
 4.12 law vehicle"; and

4.13 ~~(12)~~ (10) any other data the department prescribes.

4.14 (b) For a certificate of title on a vehicle that is a restored pioneer vehicle:

4.15 (1) the identifying number must be the valid identifying number as provided under
 4.16 section 168A.04, subdivision 5;

4.17 (2) the year of the vehicle must be the year of original vehicle manufacture and not the
 4.18 year of restoration; and

4.19 (3) the title must not bear a "reconstructed vehicle" brand.

4.20 Sec. 6. Minnesota Statutes 2020, section 168A.151, subdivision 1, is amended to read:

4.21 Subdivision 1. **Salvage titles and prior salvage brands.** (a) When an insurer, licensed
 4.22 to conduct business in Minnesota, acquires ownership of a ~~late-model or high-value~~ vehicle
 4.23 through payment of damages, the insurer ~~shall~~ must:

4.24 (1) for a late-model or high-value vehicle, immediately apply for a salvage certificate
 4.25 of title that bears a "salvage" brand or shall stamp the existing certificate of title with the
 4.26 legend "SALVAGE CERTIFICATE OF TITLE" in a manner prescribed by the department;
 4.27 or

4.28 (2) for a vehicle that is not subject to clause (1), immediately apply for a certificate of
 4.29 title that bears a "prior salvage" brand.

4.30 (b) Within ten days of obtaining the title of a vehicle through payment of damages, an
 4.31 insurer must notify the department in a manner prescribed by the department.

5.1 ~~(b)~~ (c) A person ~~shall~~ must immediately apply for a ~~salvage~~ certificate of title that bears
 5.2 a "salvage" brand if the person acquires a damaged late-model or high-value vehicle ~~with~~
 5.3 ~~an out-of-state title and the vehicle~~ that:

5.4 (1) ~~is a vehicle that~~ was acquired by an insurer through payment of damages;

5.5 (2) ~~is a vehicle for which the~~ will incur a cost of repairs that exceeds the value of the
 5.6 damaged vehicle; ~~or~~

5.7 (3) has an out-of-state salvage certificate of title as proof of ownership; or

5.8 (4) bears the brand "damaged," "repairable," "salvage," or any similar term on the
 5.9 certificate of title.

5.10 (d) A person must immediately apply for a certificate of title that bears a "prior salvage"
 5.11 brand if the person acquires a damaged vehicle and:

5.12 (1) a "salvage" brand is not required under paragraph (c); and

5.13 (2) the vehicle:

5.14 (i) bears the brand "damaged," "repairable," "salvage," "rebuilt," or "reconditioned," or
 5.15 any similar term on the certificate of title; or

5.16 (ii) had a salvage certificate of title or brand issued at any time in the vehicle's history
 5.17 by any other jurisdiction.

5.18 ~~(e)~~ (e) A self-insured owner of a ~~late-model or high-value~~ vehicle that sustains damage
 5.19 by collision or other occurrence which exceeds 80 percent of its actual cash value ~~shall~~
 5.20 must:

5.21 (1) for a late-model or high-value vehicle, immediately apply for a salvage certificate
 5.22 of title that bears a "salvage" brand; or

5.23 (2) for a vehicle that is not subject to clause (1), immediately apply for a certificate of
 5.24 title that bears a "prior salvage" brand.

5.25 Sec. 7. Minnesota Statutes 2020, section 168A.152, subdivision 1, is amended to read:

5.26 Subdivision 1. **Certificate of inspection.** (a) A salvage certificate of title that bears a
 5.27 "salvage" brand authorizes the holder to possess, transport, and transfer ownership in a
 5.28 vehicle. A salvage certificate of title that bears a "salvage" brand does not authorize the
 5.29 holder to register a vehicle. ~~A certificate of title must not be issued for a vehicle for which~~
 5.30 ~~a salvage certificate of title has been issued unless~~

6.1 (b) For a late-model or high-value vehicle with a certificate of title that bears a "salvage"
6.2 brand, the commissioner must not issue a certificate of title that bears a "prior salvage"
6.3 brand unless the application for title is accompanied by a certification of inspection in the
6.4 form and content specified by the department ~~accompanies the application for a certificate~~
6.5 ~~of title.~~

6.6 Sec. 8. Minnesota Statutes 2020, section 168A.152, subdivision 1a, is amended to read:

6.7 Subd. 1a. **Duties of salvage vehicle purchaser.** No salvage vehicle purchaser shall
6.8 possess or retain a salvage vehicle which does not have a ~~salvage~~ certificate of title that
6.9 bears a "salvage" brand. The salvage vehicle purchaser ~~shall~~ must display the ~~salvage~~
6.10 certificate of title upon the request of any appropriate public authority.

