



*MINNESOTA DEPARTMENT OF PUBLIC SAFETY*

Driver and Vehicle Services

445 Minnesota Street

Saint Paul, Minnesota 55101

# Motor Vehicle

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Basic Requirements and Information

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# Dealer Guide

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## *INTRODUCTION*

This guide briefly explains Minnesota statutes and rules pertaining to motor vehicle dealer licenses. You may obtain training on transfer, registration, and sales tax procedures and requirements from Driver and Vehicle Services (DVS) staff, in conjunction with the Minnesota Auto Dealers Association (MADA); contact information is on the last page of this guide. DVS Dealer Inspectors can assist you with record keeping and facility procedures and requirements. You may also access motor vehicle information and forms on the DVS website: [dvs.dps.mn.gov](http://dvs.dps.mn.gov)

A licensed Minnesota dealer is responsible for all motor vehicles acquired and/or sold under the dealer license and maintenance of those motor vehicle records.

DVS encourages you to become familiar with the Minnesota Statutes, chapters 168, 168A, and 325F, pertaining to dealer licensing and motor vehicle titles and registration, as well as Minnesota Rule, sections 7400.0100 through 7400.6000, which contain dealer licensing requirements.

Access Minnesota statutes and rules: at:

Online: [www.revisor.leg.state.mn.us](http://www.revisor.leg.state.mn.us) – The Minnesota Office of the Revisor of Statutes

## *GENERAL INFORMATION*

### **BUSINESS REGULATIONS**

Many agencies regulate businesses in Minnesota. In addition to state licensing requirements, there may be other city, county, state or federal regulations governing dealer business. DVS recommends that you contact your local unit of government and/or the Department of Employment and Economic Development (DEED), Small Business Assistance Office at <https://mn.gov/deed/business/help/sbao/> or (651) 259-7476 for more information.

Hours of operation must be conspicuously posted and readily viewable by the public.

### **TEMPORARY DEALER LICENSE**

Hours of operation must be conspicuously posted and readily viewable by the public.

Once your application for a dealer's license is accepted, a 90-day temporary dealer license is issued. A DVS Dealer Examiner inspects your place of business to ensure compliance with statutory requirements. The license may be approved, denied or extended for a one-time maximum of 30 additional days any time during the temporary period.

- If approved, a motor vehicle dealer license that is valid for 12 months from the month of issue.
- If denied, you receive written notification. All dealer plates and permit stock must be surrendered to the DVS Dealer Licensing Unit. Your dealer privileges are invalid. (There is no refund on license and plate fees.)

## *TYPES OF DEALER LICENSES*

### **NEW MOTOR VEHICLE DEALER**

Minnesota Statute 168.27, Subd. 2

A licensed new motor vehicle dealer may:

- Sell, wholesale, broker, or auction new motor vehicles covered by their franchise,\* and used motor vehicles of any make.
- Solicit and advertise the sale, brokerage, wholesale, or auction of new motor vehicles covered by their franchise,\* and used motor vehicles of any make.
- Lease all makes of new motor vehicles.  
If a dealer is not franchised for a particular make, they must lease the vehicle for a minimum of 120 days or the dealer owes sales tax on the vehicle purchase price (Minnesota Statute 297B.035, Subd, 3).
- Broker leases without having a separate broker license.
- Operate as a salvage pool; you must be also licensed as a used vehicle parts dealer to acquire a junked vehicle from a salvage pool, insurance company, or its agent.

\*A current valid franchise for each type of new vehicle must be on file with the Dealer Licensing Unit prior to the sale.

Note: If a separate company or corporation owned by a new motor vehicle dealer engages in the business of leasing motor vehicles, a separate lessor license is required.

### **USED MOTOR VEHICLE DEALER (SEE "USED VEHICLE" DEFINITION ABOVE)**

Minnesota Statutes 168.27, Subd. 3

Licensed used motor vehicle dealers are entitled to:

- Sell, lease, wholesale, broker, or auction used motor vehicles.
- Solicit and advertise the sale, lease, wholesale, broker or auction of used motor vehicles.
- Buy or acquire vehicles for dismantling and to sell used parts and remaining scrap metal. However, a used vehicle parts dealer license is required to acquire a junked vehicle from a salvage pool, insurance company, or its agent.

## **MOTOR VEHICLE LESSOR**

Minnesota Statutes 168.27, Subd. 4

Licensed motor vehicle lessors operating at a Minnesota location are entitled to:

- Lease or rent new and used vehicles; solicit and advertise the lease or rental of new and used vehicles. This includes both long-term leasing and short-term rental. Vehicles must be leased for a minimum of 120 days or the dealer owes sales tax on the vehicle purchase price (Minnesota Statute 297B.035, Subd. 3).
- A motor vehicle lessor may sell vehicles returned after lease termination or expiration, without a used dealer license.

