

Department of Legislative Services
Maryland General Assembly
2019 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 442
Economic Matters

(Delegate Ebersole)

Business Regulation - Junk Dealers and Scrap Metal Processors - Reporting Requirements

This bill requires a primary law enforcement unit, upon request of a licensed junk dealer or scrap metal processor, to supply a list of all junk dealers or scrap metal processors that have submitted required transaction records. The bill also defines “business day” for purposes of the junk dealer and scrap metal processor law and broadens references to the list of enumerated items to which the law applies.

Fiscal Summary

State Effect: Assuming a limited number of requests, the Department of State Police (DSP) can likely implement the bill with existing budgeted resources. Revenues are not affected.

Local Effect: Assuming a limited number of requests, local police departments can likely implement the bill with existing budgeted resources. Revenues are not affected.

Small Business Effect: Minimal.

Analysis

Current Law/Background: In general, a resident or nonresident person must have a junk dealer or scrap metal processor license whenever the person does business as such 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.

Local law enforcement may enforce the laws related to junk dealers and scrap metal processors.

Generally, for each purchase of junk or scrap metal in the State, a junk dealer or scrap metal processor must keep an accurate electronic record that states:

- the date and time of purchase;
- a description of the junk or scrap metal purchased;
- the amount paid or other consideration for the junk or scrap metal;
- the registration plate number, make, and model of any vehicle used;
- the name and address of the individual from whom the junk or scrap metal is acquired;
- the signatures of the individual from whom the junk or scrap metal is acquired and the individual who accepted the junk or scrap metal; and
- specified information from the driver's license or State-issued identification card of the individual from whom the junk or scrap metal is acquired.

This information must be submitted electronically to the primary law enforcement unit by the end of the first business day following the date of the transaction. Business day is not defined.

Appropriate Authorization to Purchase Certain Items

A junk dealer or scrap metal processor may not purchase a cemetery urn, grave marker, or any other of several items enumerated in current law from an individual unless the individual, at the time of purchase, provides appropriate authorization from a relevant business or unit of federal, State, or local government specifically authorizing the individual to conduct the transaction.

RAPID System

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, junk dealers, scrap metal processors, or vehicle salvage yards. Currently, data maintained by the system, including lists of licensees, is confidential for law enforcement use only.

State Effect: Operationally, DSP is the primary law enforcement unit for purposes of the RAPID system in some counties. DSP advises that, although the RAPID system is capable of generating the required information, the process is time consuming and requires an individual to review and adjust the records to ensure the appropriate information is provided. Assuming a limited number of requests, DSP can likely implement the bill with existing budgeted resources. However, as the bill does not limit the number or frequency of potential requests, DSP may require an additional clerical staff person at a total cost of about \$50,000 annually (general funds) if a significant number of ongoing requests are made.

As the bill does not authorize a fee, this analysis assumes that the reports are provided free of charge and that, therefore, State revenues are not affected.

Local Expenditures: Assuming a limited number of requests, local police departments can likely implement the bill with existing budgeted resources. However, as the bill does not limit the number or frequency of potential requests, a particular local department may require additional clerical staff if a significant number of ongoing requests are made.

As the bill does not authorize a fee, this analysis assumes that the reports are provided free of charge and that, therefore, local revenues are not affected.

Additional Comments: The bill contains an inadvertent expansion of an existing prohibition against a junk dealer or scrap metal processor purchasing specified items without additional authorization to include *all* junk and scrap items enumerated in statute. As noted above, under current law, this requirement applies to only a subset of items such as urns and grave markers. The above analysis does not reflect the potentially significant negative effect on junk dealers and scrap metal processors if such a prohibition were to be applied to all purchases.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of State Police; Governor's Office of Crime Control and Prevention; Department of Labor, Licensing, and Regulation; Department of Legislative Services

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