

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE

Senate Bill 352
Finance

(Senator Astle)

Junk Dealers and Scrap Metal Processors - Regulated Scrap Metal

This bill • establishes requirements related to transactions of regulated scrap metal by junk dealers and scrap metal processors; • authorizes a government or business to establish an account with a junk dealer or scrap metal processor to sell regulated scrap metal; • authorizes inspection of records by law enforcement; and • establishes penalties for noncompliance. The bill applies to all junk dealers and scrap metal processors in the State, including those operating in jurisdictions that are generally exempted from statewide licensing and recordkeeping requirements.

Fiscal Summary

State Effect: Potential operational impact in counties that have designated the Department of State Police as the primary law enforcement unit for the jurisdiction.

Local Effect: Potential minimal increase in expenditures related to enforcement.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: The bill expands the definition of a junk dealer or scrap metal processor to include secondary metals dealers or recyclers if those businesses buy or sell regulated scrap metal. The bill defines regulated scrap metal as an article made wholly or partly of copper, #1 and #2 copper, greenline copper, brass, aluminum, bronze, lead, nickel, nickel alloys greater than 50% nickel, chromium, tin, or platinum and requires additional recordkeeping for transactions involving these materials.

A junk dealer or scrap metal processor is required to keep a written or electronic log for one year from each purchase of regulated scrap metal that includes • the date and time of purchase; • a description of the scrap metal and its weight; • the amount paid for the scrap metal; • the price per pound of the scrap metal; • a work site location for the scrap metal, if appropriate; • the license tag number and description of the vehicle used to transport the scrap metal; • the signature of the seller; • the full name and address of the seller; and • a photocopy of the seller's driver's license or other government-issued identification. A junk dealer or scrap metal processor may not purchase an item that reasonably appears to be government property, such as manhole covers, meters, grates, or street signs, without proper documentation that the seller is authorized to sell the items presented. The junk dealer or scrap metal processor must clearly post that seller identification is required for each transaction.

Government entities or licensed businesses may establish an account with a junk dealer or scrap metal processor to sell regulated scrap metal on their behalf. A statement must be filed that establishes this business relationship. Each transaction conducted on behalf of a government entity or licensed business must document the date, time, weight, and description of each transaction.

State or local law enforcement may request information from a junk dealer or scrap metal processor's transaction log. If there is reasonable cause to believe that an item is stolen, law enforcement may issue a written hold notice that identifies the items and informs the junk dealer or scrap metal processor of the hold. The dealer or processor may not remove from the place of business an item on hold for 60 days or until the hold is released.

Provisions apply to all junk dealers and scrap metal processors in the State, including nonresident dealers and those otherwise subject to local regulation. A person who violates these provisions is guilty of a misdemeanor and is subject to a fine of up to \$100.

Current Law: A junk dealer or scrap metal processor is a person who does business buying or selling articles made of metals and compounds enumerated in Maryland law, including aluminum, brass, bronze, light copper, heavy copper, pewter, nickel, and tin. The law also extends to buyers and sellers of certain equipment and supplies, including plumbing and electrical fixtures, pipes, locks, railroad equipment, and farm machinery.

A person is required to have a junk dealer or scrap metal processor license when doing business in the State. A person must have an agent license if buying or selling on behalf of a junk dealer or scrap metal processor. An applicant for a license must certify the name and business address to the clerk of the circuit court for the county with jurisdiction and pay the required license and issuing fee.

Each junk dealer or scrap metal processor who is a resident of the State is required to keep a written record in English made at the time of purchase that includes • a description of the item; • the name and address of the buyer and seller; • the license tag of any vehicle used; and • the date and time of the purchase. Records must be open to inspection by State or local law enforcement personnel at the place of business.

Nonresident junk dealers, scrap metal processors, or their agents are required to register all items in the county of purchase before transporting the item from the State. A description of the item must include • the date of purchase; • the license number of the buyer and seller, if applicable; • the license tag number of the vehicle used; and • the name of any consignee.

A person who violates the law relating to junk dealers and scrap metal processors is guilty of a misdemeanor and is subject to a fine of \$500 for each offense.

Provisions do not generally apply in Baltimore City or Anne Arundel, Baltimore, Caroline, Carroll, Dorchester, Kent, Somerset, Washington, or Worcester counties; exempted jurisdictions vary in their regulatory requirements. Additional provisions apply in Calvert County.

Background: The value of copper has multiplied with growing demand in the developing world for electric generation systems and building equipment. The price of copper has increased from \$0.65 per pound in 2001 to a current value approaching \$4.00 per pound. The premium on copper has been linked to theft of cemetery markers and memorial plaques, destruction of irrigation systems, and various attempts to scavenge materials from farms, utility systems, and abandoned buildings.

As of December 2007, 21 states had enacted legislation to specifically address copper theft. Legislation is varied but generally imposes enhanced criminal penalties for larceny of copper wiring and materials and/or expands recordkeeping requirements for its resale.

State Fiscal Effect: Licensing of junk dealers and scrap metal processors is not a State function; however, State expenditures would increase for those counties or municipal corporations that designate the Department of State Police as the primary law enforcement unit for that jurisdiction. The State Police currently provides primary law enforcement in Carroll County through the Resident Trooper Program, though the county is currently undergoing a transition to a county police force. Calvert and Frederick counties have limited participation in the program. In these circumstances, it is anticipated that administrative requirements would not require additional resources. The penalty provision of the bill is not expected to impact State revenues.

Local Fiscal Effect: Local jurisdictions that are not currently subject to licensing requirements may experience minimal increases in expenditures related to enforcement; however, the local governments contacted for this fiscal note reported that the bill's requirements would require no additional expenditures or could be handled with existing resources.

Small Business Effect: Junk dealers and scrap metal processors would be subject to additional recordkeeping requirements. The impact of the bill on small business would vary depending on the extent of current regulation.

Additional Comments: The Department of Labor, Licensing, and Regulation advises that an individual who sells platinum, which is included in the bill's definition of regulated scrap metal, must be licensed as a secondhand precious metal object dealer. These dealers must be licensed by the State and meet a separate set of reporting requirements and holding periods. If this provision results in an increase in the number of individuals licensed as secondhand precious metal object dealers, general fund revenues could increase.

Additional Information

Prior Introductions: None.

Cross File: Although HB 727 is designated as a cross file, it is not identical.

Information Source(s): Washington County; Montgomery County; Prince George's County; Kent County; Worcester County; Department of Labor, Licensing, and Regulation; Department of Legislative Services

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mcp/ljm

Analysis by: Suzanne O. Potts

Direct Inquiries to:
(410) 946-5510
(301) 970-5510