## **LIMITED USED DEALER**

Minnesota Statutes 168.27, Subd. 4a

A limited used dealer license may be issued to a non-profit charitable organization whose primary business is to raise funds for the corporation through the sale of donated vehicles. These organizations must qualify for tax exemption under Internal Revenue Code 501(c)(3). Under this license the organization:

- May take in vehicles on donation.
- Must sell vehicles through a licensed dealer or auctioneer. The organization is allowed to reassign the vehicle on the title.

May donate vehicles to private party. The organization is responsible for the title transfer. The Limited Used dealer will **record "Minnesota Limited Use Dealer License" in the assignment area on the title or PS2000 and write "gifted" with their 501c3 status in the sales tax declaration area.**

- Does not qualify for dealer plates (demonstration or in-transit plates).

## **SALVAGE POOL**

Minnesota Statutes 168.27, Subd. 3c

Licensed salvage pool dealers are entitled to:

- Store and display damaged or junked vehicles for sale as an agent or escrow agent of an insurance company.
- Solicit and advertise the storage and display of damaged or junked vehicles for sale as an agent or escrow agent of an insurance company.
- Sell junked vehicles to licensed used parts dealers only.

Note: a used or new motor vehicle dealer may operate as a salvage pool but must be licensed as a used vehicle parts dealer to acquire a junked vehicle from a salvage pool, insurance company, or its agent.

## **MOTOR VEHICLE BROKER**

Minnesota Statutes 168.27, Subd. 7a

Licensed motor vehicle brokers are entitled to:

- Arrange the sale or lease of new or used motor vehicles between a buyer/lessee and a seller/lessor.
- Advertise and solicit the brokering of new or used motor vehicles.
- Negotiate or quote the sale price or lease terms of motor vehicles.
- Prepare and deliver documents necessary to the transaction.
- Accept a down payment not to exceed \$500. Full payment may be accepted if the payment is in the form of a negotiable instrument payable to the vehicle dealer.
- Accompany a purchaser or lessee at the time of delivery by the selling dealer.
- Be present when the selling dealer describes warranties and safety features at time of delivery.

Note: A motor vehicle broker shall not engage in the business of selling new or used motor vehicles.

### ***Delivery of New Vehicles Sold Through a Broker***

Minnesota Statute 168.27, Subd. 2d

If a new motor vehicle dealer agrees to sell or lease a new motor vehicle using the services of a motor vehicle broker, the new motor vehicle dealer may not refuse to deliver possession of the vehicle to the buyer or lessee, provided that all arrangements are properly completed for payment, insurance, titling, transfer, and registration of the new vehicle and any trade-in vehicle.

Delivery may take place at or away from the dealership.

## **MOTOR VEHICLE WHOLESALER**

Minnesota Statutes 168.27, Subd. 6

Licensed motor vehicle wholesalers are entitled to:

- Sell and advertise or solicit the sale of motor vehicles to licensed motor vehicle dealers for resale.
- Sell new vehicles only to dealers franchised to sell the particular make of the vehicle.

## **MOTOR VEHICLE AUCTIONEER**

Minnesota Statutes 168.27, Subd. 7

- A licensed motor vehicle auctioneer is entitled to sell at auction or advertise and solicit the sale at auction of used motor vehicles belonging to others.
- A license is not required for an auction where the inclusion of motor vehicles is incidental\* to the disposal of business or estate assets (Minn. Stat. 168.27 Subd.5a).

\*Incidental means up to a total of ten vehicles; or no more than ten percent of the items in the posted auction bill are motor vehicles.



## **MOTORIZED BICYCLE, BOAT, AND SNOWMOBILE TRAILER DEALER LICENSE (DSB LICENSE)**

Minnesota Statutes 168.27, Subd 22

A DSB licensed dealer may:

- Sell only moped/motorbikes, and boat, snowmobile, and small horse trailers (24,000 pounds gross vehicle weight or less). If you sell other types of motor vehicles, a regular license (appropriate to the inventory being sold) is required.
- Sell boat, snowmobile, and other utility trailers; you are not required to have a franchise agreement for these types of trailers.

## **USED VEHICLE PARTS—**

Minnesota Statutes 168.27, Subd. 3b

Licensed used vehicle parts dealers are entitled to buy or acquire vehicles for the purpose of dismantling the vehicle and selling used parts and the remaining scrap metals.

## **SCRAP METAL PROCESSOR**

Minnesota Statutes 168.27, Subd 3a

Licensed scrap metal processors:

- Can acquire hulks\* for the purpose of processing and selling the metal for re-melting.
- Cannot acquire a junked vehicle for the purpose of dismantling and selling used vehicle parts and remaining scrap metals unless the dealer is also licensed as a used vehicle parts dealer.

\*A hulk is a motor vehicle that is incapable, under its own power, of moving and is incapable of transporting persons or property and has had any valuable parts removed.

