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**CHAPTER 190—S.F.No.59**

*An act relating to no-fault automobile insurance; clarifying certain ambiguous provisions in the Minnesota no-fault automobile insurance act relating to ownership of leased vehicles; modifying indemnification rights on certain commercial vehicles; clarifying eligibility to participate in the assigned claims plan; providing penalties for failure to provide security on motorcycles and motor vehicles; requiring evidence of insurance; authorizing the commissioner of insurance to limit coverage variations; increasing the interest rate on unpaid insurance benefits; amending Minnesota Statutes 1978, Sections 65B.43, Subdivision 4; 65B.53, Subdivision 1; 65B.54, Subdivision 2; 65B.64, Subdivision 3; 65B.67; 65B.68, by adding a subdivision; and Chapter 65B, by adding a section.*

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

Section 1. Minnesota Statutes 1978, Section 65B.43, Subdivision 4, is amended to read:

Subd. 4. "Owner" means a person, other than a lienholder or secured party, who owns or holds legal title to a motor vehicle; or in the event that a motor vehicle is the subject of a security agreement or lease with option to purchase and the debtor or lessee is entitled to the immediate use or possession of the vehicle, then the debtor or lessee or is entitled to the use and possession of a motor vehicle subject to a security interest held by another person. If a motor vehicle is the subject of a lease having an initial term of six months or longer, the lessee shall be deemed the owner for the purposes of sections 65B.41 to 65B.71, and 170.54, notwithstanding the fact that the lessor retains title to the vehicle and notwithstanding the fact that the lessee may be the owner for the purposes of chapter 168A.

Sec. 2. Minnesota Statutes 1978, Section 65B.53, Subdivision 1, is amended to read:

**65B.53 INDEMNITY; ARBITRATION BETWEEN OBLIGORS; SUBROGATION.** Subdivision 1. A reparation obligor paying or obligated to pay basic or optional economic loss benefits is entitled to indemnity subject to the limits of the applicable residual liability coverage from a reparation obligor providing residual liability coverage on a commercial vehicle of more than 5,500 pounds curb weight if negligence in the operation, maintenance or use of the commercial vehicle was the direct and proximate cause of the injury for which the basic economic loss benefits were paid or payable to the extent that the insured would have been liable for damages but for the deduction provisions of section 65B.51, subdivision 1.

Sec. 3. Minnesota Statutes 1978, Section 65B.54, Subdivision 2, is amended to read:

Subd. 2. Overdue payments shall bear simple interest at the rate of ~~ten~~ 15 percent per annum.

Sec. 4. Minnesota Statutes 1978, Section 65B.64, Subdivision 3, is amended to read:

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Subd. 3. A person shall not be entitled to basic economic loss benefits through the assigned claims plan with respect to injury which was sustained if at the time of such injury the injured person was the owner of a private passenger motor vehicle for which security is required under sections 65B.41 to 65B.71 and he failed to have such security in effect. ~~Persons claiming benefits as a result of injury to~~ Members of the owner's household other than minor children shall also be disqualified from benefits if ~~those members knew or reasonably should have known that security covering the vehicle was not provided as required by sections 65B.41 to 65B.71~~ through the assigned claims plan.

Sec. 5. Minnesota Statutes 1978, Section 65B.67, is amended to read:

**65B.67 PENALTIES FOR FAILURE TO PROVIDE SECURITY FOR BASIC REPAIR BENEFITS.** Subdivision 1. Every owner of a motor vehicle or motorcycle for which security has not been provided as required by section 65B.48, shall not by the provisions of this chapter be relieved of tort liability arising out of the operation, ownership, maintenance or use of the motor vehicle or motorcycle.

Subd. 2. Any owner of a motor vehicle or motorcycle with respect to which security is required under sections 65B.41 to 65B.71 ~~who operates such the motor vehicle or motorcycle~~ or permits it to be operated upon a public highway, street or road in this state and who knows or ~~who~~ has reason to know that the motor vehicle or motorcycle does not have security complying with the terms of section 65B.48, is guilty of a misdemeanor.

Subd. 3. Any other person who operates ~~such a~~ motor vehicle or motorcycle upon a public highway, street or road in this state with knowledge that the owner does not have ~~such~~ security complying with the terms of section 65B.48 in full force and effect is guilty of a misdemeanor.

Subd. 4. Any operator of a motor vehicle or motorcycle who is convicted of a misdemeanor under the terms of this section shall have his ~~operator's~~ driver's license revoked for not more than 12 months. If ~~such the~~ operator is also an owner of the motor vehicle or motorcycle, ~~his motor vehicle the~~ registration of the motor vehicle or motorcycle shall also be revoked for not more than 12 months. Before reinstatement of ~~an operator's a~~ driver's license or registration, the operator shall file with the commissioner of public safety the written certificate of an insurance carrier authorized to do business in this state stating that security has been provided by the operator as required by section 65B.48.

