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State of Minnesota
HOUSE OF REPRESENTATIVES

**EIGHTY-FIFTH
SESSION**

HOUSE FILE No. 1439

February 26, 2007

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The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to taxation; providing for the disposition of contraband cigarettes;
1.3 amending Minnesota Statutes 2006, section 297F.21, subdivision 3.

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

1.5 Section 1. Minnesota Statutes 2006, section 297F.21, subdivision 3, is amended to read:

1.6 Subd. 3. **Inventory; judicial determination; appeal; disposition of seized**
1.7 **property.** (a) Within ten days after the seizure of any alleged contraband, the person
1.8 making the seizure shall serve by certified mail an inventory of the property seized on the
1.9 person from whom the seizure was made, if known, and on any person known or believed
1.10 to have any right, title, interest, or lien in the property, at the last known address, and file
1.11 a copy with the commissioner. The notice must include an explanation of the right to
1.12 demand a judicial forfeiture determination.

1.13 (b) Within 60 days after the date of service of the inventory, which is the date of
1.14 mailing, the person from whom the property was seized or any person claiming an interest
1.15 in the property may file a demand for a judicial determination of the question as to whether
1.16 the property was lawfully subject to seizure and forfeiture. The demand must be in the
1.17 form of a civil complaint and must be filed with the court administrator in the county in
1.18 which the seizure occurred, together with proof of service of a copy of the complaint
1.19 on the commissioner of revenue, and the standard filing fee for civil actions unless the
1.20 petitioner has the right to sue in forma pauperis under section 563.01. If the value of the
1.21 seized property is \$7,500 or less, the claimant may file an action in conciliation court for
1.22 recovery of the property. If the value of the seized property is less than \$500, the claimant
1.23 does not have to pay the conciliation court filing fee.

2.1 (c) The complaint must be captioned in the name of the claimant as plaintiff and
 2.2 the seized property as defendant, and must state with specificity the grounds on which
 2.3 the claimant alleges the property was improperly seized and the plaintiff's interest in the
 2.4 property seized. No responsive pleading is required of the commissioner, and no court
 2.5 fees may be charged for the commissioner's appearance in the matter. The proceedings
 2.6 are governed by the Rules of Civil Procedure. Notwithstanding any law to the contrary,
 2.7 an action for the return of property seized under this section may not be maintained by
 2.8 or on behalf of any person who has been served with an inventory unless the person has
 2.9 complied with this subdivision. The court shall decide whether the alleged contraband is
 2.10 contraband, as defined in subdivision 1. The court shall hear the action without a jury and
 2.11 shall try and determine the issues of fact and law involved.

2.12 (d) When a judgment of forfeiture is entered, ~~the commissioner may~~, unless the
 2.13 judgment is stayed pending an appeal, ~~either~~ the commissioner:

2.14 (1) ~~deliver the~~ may use the forfeited cigarette packages or tobacco products to the
 2.15 ~~commissioner of human services for use by patients in state institutions~~ property in an
 2.16 ongoing civil or criminal investigation;

2.17 (2) shall cause ~~the property in clause (1)~~ forfeited cigarette packages or tobacco
 2.18 products not used under clause (1) to be destroyed; or and

2.19 (3) may cause the forfeited property, other than forfeited cigarette packages or
 2.20 tobacco products, to be sold at public auction as provided by law.

2.21 The person making a sale, after deducting the expense of keeping the property, the fee
 2.22 for seizure, and the costs of the sale, shall pay all liens according to their priority, which
 2.23 are established as being bona fide and as existing without the lienor having any notice
 2.24 or knowledge that the property was being used or was intended to be used for or in
 2.25 connection with the violation. The balance of the proceeds must be paid 75 percent to the
 2.26 Department of Revenue for deposit as a supplement to its operating fund or similar fund
 2.27 for official use, and 25 percent to the county attorney or other prosecuting agency that
 2.28 handled the court proceeding, if there is one, for deposit as a supplement to its operating
 2.29 fund or similar fund for prosecutorial purposes. If there is no prosecuting authority
 2.30 involved in the forfeiture, the 25 percent of the proceeds otherwise designated for the
 2.31 prosecuting authority must be deposited into the general fund.

2.32 (e) If no demand for judicial determination is made, the property seized is considered
 2.33 forfeited to the state by operation of law and may be disposed of by the commissioner as
 2.34 provided in the case of a judgment of forfeiture.

2.35 **EFFECTIVE DATE.** This section is effective for forfeitures after June 30, 2007.