## ***CHANGE IN BUSINESS ACTIVITY OR DEALER LICENSE CONDITIONS***

As a dealer, you must notify the DVS Dealer Licensing Unit of a change in the following dealer information before the change occurs. Forms to accomplish the change notification are available on the DVS Website at [dvs.dps.mn.gov](http://dvs.dps.mn.gov) or by contacting the DVS Dealer Licensing Unit at (651) 201-7800

Common changes are:

- Changing Dealership name
- Add and/or delete assumed names – doing business as (dba) names.
- Updates or changes to Liability and/or Worker Compensation insurance policies
- Bond updates or changes (Original bonds must be filed with the Dealer Unit)
- Add or Delete owners/officers
- Change address of main location
- Add/Delete additional, display or temporary locations.
- Change of phones, hours, email addresses
- Temporary closing of business (e.g. vacation, illness, etc.).
- Going out of business.
- Lost or stolen dealer plates, stickers

## **NEW LOCATION/ADDITIONAL LOCATIONS**

When a dealer moves or adds a new location, all pertinent documents/forms must be submitted to the DVS Dealer Licensing Unit. The dealer may not sell a vehicle at that location until DVS determines if the new location meets the established place of business requirements.

Note: If a new or used motor vehicle dealer maintains a place of business in *more than one county*, a separate dealer license is required for each county; motor vehicle lessors, wholesalers, auctioneers or brokers may maintain a place of business in more than one county under certain conditions (see page 12 for more information).

## **OWNERSHIP CHANGES**

A dealer license is issued to an individual, partnership, limited liability corporation, or corporation. The license is not transferable from one entity (person or organization) to another. A separate dealer license must be obtained before a successor dealer may engage in motor vehicle transactions.

Whenever a change of ownership is made, the certificates of title and all pertinent documents of all vehicles turned over to the new firm must be reassigned into the new company's name.

Minnesota Statutes do not authorize a refund of any part of the former licensee's license or plate fees. Plates and permits from the previous license do not transfer to the new license.

### ***Unincorporated Dealership (Individual/Partnership) Sold***

If an unincorporated dealership is sold during the year, the existing license does not transfer to the new owner of the dealership. The new owner must apply for a new dealer license and purchase new sets of dealer plates.

### ***Incorporating***

If an individual proprietorship or partnership incorporates, this constitutes the creation of a new legal entity. The existing license does not transfer to the newly formed corporation. The newly formed corporation must apply for a new dealer license and purchase new sets of dealer plates.

### ***Death***

The death of an owner, officer, partner, director, certain shareholders and board members, may constitute a licensing change. To determine what is required, see the situation specific to your change ("Adding or Deleting Owners," "Change in Partners," etc.). The Dealer Licensing Unit must be notified of the death in writing.

### ***Adding or Deleting Owners, Officers, Shareholders***

A person who is removed as an owner, officer, or 5% shareholder must sign a notice, verifying that they have been removed (the signature must be notarized). The notice of change must also be signed by one of the remaining officers and contain the reason.

When adding an owner, officer, or 5% shareholder, the individual must complete the Data Privacy Information section of the *Dealer License Application* (also see "Change in Partners").

### ***Change in Partners***

A dealer license issued to a partnership becomes invalid when a listed partner leaves the partnership or a new partner is brought into the partnership. An application for new license must be submitted with a new bond that reflects the names of the current partners.

## **Corporation Dissolved**

A dealer license issued to a corporation becomes invalid when the corporation is dissolved.

## **Corporation Sold**

If a corporation is licensed as a dealership and the corporation is sold, a new license is not required. However, the Dealer Licensing Unit must be informed of any change in the corporate officers, board members, etc.

## **DEALERSHIP NAME**

If your dealership name changes, complete the *Dealer License Change of Name or DBA* form (PS2411). Submit the completed form with the original bond rider that reflects the new firm and address.

You must also file the name change with the Minnesota Secretary of State, Corporate Filing Office. They are available Monday through Friday, 8 a.m.-3 p.m. at (651) 296-2803.

## **OTHER CHANGES**

### ***Assumed Names "DBA (doing business as)"***

If you wish to operate a license under more than one business name, you must file the assumed name (dba). Complete the *Dealer License Change of Name or DBA* form (PS2411) and submit it with a bond rider that lists the assumed name to the Dealer Licensing Unit.

You must also file the name change with the Minnesota Secretary of State, Corporate Filing Office. They are available Monday through Friday, 8 a.m.-3 p.m. at (651) 296-2803.

### ***Liability or Worker Compensation Insurance Policies***

Notify the Dealer Licensing Unit if there is a change in your liability insurance policy. The notification may be in the form of a letter, signed by an owner or officer of the dealership, or a copy of the new insurance certificate showing current coverages. Liability insurance for all dealer owned vehicles must remain in full force with no lapse in coverage. Worker Compensation insurance is required if the dealership has employees.

