

**HF1220 - 0 - Motor Vehicle Dealer Definition Modified**

Chief Author: **Bjorn Olson**  
 Committee: **Transportation Finance and Policy**  
 Date Completed: **3/14/2025 11:00:07 AM**  
 Agency: **Public Safety Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
<b>Local Fiscal Impact</b>		
		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
Restrict Misc Special Revenue	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
Restrict Misc Special Revenue	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Laura Cecko      **Date:** 3/14/2025 11:00:07 AM  
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**State Cost (Savings) Calculation Details**

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		Biennium			Biennium	
Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029	
Restrict Misc Special Revenue	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
Restrict Misc Special Revenue						
Expenditures	-	70	-	-	-	-
Absorbed Costs	-	(70)	-	-	-	-
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-
<b>2 - Revenues, Transfers In*</b>						
Restrict Misc Special Revenue	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

**Bill Description**

This bill proposes extending the definition of a dealer as it relates to several statutes to include dealers licensed under the laws of a contiguous state. Statutes this would affect would include 168.27, Sub. 28 (distribution of plates and stickers); 168.33, Sub. 8a (electronic transmission); 168.345 (lessee information); and 168.346 (privacy of personal info). This bill would be effective Oct. 1, 2025.

**Assumptions**

Out-of-state dealers in contiguous states wanting to participate in registering vehicle sales to Minnesota residents electronically and provide them plates at the time of sale will register with the Department of Public Safety’s Driver and Vehicle Services (DVS) division. Applications will be accepted by out-of-state dealerships anywhere within the contiguous states, not only areas of reciprocity. Contiguous states include Wisconsin, Iowa, North Dakota and South Dakota.

If a dealership resides in a non-contiguous state but has a satellite location within a contiguous state, they would not be eligible to apply unless that satellite location is licensed in the state it is operated in.

The registration process for this will consist of an application like a Minnesota dealer provided that contiguous states maintain a licensing system that assigns a license number or equivalent to a dealership allowing them to operate in that state. The application will collect information relating to their business location, and state licensing information including but not limited to the license number they were issued by the state they reside in, assumed names they conduct business under, insurance information and owner information.

The applicant must also register for an e-Services Business account by completing the Records Access Agreement and submitting the form with their application.

The out-of-state dealership must also identify which Deputy Registrar office they will be submitting their applications and payment through. The out-of-state dealership must work with this office for every transaction unless they contact DVS to have their business account assigned to another office.

For these dealers, DVS will not collect the dealer license application fee of \$100 or the annual fee of \$150 as outlined in Minn. Stat. 168.27 as no Minnesota dealer license will be issued.

Applications received by DVS will be reviewed and processed by existing staff and no additional appropriations will be needed for staffing.

Once the application is received and approved by DVS and account setup is completed, the out-of-state dealer may use their e-Service for Business account to begin the vehicle title application process (VTAP) for any sales done for Minnesota residents, issue temporary permits, and print the confirmation page needed when submitting the application, documents, and payment to their Deputy Registrar to complete the application process and have plates issued by that Deputy Registrar.

Alternatively, if an out-of-state dealer wishes to hold plate and sticker inventory, they must contact the Minnesota Automobile Dealers Association (MADA) for enrollment assistance with an electronic vehicle title registration (EVTR) vendor currently being used in Minnesota before they can order plate and sticker inventory from MADA.

Out-of-state dealers must notify the customer of any fees they are charging them relating to electronic transmission of their title application and advise them that they may choose to waive these fees with the application being filed using the current process. The out-of-state dealer may not charge any fees related to electronic transmissions to a customer who chooses to waive this filing option.

Regardless of which electronic transmission option an out-of-state dealer chooses to use to register sales to Minnesota residents, they will be held to the same rules as Minnesota dealers in relation to timely submission of documents and payment to their assigned Deputy Registrar and will be responsible for any late fees incurred if not submitted on time. Late fees are calculated based on the date the documents and payment are received in the Deputy Registrar office. The delivery method used to get the documents to their Deputy Registrar will be decided between the dealership and office.

MADA and any third-party vendors who receive requests for plates or access to title application access for Minnesota sales will verify the out-of-state dealership has been registered with DVS before providing any fulfillment or contract services.

All plates and registration stickers needed by out-of-state dealers will be ordered through MADA and MADA will manage the audit and reconciliation process for each location. DVS will refer any orders received to MADA for fulfillment.

The DVS dealer unit will not provide any regular inspections of out-of-state dealerships and will rely on the licensing state to ensure that the dealership continues to operate under the requirements of that state's licensing system.

Out-of-state dealers will only title and register appropriate vehicles with Minnesota plates and stickers. Compliance with Minnesota law will be enforced by granting and denying access to the electronic registration systems and plate and sticker inventory.

System updates and programming to accommodate out-of-state dealer information will be necessary and covered under the existing vendor contract. This estimate assumes out-of-state dealers are enrolling with a vendor currently in use in Minnesota.

### **Expenditure and/or Revenue Formula**

FY 2026: \$69,888 for system programming (320 hours x \$218.40 per hour = \$69,888) (absorbed)

### **Long-Term Fiscal Considerations**

**Local Fiscal Impact**

**References/Sources**

Driver and Vehicle Services

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