6.11 Sec. 9. Minnesota Statutes 2020, section 325F.662, subdivision 3, is amended to read:

6.12 Subd. 3. **Exclusions.** Notwithstanding the provisions of subdivision 2, a dealer is not
6.13 required to provide an express warranty for a used motor vehicle:

6.14 (1) sold for a total cash sale price of less than \$3,000, including the trade-in value of
6.15 any vehicle traded in by the consumer, but excluding tax, license fees, registration fees, and
6.16 finance charges;

6.17 (2) with an engine designed to use diesel fuel;

6.18 (3) with a gross weight, as defined in section 168.002, subdivision 13, in excess of 9,000
6.19 pounds;

6.20 (4) that has been custom-built or modified for show or for racing;

6.21 (5) that is eight years of age or older, as calculated from the first day in January of the
6.22 designated model year of the vehicle;

6.23 (6) that has been produced by a manufacturer which has never manufactured more than
6.24 10,000 motor vehicles in any one year;

6.25 (7) that has 75,000 miles or more at time of sale;

6.26 (8) that has not been manufactured in compliance with applicable federal emission
6.27 standards in force at the time of manufacture as provided by the Clean Air Act, United
6.28 States Code, title 42, sections 7401 through 7642, and regulations adopted pursuant thereto,
6.29 and safety standards as provided by the National Traffic and Motor Safety Act, United
6.30 States Code, title 15, sections 1381 through 1431, and regulations adopted pursuant thereto;
6.31 or

7.1 (9) that has been issued a ~~salvage~~ certificate of title that bears a "salvage" brand under
7.2 section 168A.151.

7.3 Sec. 10. Minnesota Statutes 2020, section 325F.6641, is amended to read:

7.4 **325F.6641 DISCLOSURE OF VEHICLE DAMAGE.**

7.5 Subdivision 1. **Prior damage disclosure.** (a) If a ~~late-model~~ vehicle, ~~as defined in~~
7.6 ~~section 168A.01, subdivision 8a,~~ has sustained damage by collision or other occurrence
7.7 which exceeds 80 percent of its actual cash value immediately prior to sustaining damage,
7.8 the seller must disclose that fact to the buyer, if the seller has actual knowledge of the
7.9 damage. The amount of damage is determined by the retail cost of repairing the vehicle
7.10 based on a complete written retail repair estimate or invoice.

7.11 (b) The disclosure required under this subdivision must be made in writing on the
7.12 application for title and registration or other transfer document, in a manner prescribed by
7.13 the registrar of motor vehicles. The registrar ~~shall revise~~ must design the certificate of title
7.14 form, including the assignment by seller (transferor) and reassignment by licensed dealer
7.15 sections of the form, the separate application for title forms, and other transfer documents
7.16 to accommodate this disclosure. ~~If the seller is a motor vehicle dealer licensed pursuant to~~
7.17 ~~section 168.27, the disclosure required by this section must be made orally by the dealer to~~
7.18 ~~the prospective buyer in the course of the sales presentation.~~

7.19 (c) ~~Upon transfer and application for title to a vehicle covered by this subdivision, the~~
7.20 ~~registrar shall record the term "rebuilt" on the first Minnesota certificate of title and all~~
7.21 ~~subsequent Minnesota certificates of title used for that vehicle.~~

7.22 Subd. 2. **Form of Disclosure requirements.** (a) If a motor vehicle dealer licensed under
7.23 section 168.27 offers a vehicle for sale, in the course of a sales presentation to any prospective
7.24 buyer, the dealer must provide both an oral and a written disclosure of:

7.25 (1) prior vehicle damage as required under subdivision 1;

7.26 (2) the existence or requirement of any title brand under sections 168A.05, subdivision
7.27 3, 168A.151, 325F.6642, or 325F.665, subdivision 14; and

7.28 (3) whether the vehicle has been submerged or flooded above the bottom of the dashboard
7.29 while part of a motor vehicle dealer's inventory and parked on the dealer's lot.

