

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 617 (Delegate Harkins)
Economic Matters

Regulation of Scrap Metal Processors - Record Keeping

This bill requires “scrap metal processors” to maintain specified written records of all business transactions involving (1) acquisitions of scrap metal at the time transactions are made; and (2) payment of money for goods received. The records must contain a description of the item, including the grade of the scrap metal and the total weight. These records must be retained by the processor for six months.

In addition, the bill provides for the release of stolen property, and restitution and recovery actions. It also prohibits certain transactions by processors. The bill preempts all other provisions of State law relating to the regulation of scrap metal to the extent of any conflict. The bill also prohibits local governments from regulating scrap metal processors and preempts and supersedes all existing local regulation of scrap metal processors. Violators are subject to specified misdemeanor penalties.

Fiscal Summary

State Effect: General fund revenues could increase from the bill’s monetary penalty provision. Expenditures would not be affected.

Local Effect: Preempting local regulation of scrap metal processors should not materially affect local government finances. However, expenditures could increase due to the bill’s incarceration penalties. Revenues would not be affected.

Small Business Effect: Potential minimal impact on scrap metal processors as discussed below.

Fiscal Analysis

State Revenues: General fund revenues could increase under the bill's penalty provisions, for those cases heard in the District Court, depending upon the conviction rate.

Local Expenditures: Expenditures could increase in fiscal 1998 from the incarceration penalties authorized under this bill, depending upon the conviction rate and sentences imposed. Counties pay the full cost of incarceration for the first 90 days of the sentence, plus part of the per diem cost after 90 days. Per diem operating costs of local detention facilities are expected to range from \$23 to \$83 per inmate in fiscal 1998.

Small Business Effect: The acquisition of additional information and additional record storage may cause an indeterminate minimal increase in expenditures for scrap metal processing companies, the vast majority of which are small businesses. It is assumed that scrap metal processors that are small business would not violate the provisions of the bill. However, to the extent that scrap metal processors violate the provisions of the bill and are convicted of a misdemeanor, they could be required to pay a fine of up to \$1,000 and/or spend 30 days in jail for each violation.

Information Source(s): Baltimore City; City of Rockville; City of Bladensburg; Department of Public Safety and Correctional Services; Department of State Police; Institute of Scrap Recycling Industries, Inc.; Department of Fiscal Services

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