

Department of Legislative Services
 Maryland General Assembly
 2012 Session

FISCAL AND POLICY NOTE

Senate Bill 952 (Senator Dyson)
 Finance

Junk Dealers and Scrap Metal Processors - Required Records and Hold Period

This bill requires junk dealers and scrap metal processors, and specified automotive dismantlers and recyclers or scrap metal processors, to obtain and include in their transaction records a digital photograph, taken at the time junk or scrap metal is acquired, of the individual from whom the junk or scrap metal is acquired. The bill also requires the specified businesses to hold any acquired items of junk or scrap for three business days after reporting the acquisition to law enforcement. The bill also clarifies that a 15-day hold period requested by law enforcement for suspected stolen items includes the bill’s 3-business-day holding period.

Fiscal Summary

State Effect: General fund expenditures increase by \$200,000 in FY 2013 for the Department of State Police (DSP) for a one-time programming expense and to expand the storage capacity of the State’s electronic recordkeeping system to accept digital photographs. General fund expenditures increase by \$170,000 in FY 2017 for additional system maintenance. 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.

(in dollars)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	200,000	0	0	0	170,000
Net Effect	(\$200,000)	\$0	\$0	\$0	(\$170,000)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: Minimal.

Small Business Effect: Minimal.

Analysis

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 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 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. DSP advises that any electronic report from the specified businesses in the bill goes to the RAPID system, not to local law enforcement agencies.

State Fiscal Effect: The bill requires specified businesses to include a digital photograph as part of their electronic submission of records to local law enforcement. DSP advises that the RAPID software is not currently configured to accept digital photographs and that the current data storage capabilities of the system are insufficient to support the additional storage requirements associated with digital photographs. DSP must, therefore, program RAPID to accept digital photographs and acquire two servers to handle the increased data storage – as the State’s information technology infrastructure protection practices require redundant data storage hardware at two separate sites.

General fund expenditures for DSP increase by \$200,000 in fiscal 2013 to purchase two servers at a cost of approximately \$85,000 each and to program the RAPID system to accept digital photographs at a cost of \$30,000. DSP advises that the hardware must be replaced four years after being placed in service, based on commonly accepted information technology hardware service and replacement practices. Thus, general fund expenditures increase by \$170,000 in fiscal 2017 as well.

The bill is not anticipated to affect the number of licensees in the State. Finally, the application of existing penalty provisions is not anticipated to materially affect State finances.

Small Business Effect: The businesses affected by the bill are generally small businesses. The bill will have a negative effect on these businesses to the extent that they are required to purchase any equipment or software to meet the bill’s digital photograph submission requirement. DSP advises that approximately 200 automotive dismantlers or recyclers are licensed in the State.

Additional Information

Prior Introductions: SB 897 of 2011 received an unfavorable report from the Senate Finance Committee.

Cross File: None.

Information Source(s): Department of State Police, Maryland Department of Transportation, Kent and Montgomery counties, Department of Legislative Services

Fiscal Note History: First Reader - March 20, 2012
ncs/mcr

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