

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE

Senate Bill 1110

(Senator Colburn)

Finance

Business Regulation - Junk Dealers and Scrap Metal Processors - Copper Wire

This emergency bill prohibits all junk dealers and scrap metal processors who conduct business in the State – including nonresident junk dealers and scrap metal processors – from purchasing copper wire from which the insulation has been burned or stripped.

Fiscal Summary

State Effect: The Department of State Police (DSP) can enforce the bill with existing budgeted resources. Revenues are not affected.

Local Effect: Any impact on local law enforcement or local health department operations or finances is expected to be minimal.

Small Business Effect: Meaningful.

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.

Background: High demand for metals such as copper and aluminum tend to encourage metal theft in the United States. The price of copper increased from \$0.65 per pound in 2001 to more than \$4.00 per pound by July 2008. The price has generally remained between \$3.00 and \$4.00 per pound since 2011. The premium on copper has been linked to theft of catalytic converters, cemetery markers and memorial plaques, and copper wiring from utility property. Approximately 694,000 tons of scrap metal were recycled in Maryland in 2012.

DSP advises that junk dealers and scrap metal processors buy significant amounts of copper, whether insulated or not. DSP advises that some individuals burn the insulation off of the wire, as bare copper is worth more per pound than sheathed or insulated copper. According to the Maryland Department of the Environment (MDE), these small-scale, unsophisticated operations use a fire in a barrel or similar container, which burns at a much lower temperature than an incinerator. In addition to the risk of burns and uncontrolled fires, this process releases heavy metals, dioxins, and furans, which are emitted into the air and may be inhaled by the person attempting to burn the insulation.

MDE does not have specific regulations prohibiting the burning of copper wire insulation. However, MDE does have general authority to regulate air pollution and has taken action on this activity in the past based on complaints of noxious odors. Enforcement is complaint-driven and is a cooperative effort between the local health department and MDE. MDE also issues permits for "sweat furnaces" used to reclaim metals, and there are two of these currently permitted in the State. These facilities are also subject to federal regulations under the Clean Air Act that limit emissions of hazardous air pollutants.

Small Business Effect: The businesses affected by the bill are generally small businesses. The bill has a negative impact on these businesses as it prohibits them from purchasing copper wire from which the insulation has been burned or stripped. These businesses likely still purchase insulated copper wire at lower cost than stripped wire and then pay an employee to remove the insulation from the copper.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of State Police, Maryland Department of the Environment, Maryland Department of Transportation, InvestmentMine, Department of Legislative Services

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