



# Minnesota Department of Natural Resources

500 Lafayette Road  
St. Paul, Minnesota 55155-40

April 17, 2006

Dear Boat Dealer / Manufacturer:

**RE: USE OF DEALER/MANUFACTURER WATERCRAFT LICENSES BY PRO-ANGLERS AND OTHER HIGH PROFILE USERS**

As you may be aware, it is not unusual in the marine industry to periodically provide boats and motors at little or no cost to professional anglers or other high profile users. In most cases, the dealer or manufacturer has retained ownership of the boat and has provided their dealer/manufacturer license number for display on the craft.

After carefully reviewing the watercraft licensing and titling laws regarding the special dealer/manufacturer licenses, the Department has concluded that utilizing the special dealer/manufacturer licenses as stated above does not conform with the laws that govern boat dealer or manufacturer licensing. The following sections of statute are applicable to the use of dealer/manufacturer watercraft licenses.

M.S. § 86B.005, Subd. 4. Dealer. "Dealer" means a person:

- (1) engaged in the business of manufacturing or selling new or used watercraft;
- (2) having an established place of business for the sale, trade, and display of the watercraft; and
- (3) having in possession watercraft for the purpose of sale or trade.

M.S. § 86B.405. Dealer's license.

Subd. 1. Application. A dealer may apply for a watercraft dealer license on a form prescribed by the commissioner. A watercraft dealer's license shall be issued to a dealer after receipt of an application and payment of the dealer license fee.

Subd.2. Watercraft covered. Watercraft owned by the dealer may be operated under the dealer's license on the waters of this state without watercraft licenses for demonstration purposes or other purposes incident to the usual and customary conduct of the business of manufacturing, selling, or trading of watercraft.

The Department has identified an alternative to the special dealer/manufacturer licensing that in these types of situations should meet the needs of the dealers, manufacturers, pro-anglers and other high profile users at a reasonably low cost - while still complying with the statutes and rules on boat licensing.

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**Whenever a manufacturer or dealer provides a boat and motor to a pro-angler or other high profile user, they may either:**

1. License it in the name of the dealer or manufacturer as a "pleasure watercraft." The licensing can be completed at any deputy registrar, and would be the 'normal' licensing fees. As an example, the total cost for a three-year license (including surcharges) for a motorboat 19 feet or less would be between \$31.50 and \$41.50.

The dealer or manufacturer would complete a watercraft license application and attach a Minnesota Department of Revenue Certificate of Exemption ST3 form to the application. The boat licensing/titling system will allow the transaction to be processed without collecting sales tax if the "resale" exemption is checked on the Minnesota Revenue ST3 form.

The dealer or manufacturer would retain the manufacturer's statement of origin (MSO), and no title document will be issued by the Department of Natural Resources at that point.

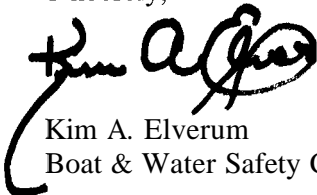
Either the dealer/manufacturer or the user could bring the license application materials into the Deputy Registrar for processing, and would receive a set of validation decals and a license certificate card. Either the manufacturer/dealer or the user would need to place the validation stickers and the license numbers on the craft as provided in law, and the license certificate card would need to be kept on board whenever the craft is being used.

When the boat is eventually sold, the license would be transferable from the dealer or manufacturer to the new owner. The transferred license would be valid for the remaining time on the license completed by the manufacturer/dealer, as is the case for most watercraft license transfers. A title application would then need to be completed and the MSO turned in with the application to the deputy registrar. The sales tax would be due upon this sale of the watercraft.

2. License the watercraft in the pro-angler's name. The other option would be to allow the pro-angler or other high profile user to license the watercraft in their name. They would need to bring in the MSO, apply for licensing and titling in their name, and pay the sales tax.

Utilizing one of the above two options should eliminate any confusion or misunderstanding on the use of the special dealer/manufacturer licensing. If you have specific questions on licensing under these circumstances, please feel free to contact our DNR License Bureau at 651-296-2316 or toll free at 1-800-285-2000.

Sincerely,



Kim A. Elverum  
Boat & Water Safety Coordinator