Subd. 4a. The commissioner of public safety may revoke the registration of any motor vehicle or motorcycle, and may suspend the driver's license of any operator, without preliminary hearing upon a showing by department records, including accident reports required to be submitted by section 169.09, or other sufficient evidence that security required by section 65B.48 has not been provided and maintained. Before reinstatement of a ~~vehicle the~~ registration, there shall be filed with the commissioner of public safety the written certificate of an insurance carrier authorized to do business in the state stating that security has been provided as required by section 65B.48. The commissioner of public safety may require the certificate of insurance provided to satisfy this subdivision ~~to be certified by the insurance carrier to be noncancelable for a period~~

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not to exceed one year. The commissioner of public safety may also require a certificate of insurance to be filed with respect to all vehicles required to be insured under section 65B.48 and owned by any person whose driving privileges have been suspended or revoked as provided in this section before reinstating the person's driver's license.

Subd. 5. When a nonresident's operating privilege is suspended pursuant to this section, the commissioner of public safety or his designee shall transmit a copy of the record of ~~such~~ the action to the official in charge of the issuance of licenses in the state in which the nonresident resides.

Subd. 6. Upon receipt of ~~such~~ notification that the operating privilege of a resident of this state has been suspended or revoked in any other state pursuant to a law providing for its suspension or revocation for failure to deposit security for the payment of judgments arising out of a motor vehicle or motorcycle accident, or for failure to provide security covering a motor vehicle or motorcycle if required by the laws of that state, the commissioner of public safety shall suspend the operator's license of the resident until he furnishes evidence of compliance with the laws of this state and if applicable the laws of the other state.

Sec. 6. Minnesota Statutes 1978, Section 65B.68, is amended by adding a subdivision to read:

Subd. 3. Before a motor vehicle or motorcycle may be registered in this state, the owner must file with the commissioner of public safety satisfactory evidence that security has been provided as required by section 65B.48. If a person who is required to furnish evidence ceases to maintain the required security, he shall immediately surrender the registration certificate and license plates for the motor vehicle or motorcycle. This subdivision shall expire on December 31, 1979, or on the date the commissioner of public safety promulgates a rule requiring an owner of a motor vehicle or a motorcycle to file evidence of security prior to registration of the motor vehicle or motorcycle, whichever occurs first.

Sec. 7. Minnesota Statutes 1978, Chapter 65B, is amended by adding a section to read:

**[65B.685] STANDARDIZING COVERAGE.** As far as consistent with the requirements of sections 65B.41 to 65B.71, the commissioner may limit by rule the variety of coverages available in order to give insurance purchasers reasonable opportunity to compare the cost of insuring with various insurers.

Sec. 8. The provisions of section 1 are a restatement and clarification of the legislative intent of section 65B.43, subdivision 4, and shall not be construed as a modification of existing law.

Sec. 9. **EFFECTIVE DATES.** Sections 1, 2, 5, 6 and 7 are effective the day following final enactment. The remaining provisions of this act are effective July 1, 1979. Section 2 applies only to plans of reparation security issued, amended, extended, executed or delivered in this state after June 30, 1979. Section 4 is effective for all claims arising on

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or after the day following final enactment of this act.

Approved May 25, 1979.

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**CHAPTER 191—S.F.No.182**

*An act relating to taxes; exempting from the sales and use tax sales to associations of the elderly; amending Minnesota Statutes 1978, Section 297A.25, Subdivision 1.*

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

Section 1. Minnesota Statutes 1978, Section 297A.25, Subdivision 1, is amended to read:

297A.25 **EXEMPTIONS.** Subdivision 1. The following are specifically exempted from the taxes imposed by sections 297A.01 to 297A.44:

(a) The gross receipts from the sale of food products including but not limited to cereal and cereal products, butter, cheese, milk and milk products, oleomargarine, meat and meat products, fish and fish products, eggs and egg products, vegetables and vegetable products, fruit and fruit products, spices and salt, sugar and sugar products, coffee and coffee substitutes, tea, cocoa and cocoa products;

(b) The gross receipts from the sale of prescribed drugs and medicine intended for use, internal or external, in the cure, mitigation, treatment or prevention of illness or disease in human beings and products consumed by humans for the preservation of health, including prescription glasses, therapeutic and prosthetic devices, but not including cosmetics or toilet articles notwithstanding the presence of medicinal ingredients therein;

(c) The gross receipts from the sale of and the storage, use or other consumption in Minnesota of tangible personal property, tickets, or admissions, electricity, gas, or local exchange telephone service, which under the Constitution or laws of the United States or under the Constitution of Minnesota, the state of Minnesota is prohibited from taxing;

(d) The gross receipts from the sale of tangible personal property (i) which, without intermediate use, is shipped or transported outside Minnesota and thereafter used in a trade or business or is stored, processed, fabricated or manufactured into, attached to or incorporated into other tangible personal property transported or shipped outside Minnesota and thereafter used in a trade or business outside Minnesota, and which is not thereafter returned to a point within Minnesota, except in the course of interstate commerce (storage shall not constitute intermediate use); or (ii) which the seller delivers to a common carrier for delivery outside Minnesota, places in the United States mail or parcel post directed to the purchaser outside Minnesota, or delivers to the purchaser outside Minnesota by means of the seller's own delivery vehicles, and which is not thereafter returned to a point within Minnesota, except in the course of interstate commerce;

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