

Department of Legislative Services  
Maryland General Assembly  
2013 Session

FISCAL AND POLICY NOTE

Senate Bill 725  
Finance

(Senator Simonaire)

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**Business Regulation - Junk Dealers and Scrap Metal Processors - Holding Period  
for Junk and Scrap Metal**

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This bill requires junk dealers and scrap metal processors located in the State to hold any acquired items for three business days after purchase in the county where the dealer holds a license. During the holding period, a junk dealer or scrap metal processor must keep the junk or scrap metal and the record of its purchase at the place of business specified in its license application.

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**Fiscal Summary**

**State Effect:** None. The bill is not anticipated to affect the number of licensees in the State or State revenue. The application of existing penalty provisions is not anticipated to materially affect State finances.

**Local Effect:** None.

**Small Business Effect:** Minimal.

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**Analysis**

**Current Law:** In general, a person must have a junk dealer or scrap metal processor license whenever the person does business as a junk dealer or scrap metal processor in the State. A junk dealer or scrap metal processor is a person who does business buying or selling articles made of metals and compounds enumerated in State law, including aluminum, brass, bronze, light copper, heavy copper, pewter, nickel, and tin, among others.

All junk dealers and scrap metal processors, including specified automotive dismantlers, recyclers, and scrap processors who obtain only vehicle parts but not whole vehicles, must keep records of specific identifying information for one year following a transaction, subject to review by State and local law enforcement as part of an investigation of a specific crime.

All transaction records must be submitted electronically to the primary law enforcement unit by the end of the first business day following the date of the transaction. Each record submitted to the law enforcement unit must include (1) the date and time of purchase; (2) a description of the items and their weight, if applicable; (3) whether the amount paid for the items exceeds \$500; (4) the registration plate number of the seller's vehicle; (5) the name, address, driver's license number, date of birth, and physical description of the seller; and (6) an electronic scan or photocopy of the seller's State-issued identification card. The requirement to submit records electronically may not be construed to require licensees to incur a substantial financial burden. A junk dealer and scrap metal processor must keep electronic transaction records unless waived from this requirement by the jurisdiction's primary law enforcement unit.

If a law enforcement agency has reason to believe that an item obtained by a junk or scrap dealer is stolen, the agency is authorized to issue a written hold notice after providing reasonable cause to believe that the junk dealer or scrap metal processor is in possession of stolen items. The identified item may not be moved from the place of business unless authorized by law enforcement or court order. Notices must specify a time period for the hold; the hold time may not exceed 15 days. A person who violates the recordkeeping and reporting requirements is guilty of a misdemeanor and subject to a fine of up to \$500 for a first offense and a fine of up to \$5,000 and/or imprisonment for up to one year for subsequent offenses.

**Background:** Chapter 562 of 2009 (SB 597) established electronic reporting requirements for dealers, thereby repealing the authorization that allowed dealers to mail or submit paper transaction records to law enforcement. The State uses the Regional Automated Property Information Database (RAPID) system to transmit acquisition information from secondhand dealers to local law enforcement through an Internet interface. RAPID enables police departments statewide to immediately gain access to timely information about property that has been sold to pawnbrokers, precious metal dealers, or vehicle salvage yards.

**Small Business Effect:** The businesses affected by the bill are generally small businesses. The bill has a negative impact on these businesses to the extent that the bill's holding period creates an operational burden. Approximately 200 automotive dismantlers or recyclers are licensed in the State.

## Additional Information

**Prior Introductions:** None.

**Cross File:** HB 279 (Delegate Schuh, *et al.*) - Economic Matters.

**Information Source(s):** Department of Labor, Licensing, and Regulation; Governor's Office of Crime Control and Prevention; Maryland Department of Transportation; Howard County; Department of Legislative Services

**Fiscal Note History:** First Reader - February 6, 2013  
mc/mcr

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