

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE

House Bill 33 (Delegate Sophocleus)
Economic Matters

Junk Dealers and Scrap Metal Processors - Copper Scrap Metal - Required Records

This bill expands recordkeeping requirements for transactions of copper scrap metal by junk dealers and scrap metal processors 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. Potential minimal increase in general fund revenues from District Court cases resulting in monetary penalties.

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

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: The bill applies to copper scrap metal made wholly or partly of copper metal, including copper wire, plumbing fixtures and supplies, electrical fixtures and wiring, and other cable, sheeting, and fittings. The bill requires all resident junk dealers and scrap metal processors in the State to record • the date and time of each transaction of copper scrap metal; • a description of the copper scrap metal, including weight and

identifying marks; and • the amount paid for the copper scrap metal. The record must also include certain information that identifies the seller and the license tag number of his or her vehicle. The signatures of both parties are required.

A resident junk dealer or scrap metal processor is required to keep records of copper scrap metal transactions for at least three years; the records are open to inspection by State and local law enforcement. Before transporting copper scrap metal from the State, a nonresident junk dealer or scrap metal processor is required to submit records to the sheriff in the jurisdiction where the transaction occurred.

A person who violates the law relating to sale of copper scrap metal is guilty of a misdemeanor and is subject to a \$500 fine for a first offense, \$1,500 fine for a second offense, and a \$3,000 fine for all subsequent offenses.

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 local 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 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.

General fund revenues could increase marginally for District Court cases resulting in monetary penalties. Fines for second and third offenses under the bill exceed penalties under current law regulating junk dealers and scrap metal transactions.

Local Fiscal Effect: Local jurisdictions that are not currently subject to statewide licensing requirements may experience minimal increases in expenditures related to enforcement and retention of records; 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 reporting requirements. The impact of the bill on small business would vary depending on the extent of current regulation.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Carroll County; Cecil County; Montgomery County; Harford County; Department of Labor, Licensing, and Regulation; National Conference of State Legislatures; *New York Times*; Department of Legislative Services

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