### ***Change of Bond Company***

All bonds must be kept in *full force; continuous with no lapse in coverage*, or the dealer license is cancelled and you must reapply for a license. If you wish to change bond companies, the original cannot be cancelled until your new bond is approved by the Dealer Licensing Unit. The original bonds are filed with the Dealer Licensing Unit; a copy should be kept in your records.

### ***Hours for Record Inspection***

Prior to the change, you must inform the Dealer Licensing Unit by email to [dvs.dealequestion@state.mn.us](mailto:dvs.dealequestion@state.mn.us) of any changes in the hours dealership records are available for inspection. An owner or officer of the dealership must provide the statement; include the dealership name, dealer license number, the new hours, and the effective date.

### ***Phone Numbers***

Prior to the change, phone number changes must be submitted in writing to the Dealer Licensing Unit or by email to [dvs.dealerquestion@state.mn.us](mailto:dvs.dealerquestion@state.mn.us). The change request should include the name of the dealership, the dealer number, new phone number(s), and the effective date.

## **Temporary Closures**

If you wish to close your dealership temporarily, an owner or officer must notify the Dealer Licensing Unit in advance by either emailing the department at [dvs.dealerquestion@state.mn.us](mailto:dvs.dealerquestion@state.mn.us) OR notify the Dealer Licensing Unit by phone, (651) 201-7800.

## **Going Out of Business**

If your dealership is going out of business, contact the Dealer Licensing Unit to obtain a *Motor Vehicle Dealer Close-Out Statement*. The completed statement and all dealer certificates, plates, and permits must be surrendered.

# **DOCUMENTS AND RECORD KEEPING REQUIREMENTS**

Minnesota Statutes 168A.11, Subd. 3

You are required to submit motor vehicle transfers and appropriate fees, **within 10 business days**. To determine the 10-day period, count the *first business day after the date of sale* as day one. **Skip weekend dates and State holidays in the 10 business day calculation.**

## **CONDITIONAL TRANSFER/REGISTRATION**

If you are unable to obtain possession of the title or other pertinent documents within 10 business days, you must apply for a conditional transfer. If the Minnesota title is lost, an online duplicate should be applied for prior to filing the conditional transfer. **This must be done by the prior owner or dealership, if they have Power of Attorney.**

- If the reason for the conditional is a missing title or signature/bill of sale submit:
  - A letterhead letter stating the reason for the conditional and what documents you are waiting for. (If it is a title, the title state must be listed.)
  - An *Application for Title* (PS2000) signed by you (selling dealer) and your purchaser.
  - All transfer, registration fees, and sales tax.
- If the only document missing is a lien release, submit:
  - The title with the complete chain of ownership signed by the purchaser and you as the selling dealer, along with all other pertinent documents.
  - A letterhead letter providing the name and address of the lender for the missing lien release.
  - All transfer, registration fees, and sales tax.

**Note:** Do **not** submit secure reassignment forms when filing a conditional transfer. The title, complete chain of ownership, and all other pertinent documents must be submitted **together** at the time the conditional file is cleared. **Keeping a copy of the Application for Title assists the Deputy Registrar in locating the transaction when clearing the conditional**

## **BOOKS AND RECORDS**

By federal law, you are required to retain all odometer statements for a period of 5 years.

Minnesota law requires that all acquisition and sale records are accurate, up-to-date, and on file for a minimum of 3 years. Records must be available for inspection by a representative of the department during inspection hours or peace officer during normal business hours at:

- Your primary dealer location, or;
- A centralized location – If three or more new motor vehicle dealers are under common management or

control, a single location may be designated for maintaining records that are more than 12 months old. The location must be at the established place of business of one of the affiliated dealers, or at a location within Minnesota not further than 25 miles from the established place of business of one of the affiliated dealers. Written notification to the Dealer Licensing Unit is required and the location is subject to approval. (Minnesota Statute 168A.11, Subd. 4).

Note: With approval, your records may be kept on a media other than paper (Minnesota Rule 7400.5900)

## **DOCUMENT FEES**

The document fee you charge must be disclosed to your customer and listed separately on the purchase contract/invoice; do not combine the document fee with other fees. "Official fees" imposed by the state (title fee, transfer fee, etc.) must be listed individually on the application and purchase contract/invoice.

## **ELECTRONIC NOTIFICATIONS**

To file electronic notifications, obtain a login ID or contract with a deputy registrar office for the entry.

To obtain a login ID and password from DVS, complete the applicable contract/agreement/access forms. Forms are available at [dvs.dps.mn.gov](https://dvs.dps.mn.gov)

### ***Dealer Junk Reporting***

If you junk a vehicle, an electronic notification is required (see "Salvage Vehicles" for more information).