7.30 (b) If a person receives a flood disclosure as described in paragraph (a), clause 3, whether
7.31 from a motor vehicle dealer or another seller, and subsequently offers that vehicle for sale,
7.32 the person must provide the same disclosure to any prospective subsequent buyer.

8.1 (c) Written disclosure under this subdivision must be signed by the buyer and maintained
 8.2 in the motor vehicle dealer's sales file in the manner prescribed by the registrar of motor
 8.3 vehicles.

8.4 (d) The disclosure required in ~~this section~~ subdivision 1 must be made in substantially
 8.5 the following form: "To the best of my knowledge, this vehicle has has not sustained
 8.6 damage in excess of 80 percent actual cash value."

8.7 Sec. 11. Minnesota Statutes 2020, section 325F.6642, is amended to read:

8.8 **325F.6642 TITLE BRANDING.**

8.9 Subdivision 1. **Flood damage.** If the application for title and registration indicates that
 8.10 the vehicle has been classified as a total loss ~~vehicle~~ because of water or flood damage, or
 8.11 that the vehicle bears a "flood damaged" or similar brand, the registrar of motor vehicles
 8.12 ~~shall~~ must record the ~~term~~ brand "flood damaged" on the certificate of title and all subsequent
 8.13 certificates of title issued for that vehicle.

8.14 Subd. 2. ~~Total loss~~ **Salvage vehicles.** (a) Upon transfer and application for title to all
 8.15 ~~total loss~~ vehicles for which the "salvage" brand is required under section 168A.151,
 8.16 subdivision 1, the registrar of motor vehicles ~~shall~~ must (1) record the ~~term~~ brand "~~prior~~
 8.17 salvage" on the first ~~Minnesota~~ certificate of title, and (2) subject to section 168A.152,
 8.18 record the brand "prior salvage" on all subsequent ~~Minnesota~~ certificates of title used issued
 8.19 for that vehicle.

8.20 (b) Notwithstanding paragraph (a), a "prior salvage" brand is not required for a recovered
 8.21 intact vehicle, as defined in section 168A.01, subdivision 16b.

8.22 Subd. 2a. **Prior salvage.** Upon application for title to all vehicles for which the "prior
 8.23 salvage" brand is required under section 168A.151, subdivision 1, the registrar of motor
 8.24 vehicles must record the brand "prior salvage" on the certificate of title and all subsequent
 8.25 certificates of title issued for that vehicle.

8.26 Subd. 2b. **Certain damaged vehicles.** Upon transfer and application for title to a vehicle
 8.27 that is subject to section 325F.6641, subdivision 1, the registrar of motor vehicles must (1)
 8.28 record the brand "salvage" on the first certificate of title, and (2) subject to section 168A.152,
 8.29 record the brand "prior salvage" on all subsequent certificates of title issued for that vehicle.

8.30 Subd. 3. ~~Out-of-state vehicles.~~ (a) ~~Upon transfer and application for title of all repaired~~
 8.31 ~~vehicles with out-of-state titles that bear the term "damaged," "salvage," "rebuilt,"~~
 8.32 ~~"reconditioned," or any similar term, the registrar of motor vehicles shall record the term~~

9.1 ~~"prior salvage" on the first Minnesota certificate of title and all subsequent Minnesota~~
9.2 ~~certificates of title used for that vehicle.~~

9.3 ~~(b) The registrar shall mark "prior salvage" on the first Minnesota certificate of title and~~
9.4 ~~all subsequent certificates of title issued for any vehicle which came into the state unrepaired~~
9.5 ~~and for which a salvage certificate of title was issued.~~

9.6 ~~(c) For vehicles with out-of-state titles which bear the term "flood damaged," the registrar~~
9.7 ~~of motor vehicles shall record the term "flood damaged" on the first Minnesota certificate~~
9.8 ~~of title and all subsequent Minnesota certificates of title issued for that vehicle.~~

9.9 ~~(d) the registrar shall mark "prior salvage" on the first Minnesota certificate of title and~~
9.10 ~~all subsequent certificates of title issued for any vehicle that had a salvage certificate of title~~
9.11 ~~issued at any time in the vehicle's history by any other jurisdiction.~~

9.12 Subd. 4. **Reconstructed vehicles.** For vehicles that are reconstructed within the meaning
9.13 of section 168A.15, the registrar ~~shall~~ must record the ~~term~~ brand "reconstructed" on the
9.14 certificate of title and all subsequent certificates of title.

