

Department of Legislative Services
Maryland General Assembly
2011 Session

FISCAL AND POLICY NOTE

House Bill 203

(Chair, Economic Matters Committee)(By Request -
Departmental - State Police)

Economic Matters

Finance

**Junk Dealers and Scrap Metal Processors - State Licensing Laws - Applicability
and Exemptions**

This departmental bill specifies that junk dealers and scrap metal processors in Baltimore City and Anne Arundel, Baltimore, Calvert, Caroline, Carroll, Dorchester, Kent, Somerset, Washington, and Worcester counties must be licensed by the State. The bill also subjects all junk dealers and scrap metal processors in the State to provisions regarding certain prohibited acts and clarifies that licensed secondhand precious metal object dealers and pawnbrokers are not subject to provisions of law relating to junk dealers or scrap metal processors.

Fiscal Summary

State Effect: General fund expenditures may increase, by as much as \$85,000, in FY 2012 for one-time expenses to upgrade the Judiciary's electronic licensing software. General fund revenues increase negligibly in FY 2012 and future years as a small percentage of license fee revenue is remitted to the general fund by the clerks of circuit court in specified jurisdictions.

Local Effect: Minimal increase in revenues due to the issuance of licenses by clerks of the circuit courts.

Small Business Effect: The Department of State Police (DSP) has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

Analysis

Bill Summary/Current Law: The bill subjects junk dealers and scrap metal processors in Baltimore City and the 10 counties listed above to the same statewide licensing requirements that apply to dealers in the other 13 counties of the State. Current law specifies that junk dealers and scrap metal processors in these jurisdictions must hold a license if they buy or sell items specified as “junk” or “scrap metal” in the State. In general, junk dealers or scrap metal processors must pay a \$10 licensing fee. Licenses are issued for a one-year term that begins on the first day of May.

Chapters 198 and 199 of 2010 modified the definition of junk and scrap metal and altered recordkeeping requirements for junk dealers and scrap metal processors that operate in the State. Chapters 198 and 199 applied to all junk dealers and scrap metal processors, including those operating in jurisdictions that are generally exempted from statewide licensing and recordkeeping requirements, but did not require dealers in those jurisdictions to be licensed.

The bill also expands the applicability of provisions that prohibit actions of junk dealers and scrap metal processors under law to all junk dealers and scrap metal processors, regardless of whether they have a license. Currently, a “State junk licensee” may not (1) buy or otherwise exchange any junk or scrap metal unless the State junk licensee records the transaction as specified in statute; or (2) purchase certain items, including catalytic converters, cemetery urns, or grave markers from an unauthorized individual.

Junk dealers and scrap metal processors in Calvert County must currently have a county license. The county license fee is \$25 and the requirements for licensure differ slightly from those of State licensure. The bill repeals the Calvert County licensing requirement and subjects junk dealers and scrap metal processors in the county to the State licensing requirements. No current licensing structure exists for Calvert County because historically there have been very few requests for this type of license.

State Revenues: Due to the application of the electronic reporting requirements established by Chapters 198 and 199 of 2010, DSP advises that there are a total of 40 known junk dealers or scrap metal processors operating in Baltimore City and the 10 counties listed above that must become licensed. Legislative Services assumes that all 40 dealers or processors pay the \$10 license fee beginning in fiscal 2012; the county that issues the license keeps 97% of the revenue from junk dealer and scrap metal processor licensing fees and 3% reverts to the general fund. Legislative Services assumes no annual net growth in the number of licenses issued by the counties. Thus, the general fund revenues increase by \$12 annually beginning in fiscal 2012.

State Expenditures: In fiscal 2012, general fund expenditures for the Judiciary (Administrative Office of the Courts) may increase, by as much as \$85,000, to update the electronic licensing software used by the agency to meet the bill's requirement that the clerks of the circuit courts in Baltimore City and the 10 counties listed above must issue licenses to local junk dealers and scrap metal processors. The Judiciary advises that its electronic licensing system is administered and maintained through a contractual agreement with the Science Applications International Corporation (SAIC), which would likely require modification. In order to comply with the bill's requirement to issue junk dealer and scrap metal processor licenses, SAIC must adjust and reanalyze its program and perform initial testing to ensure that the electronic licensing system is functional and capable of registering the new licensees. The Judiciary (Administrative Office of the Courts) advises that the computer modification costs are unaffected by the fact that there are only 40 expected new licensees due to the bill.

Local Fiscal Effect: As mentioned above, DSP advises that roughly 40 junk dealers or scrap metal processors in the State are expected to pay the \$10 license fee to the appropriate jurisdiction. Therefore, local revenues in Baltimore City and the 10 counties listed above increase minimally, by about \$388 total annually, due to the bill.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Baltimore, Garrett, Howard, and Montgomery counties; Judiciary (Administrative Office of the Courts); Department of Labor, Licensing, and Regulation; Department of State Police; Department of Legislative Services

Fiscal Note History: First Reader - February 13, 2011
ncs/mcr

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Junk Dealers and Scrap Metal Processors – State Licensing Laws –
Applicability and Exemptions

BILL NUMBER: HB 203

PREPARED BY: Maryland State Police

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL
BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL
BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

The proposed legislation will have no impact on small business in Maryland.