**Note: Do not submit titles to DVS when junking a vehicle.**

### ***Dealer Held for Resale***

Minnesota Statutes 168A.11, Subd. 2

If you purchase/acquire a vehicle for resale, titled and registered with the State of Minnesota, submit an electronic notification (held for resale) to DVS within 48 hours. **Do not wait until you have the certificate of title.**

### ***Reporting Sales to Out-of-State Buyers***

Minnesota Statutes 168A.11, Subd. 1

If you sell a vehicle to a buyer that is removing the vehicle from the State of Minnesota:

- Submit an electronic notification (removed from state) to DVS within 48 hours.
- Remove the license plates and issue a 31-day Temporary Permit (Minnesota Statute 168.091).

## **DOCUMENTS FOR VEHICLES**

### ***New Vehicles in Stock***

- The assigned Manufacturer's Certificate of Origin (MCO) or photocopy.
- The dealer factory invoice or, if purchased wholesale, the purchase agreement with odometer statements.

### ***Used Vehicles in Stock***

- The assigned certificate of title or consignment agreement -- original or photocopy.
- Purchase invoice/agreement or trade-in agreement.
- If applicable, federal odometer and damage disclosure statements signed by all sellers and buyers.
- Power of attorney, if needed.
- Any other ownership and supporting documents required for the transfer.



### ***New and Used Vehicle Sales***

- Copy of the assigned Manufacturer's Certificate of Origin (MCO), or, if used, a copy of the assigned certificate of title.
- Dealer's purchase invoice/agreement and the sales invoice/agreement to the purchaser.
- If applicable, federal odometer and damage disclosure statements signed by all sellers and buyers.
- Power of attorney, if needed.
- If sold to a Minnesota resident, a receipt from the deputy registrar with the registrars PAID stamp. It is the department's recommendation, that the dealer photocopy the completed transfer before submitting and have the copy validated by the deputy registrar.

### **SALES AND PURCHASE INVOICES/AGREEMENTS**

Minnesota Statutes 168A.11

Dealers must maintain a record of every vehicle bought, sold, exchanged, or received for sale or exchange; records must be maintained for a period of 3 years.

Sales and purchase invoices/agreements must include the following information:

- Names, address, and signatures of the seller(s) and buyer(s).
- The date of the sale. If the delivery date is other than the sale date, make a notation.
- A complete vehicle description the year, make, vehicle identification number (VIN) and license plate number.
- Purchase price of vehicle.
- A complete description of the trade-in, if applicable.
- When sold, you must itemize the fees and taxes collected on a retail sale. Motor vehicle sales tax, registration tax, and title fees must be listed separately from any service charges.
- If the vehicle is completely paid for, indicate "Paid in Full" on the sales invoice.

### **LEASE/RENTAL VEHICLES**

All leased vehicles in your fleet must be titled in your leasing company name. If you are subleasing from another leasing company you must have a copy of your lease contract.

The records must include:

#### ***Lease to a Minnesota Resident***

- Dealer's purchase invoice/agreement.
- Copy of the Minnesota title or Application to Title (PS2000) stamped paid).
- Copy of the lease or rental agreement.
- Copy of the Lessee Designation form.

### ***Lease to a Non-Resident***

- Dealer's purchase invoice/agreement.
- Copy of the foreign state title or proof of title and registration in the other state.
- Copy of the lease or rental agreement.

### **BOAT/MOTOR/TRAILER COMBINATIONS**

The trailer's vehicle identification number (VIN), dollar value, motor vehicle sales tax paid, and registration fees paid, must be listed separately from the sales information for the boat and motor.

### **CONSIGNMENT AGREEMENTS**

Minnesota Statutes 168A.11

If a vehicle is for sale on consignment, a written agreement is required; the consignor (vehicle owner) must be given a copy of the agreement. This agreement must include:

- The date of the agreement.
- The full name, address, and signature of the consignor (vehicle owner) and consignee (dealer).
- A complete description of the vehicle being sold, including the year, make, vehicle identification number (VIN), and the license plate number.
- The permissible terms, the price the vehicle may be sold for, and the dealer's compensation for making the sale.
- The insurance covering the vehicle while it is on consignment (while on the lot and when being test-driven).
- If sold – The dealer's copy must show full name and address of purchaser and the date of sale.
- If not sold – The vehicle must immediately be returned to the owner at the end of the consignment period. The dealer's copy of agreement must show the date returned and be signed by the owner.

Note: During the consignment period, the title may be held by the consignor or the consignee.

## ***DEALER LICENSE RENEWAL***

### **EXPIRATION OF DEALER LICENSE**

- Dealer license expirations are staggered throughout the calendar year.
- A dealer license must be renewed on or before the expiration date. Renewal may begin on the fifteenth day of the month before your license expires.
- You can renew your dealer license online at <https://onlineservices.dps.mn.gov/EServices/Business/> or submit a completed license renewal application with the appropriate fees to the Dealer Licensing Unit.
- An owner, officer, or 5% shareholder must sign the paper renewal application, verifying the accuracy of the information.