9.15 Subd. 5. **Manner of branding.** ~~The~~ Each brand designation of ~~"flood damaged," "rebuilt,"~~
9.16 ~~"prior salvage," or "reconstructed"~~ under this section or section 168A.05, subdivision 3,
9.17 168A.151, or 325F.665, subdivision 14, required on a certificate of title shall must be made
9.18 by the registrar of motor vehicles in a clear and conspicuous manner, in a ~~color~~ format
9.19 different from all other writing on the certificate of title.

9.20 Subd. 6. **Total loss vehicle; definition.** ~~For the purposes of this section, "total loss~~
9.21 ~~vehicle" means a vehicle damaged by collision or other occurrence, for which a salvage~~
9.22 ~~certificate of title has been issued. Total loss vehicle does not include a stolen and recovered~~
9.23 ~~vehicle verified by the insurer who declared the vehicle to be a total loss vehicle unless~~
9.24 ~~there is more than minimal damage to the vehicle as determined by the registrar.~~

9.25 Subd. 7. **Dealer disclosure.** ~~If a licensed motor vehicle dealer offers for sale a vehicle~~
9.26 ~~with a branded title, the dealer shall orally disclose the existence of the brand in the course~~
9.27 ~~of the sales presentation.~~

9.28 Subd. 8. **Flood damage; dealer lots.** ~~If a motor vehicle, which is part of a licensed motor~~
9.29 ~~vehicle dealer's inventory, has been submerged or flooded above the bottom of the dashboard~~
9.30 ~~while parked on the dealer's lot, the dealer must disclose that fact in writing to any buyer~~
9.31 ~~and must orally disclose that fact in the course of a sales presentation to any prospective~~
9.32 ~~buyer. The buyer must also disclose the existence of the flood damage in writing to any~~
9.33 ~~subsequent buyer.~~

10.1 Sec. 12. Minnesota Statutes 2020, section 325F.6644, is amended to read:

10.2 **~~325F.6644 APPLICATION.~~**

10.3 ~~Subdivision 1. **Damage disclosure.** Section 325F.6641 does not apply to commercial~~
10.4 ~~motor vehicles with a gross vehicle weight rating of 16,000 pounds or more or to motorcycles.~~

10.5 ~~Subd. 2. **Title branding.** Section 325F.6642 does not apply to (1) commercial motor~~
10.6 ~~vehicles with a gross vehicle weight rating of 16,000 pounds or more or to motorcycles,~~
10.7 ~~other than reconstructed vehicles, as defined in section 168A.01, subdivision 16; and (2)~~
10.8 ~~restored pioneer vehicles, as defined in section 168A.01, subdivision 16a.~~

10.9 Sec. 13. Minnesota Statutes 2020, section 325F.665, subdivision 14, is amended to read:

10.10 Subd. 14. **Title branding.** (a) Upon transfer and application for title of all vehicles
10.11 subject to this section, the registrar of motor vehicles shall record the term "lemon law
10.12 vehicle" on the certificate of title and all subsequent certificates of title for that vehicle.

10.13 (b) For vehicles with out-of-state titles that bear the term "lemon law vehicle," or any
10.14 similar term, the registrar of motor vehicles shall record the term "lemon law vehicle" on
10.15 the first Minnesota certificate of title and all subsequent Minnesota certificates of title issued
10.16 for that vehicle.

10.17 ~~(c) The designation of "lemon law vehicle" on a certificate of title must be made by the~~
10.18 ~~registrar of motor vehicles in a clear and conspicuous manner, in a color different from all~~
10.19 ~~other writing on the certificate of title.~~

10.20 Sec. 14. **APPROPRIATION; MOTOR VEHICLE TITLE ADMINISTRATION.**

10.21 \$...... in fiscal year 2022 is appropriated from the vehicle services operating account in
10.22 the special revenue fund to the commissioner of public safety to implement the requirements
10.23 of this act. This is a onetime appropriation.