## **APPLICATION AFTER LAPSE**

- You lose all dealer privileges after the expiration of a license and before a new license is granted.
- If you obtain a dealer license within 60 days after your license expires, you pay both the application fee and annual renewal fee, and any other applicable fees.
- If your license expires for more than 60 days, you must re-apply and pay.

## **LICENSE NOT RENEWED**

- If your dealer license expires without being renewed, you must immediately return the dealer license certificate, all dealer license plates, and all temporary vehicle permits to the Dealer Licensing Unit, or to your dealer inspector.
- Vehicles held for resale must be transferred and titled in your personal name. Motor vehicle sales and registration taxes are due.
- You must immediately stop selling, leasing, brokering, wholesaling and auctioning vehicles and advertising or soliciting the sale lease, broker, wholesale and auction of vehicles.

## ***CONDUCTING BUSINESS***

This section applies to the retail sale or consignment sale of a motor vehicle by a dealer licensed as a new motor vehicle dealer, a used motor vehicle dealer, or salvage pool.

### **LICENSED LOCATION**

Your dealership is licensed only for the locations listed on your dealer license application.

If you maintain a place of business in *more than one county*:

- New or used dealers must have a separate dealer license for each county.
- Motor vehicle lessors, wholesalers, auctioneers or brokers are allowed to maintain a place of business in more than one county under one license; all locations must be listed on the application. However, if a lessor sells previously leased or rented vehicles or a broker wants to establish another office location outside of the seven-county metropolitan area (other than cities of the first class), they must obtain a separate license for each non-metropolitan county location.

### **TEMPORARY ADDITIONAL LOCATION/SPECIAL OFF-SITE EVENT**

Minnesota Statute 168.27, subd.10

As a participant in an off-site special event sale, you:

- May only conduct motor vehicle sales within the county you are licensed to do business in, or consign vehicles to a dealer licensed in that county.  
Note: New vehicles must be consigned to a properly licensed franchised dealer.
- Must file a Temporary Additional Location form with the Dealer Licensing Unit 10 days before the event occurs.
- Cannot sell motor vehicles on Sunday.

## **SUNDAY SALES PROHIBITED**

Minnesota Statute 168.275

It is illegal to engage in the business of buying, selling, exchanging, dealing in or trading in new or used motor vehicles on Sunday.

Note: This restriction applies to all dealers except for sales of boat trailers, snowmobile trailers, and utility trailers.

## **ADVERTISING**

Minnesota Statutes 168.27, Subd. 26

To advertise a motor vehicle sale, your dealership must:

- Disclose in the advertisement that the vehicle sale is being made by your dealership. The advertisement must include the dealership name, the term dealer, or the abbreviation DLR.
- Include your dealer license number when using a classified advertisement in a print medium (unless the dealer's true name or properly filed commercial assumed name as provided in chapter 333, is included).
- Be licensed for the sale location listed in the advertisement.
- Be licensed to sell the type of motor vehicle offered for sale.

## **CONSIGNMENT SALES**

Minnesota Statute 168.27, Subd. 5a

- If you solicit, accept, offer for sale, or sell new motor vehicles on consignment, you must be licensed as a new motor vehicle dealer. A franchise is required for each type of new motor vehicle sold on consignment.
- If you solicit, accept, offer for sale, or sell used motor vehicles on consignment, you must be licensed as a used motor vehicle dealer, a motor vehicle wholesaler, or a motor vehicle auctioneer. (A wholesaler can only sell a vehicle to a licensed dealer.)
- This does not apply to a licensed auctioneer selling motor vehicles at an auction if, in the ordinary course of the auctioneer's business, the sale of motor vehicles is incidental to the sale of other real or personal property. (For more information, see "Motor Vehicle Auctioneer" on page 4.)
- If you sell a vehicle on consignment, you must draw up a purchase invoice/agreement, collect appropriate fees, and transfer the title on behalf of the buyer.
- Record keeping requirements are the same as any other vehicle being held for resale and subsequently sold by the dealer. You must also maintain the consignment agreement in the file. Consignment sales are subject to warranty.

## ***PERMITS***

Dealers may issue only *one permit* per vehicle. There are *no exceptions*. Permits are not transferable between dealerships.

The permits must be affixed to the rear of the vehicle where a license plate would normally be affixed, and plainly visible. Each permit is valid only for the vehicle for which issued.

### **21 DAY TEMPORARY PERMIT**

Minnesota Statutes 168.092

The *21-Day Temporary Permit* is:

- Issued if you sell a vehicle to a Minnesota resident and the vehicle does not have current Minnesota registration; collect the appropriate Minnesota registration fees.
- Honored as valid registration while the dealer obtains Minnesota license plates and registration stickers for the buyer.
- Issued for 21 days. To determine the 21-day period, count the first day after the date of sale as day one.
- Issued to retail customers and lessors only.

### **31- DAY NON-RESIDENT VEHICLE IN-TRANSIT PERMIT**

Minnesota Statutes 168.091

- The permit issued to non-Minnesota residents who purchase a vehicle in Minnesota. The permit provides the buyer a 31-day period to remove the vehicle from Minnesota and accomplish registration in their home state.
- Remove the Minnesota license plates on the vehicle, if any.
- If a Minnesota based leasing company leases a vehicle to an non-resident lessee, the permit must show the leasing company's name and the lessee's name with the out of state address.

### ***Where to Purchase Permit Paper?***

#### ***168.091; 168.092***

Both 21 day and 31 day permits are issued through e-Services for Business by dealers and printed on special permit paper. Permit paper is available for purchase from the dealer associations listed below:

Minnesota Automobile Dealer Association (MADA)  
200 Lothenbach Ave.  
West St Paul, Minnesota 55118-3505  
Phone (651) 291-2400, 1 (800) 652-9029

Northland Independent Auto Dealer Association (NIADA)  
850 E Cliff Rd.  
Burnsville, Minnesota 55337  
Phone (952) 894-1766, 1-(800)-879-3433.

# *SALVAGE VEHICLES*

## **ACQUIRING SALVAGE VEHICLES FROM OTHER STATES**

Minnesota Statutes 168A.151

You are *required* to apply for a Minnesota salvage certificate of title *within 48 hours* of acquiring a salvage vehicle from another state.

## **SELLING A SALVAGE VEHICLE TO A NON-RESIDENT**

Minnesota Statutes 168A.154

If you sell a salvage vehicle to a non-resident who is removing the vehicle from Minnesota, you must:

- Electronically report the sale within 10 days from the date of sale, or the date the buyer removes the vehicle from this state, whichever is earlier.

## **SALVAGE VEHICLES BEING DISMANTLED OR**

**DESTROYED** Minnesota Statutes 168A.153

If you purchase a motor vehicle for the purpose of dismantling or destroying, you must electronically report this to the Department.

### ***Older Model Vehicles (over 5 years old)***

- An electronic notification must be submitted within 30 days of acquiring the vehicle.
- A copy of the electronic notification must be held in the vehicle file.

### ***Late Model (5 years old or newer) and High Value Vehicles***

- An electronic notification must be submitted within 10 days of acquiring the vehicle.
- A copy of the electronic notification must be held in the vehicle file.
- The title must be destroyed.
- If a lien release is not received, you must notify the secured party (if any).

NOTE: If a *New, Used, Wholesale, Lessor, or Auction* licensed dealer filed an electronic held for resale status on a late model or high value vehicle, and later determines that the vehicle will be dismantled or destroyed, a change in status must be electronically filed within 10 days.

## *USED VEHICLE WARRANTIES AND LEMON LAWS*

Minnesota Statutes 325F

Dealers are required by law to offer certain warranties on certain vehicles that are sold to retail customers. *This includes vehicles sold on consignment.* Basic consumer information about warranties and the “lemon law” can be found at the Attorney General’s website: [www.ag.state.mn.us/Consumer/cars/MNCarlaws/](http://www.ag.state.mn.us/Consumer/cars/MNCarlaws/)

## *DEALER SALES TAX EXEMPTIONS*

Minnesota Statutes 297B.035

You must have a valid Minnesota dealer license to be entitled to the following sales tax exemptions. All other parties selling motor vehicles are subject to sales tax on their acquisition of a motor vehicle.

Note: To qualify for sales tax exemption, the vehicle must be *titled your dealership name only*. If the vehicle is titled in joint ownership, the transfer is not exempt.

### **EXEMPTION INFORMATION:**

#### ***Dealer License and Franchise for New Vehicle Sales***

- You must have a valid dealer license and be franchised to sell a new vehicle.
- If you are not franchised to sell that particular make, or are licensed as a used car dealer, you must title and register the vehicle in your name; sales and registration tax are due. Both your dealership and the person you sell the vehicle to owe sales tax.
- For additional information, see “What Is A Used Vehicle?” on page 2

#### ***Small Utility Trailers***

- You do not need a dealer license to sell utility trailers with a gross vehicle weight of 4,000 pounds or less. However, you must have a Minnesota Sales and Use tax account number.
- You must have a valid dealer license to sell boat and snowmobile trailers.

#### ***Title Only – M.S. 168A.11, Subd. 1***

If you elect to apply for a title on a vehicle held for resale, you are not required to register the vehicle. However, you must pay one month’s registration tax and the appropriate title fees.

#### ***Daily Rental***

The dealer must collect monthly sales tax on the daily rental and submit the tax to the Minnesota Department of Revenue.