10.24 **EFFECTIVE DATE.** This section is effective the day following final enactment.

10.25 Sec. 15. **REPEALER.**

10.26 Minnesota Statutes 2020, sections 168A.01, subdivision 17a; 325F.6642, subdivisions
10.27 3, 6, 7, and 8; and 325F.6644, are repealed.

10.28 Sec. 16. **EFFECTIVE DATE.**

10.29 Unless specified otherwise, this act is effective January 1, 2023.

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January 25, 2022

To Salvage Title Task Force Members
From Matt Burress, Legislative Analyst
Lexi Stangl, Senate Counsel
Subject Revised task force bill draft

This memo accompanies a revised bill draft, MB069-6, that is based on direction provided in the latest task force meeting as well as input from the Department of Public Safety. The department has reviewed the language and as we understand it, does not have concerns on technical or clarity grounds.

The core policy changes in the draft are to (1) address title washing loopholes by requiring a "salvage" or "prior salvage" brand on all vehicles that are acquired by an insurance company as a total loss or that incur damages over an 80% of vehicle value threshold; (2) require written disclosure of vehicle brands, flooding, or other prior damage; and (3) extend the title branding and disclosure requirements to commercial vehicles as well as motorcycles. The changes eliminate scenarios where a vehicle that is neither high-value nor late-model can end up with a "clear" title as well as treat in-state and out-of-state vehicles in a consistent manner.

The following highlights key changes from the prior draft (MB069-1) that was circulated earlier this month, and notes some department recommendations that have not been included.

- **The draft uses "prior salvage" brand instead of a new "insurance loss" brand.** The shift in brand (applied to damaged vehicles that are neither high-value nor late-model) was a core change suggested by the department and discussed by the task force (to better align with national standards and best practices).
- **Commercial vehicles and motorcycles are added to branding and disclosure requirements.** This change makes all commercial vehicles as well as motorcycles subject to the same titling and dealer disclosure requirements as passenger vehicles. The change is made by repealing a statute that creates the exceptions for such vehicles. Of note, under the change, branding and disclosures become required for restored pioneer vehicles, but an exemption from the "reconstructed vehicle" brand remains in place. See sections 12 and 15.

- **There are further clarifications and restructuring.** A wide range of changes throughout the draft involve readability, clarity, and flow of the statutes on title branding. They are based on suggestions and several discussions with the department. This includes revising definitions, eliminating distinctions that are no longer necessary, and more clearly separating the brand requirements in sections 168A.151 and 325F.6642. Brand provisions are further centralized as well. In particular, see sections 1, 2, 6, 10, and 11.
- **The “rebuilt” brand is eliminated.** The draft removes a brand, “rebuilt” that is not implemented in Minnesota. This is replaced with the “prior salvage” brand.
- **Documentation on written disclosures is clarified.** The draft adds some specificity to the requirements to maintain documentation of written disclosures. It reflects the approach the department would intend to take if the provision were enacted. See section 10, lines 8.1-8.3.
- **The draft carries a delayed effective date.** In section 16, the draft now has an effective date of January 1, 2023, for all changes (except the appropriation).
- **Not included: disclosure by individuals.** The department had recommended broadening the written and oral disclosure mandates to include disclosure by individuals (i.e., in the course of private party sales). This change was not made in the latest draft (as it appears to raise a policy question that we did not recall the task force having discussed). Under current law as well as in the bill draft, disclosure requirements generally only apply to motor vehicle dealers.
- **Not included: broadened disclosure of flooding.** Another recommendation from the department is to broaden the situations where flood damage must be disclosed, so that disclosure would be required if a vehicle had been submerged or flooded above the door sill. This too is unchanged in the bill draft (as it appears to involve a policy change that the task force had not reviewed). Under current law and in the draft, flooding disclosure is not required until the vehicle was submerged above the bottom of the dashboard.

Please let Lexi and me know if you have further questions.

MB/LS/rk