#### ***Leases***

The dealer or leasing company must collect the sales tax in full at the time they execute the lease and submit the tax to the Minnesota Department of Revenue.

#### ***Business Use Vehicles***

If you use a vehicle for your business (tow-truck, service vehicle, parts truck, etc.) sales tax is required. You can elect to pay either 6.5 percent motor vehicle sales tax on the full purchase price or pay general sales tax (Minnesota Statute 297A) monthly to the Department of Revenue.

***Limited Used Dealer – Gift to an Organization – M.S. 297B.01, Subd. 16***

A gift to an organization that is exempt from federal income tax under Internal Revenue Code (IRC) 501(c)(3) is exempt from sales tax if the vehicle is used exclusively for religious, charitable, or educational purposes.

The applicant must:

- Declare the vehicle was a gift
- Disclose the use of the vehicle
- Claim exemption under IRC (Internal Revenue Code) 501 (c)(3) on the sales tax declaration

***Limited Used Dealer - Gift from an Organization to an Individual – M.S. 297B.01, Subd. 16***

A transfer by a nonprofit charitable organization, which qualifies for tax exemption under IRC 501(c)(3), to an individual is exempt from sales tax if:

- The organization holds a Minnesota limited used dealer license, and
- The transfer is a gift (no monetary consideration)

*Note: The Minnesota Limited Used Dealer License number must be noted in the assignment to the individual.*

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## NEED ASSISTANCE OR INFORMATION?

### QUESTIONS ON DEALERSHIP OPERATION

**Dealer Licensing Unit** phone number: (651) 201-7800

The Dealer Licensing Unit is your main contact for information related to the operation of your dealership. They can provide you with information on:

- Obtaining a dealer license.
- License renewals for dealer licenses and dealer plates.
- Electronic filings of Held for Resale and Sales to Out of State Buyers (general information).
- Dealer rules and regulations – (your dealer examiner can also assist you).
- Resident and Non-Resident Permits (to order, see Permits below).

Correspondence Relating to Dealer Licenses fax number: (651) 297-1480

### OTHER CONTACTS

#### **Public Information Center (PIC)**

The Public Information Center (PIC) is the first point of contact and primary source for motor vehicle content. The PIC can be contact via email: [DVS.motor.vehicles@state.mn.us](mailto:DVS.motor.vehicles@state.mn.us) or phone (651) 297-2126.

The PIC can also assist with:

- Motor vehicle title transfers, titles, and vehicle registration
- Special plates, how to apply, transfer.
- Disability parking certificates or plates.

### **Forms**

- Motor vehicle forms are available on the DVS Website at [dvs.dps.mn.gov](http://dvs.dps.mn.gov).
- The following forms are available for purchase at MADA (Minnesota Auto Dealers Association) or NIADA (Northland Independent Auto Dealers Association):
  - *Application to Title/Register a Motor Vehicle* (PS2000).
  - *Secured Reassignment* (SRF) Forms.
  - *Secure Power of Attorney* (SPOA) Forms.

MADA phone number	(651) 291-2400
MADA toll free	1 (800) 652-9029
NIADA phone number	(952) 894-1766
NIADA toll free	1 (800) 879-3433



## PERMITS:

For information on permit use and issuance, contact the Dealer Licensing Unit phone number: (651) 201-7800

### **Permit Paper**

May be purchased from MADA or NIADA:

MADA phone number	(651) 291-2400
MADA toll free	1 (800) 652-9029
NIADA phone number	(952) 894-1766
NIADA toll free	1 (800) 879-3433

## COMMON WEBSITES

- The Minnesota Department of Public Safety (DPS) website includes all 15 DPS divisions, along with related boards and committees. You will find DVS at [dvs.dps.mn.gov](https://dvs.dps.mn.gov).
- e-Services for Business website: <https://onlineservices.dps.mn.gov/EServices/Business/>
  - Renew your dealer license.
  - Issue 21 day and 31 day permits
  - Initiate title applications for new and used vehicles
  - File electronic notifications of held for resale, remove from state, and dealer junk status.

**Note:** Agreements/contracts to obtain a user ID are available at [dvs.dps.mn.gov](https://dvs.dps.mn.gov); select “MNDRIVE” under **Partner Resources** and then select “**Account Set-up**” under “**Dealers.**”

For further assistance, email [dvs.dataservices@state.mn.us](mailto:dvs.dataservices@state.mn.us).

- **Dealer Resource Page:** <https://dps.mn.gov/divisions/dvs/mndrive/Pages/dealers-overview.aspx>
- **Motor Vehicle Dealer Forms:** <https://dps.mn.gov/divisions/dvs/forms-documents/Pages/motor-vehicle-dealers-forms.aspx>
- Statutes and Rules – [www.leg.state.mn.us](http://www.leg.state.mn.us).