

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5927H.011
Bill No.: HB 2530
Subject: Business and Commerce; Motor Vehicles
Type: Original
Date: March 9, 2026

Bill Summary: This proposal modifies provisions relating to scrap metal recycling.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue	(\$900,000)	\$0	\$0
Total Estimated Net Effect on General Revenue	(\$900,000)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§§301.010, 301.218, 301.225, 407.298, 407.299, 407.300, 407.302, 407.303 & 407.304 – Regulation of Certain Metals

Officials from the **Office of the State Courts Administrator** and **Missouri Office of Prosecution Services** did not respond to **Oversight's** request for fiscal impact for this proposal.

from the **Department of Revenue (DOR)** assume the following regarding this proposal:

Administrative Impact

To implement the proposed changes, the Department of Revenue would be required to:

- Create new online resource for public use
- Create new online reporting for licensees, DOR reporting of licensee information, and for law enforcement purposes
- Update current procedures, correspondence letters, and information on the website
- Implement new call lines and/or update current lines to handle these calls
- Update the Dealer and Business operating manual
- Send communications to stakeholders as applicable

FY 2027 – Systems Analysis & Support

Associate Research/Data Analyst 996 hrs. @ \$31.16/hr. = \$31,035

Research/Data Analyst 249 hrs. @ \$37.14/hr. = \$9,248

Administrative Manager 125 hrs. @ \$51.40/hr. = \$6,425

FY 2027 – Strategy & Communications Office

Associate Research/Data Analyst 150 hrs. @ \$31.16/hr. = \$4,674

Research/Data Analyst 60 hrs. @ \$37.14/hr. = \$2,228

Total = \$53,610

There is no data to assist in determining the volume of orders the department will receive. If the increase is more significant than anticipated, and unable to be absorbed by existing staff, additional FTE may be requested through the routine appropriations process.

Oversight assumes DOR will use existing staff and will not hire additional FTE to conduct these activities; therefore, Oversight will not reflect the administrative costs DOR has indicated on the fiscal note.

FUSION Impact

DOR notes:

Development: 4000 hrs. @ \$225/hr. = **\$900,000**

The fiscal impact estimated above is based on changes in the current Department's Motor Vehicle system environment. The implementation of this legislation will be coordinated with the integration of the Department's Motor Vehicle and Driver Licensing software system approved and passed by the general assembly in 2020 (Senate Bill 176). To avoid duplicative technology development and associated costs to the state, it is recommended a delayed effective date be added to this bill to correlate with the installation of the new system.

Oversight does not have information to the contrary and therefore, Oversight will reflect the FUSION estimates as provided by DOR.

Oversight notes a violation of the provisions of this proposal results in a misdemeanor charge which carries only a fine. The fine revenue for the ticket goes to local school funds. Oversight assumes there will be some (less than \$250,000) amount of fine revenue from violations of the statute. For simplicity, Oversight will not reflect the increased revenue from fines to various state funds and local political subdivisions.

Officials from the **Department of Commerce and Insurance, Missouri Highway Patrol, Department of Corrections, Missouri Highway Patrol, Missouri Department of Transportation** and **Office of the State Public Defender** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000.

The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
GENERAL REVENUE			
<u>Cost</u> (§§301.010 – 407.304) – FUSION costs p.4	<u>(\$900,000)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$900,000)</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

Small scrap yards could be impacted as a result of this proposal.

FISCAL DESCRIPTION

Currently, except a licensed franchised motor vehicle dealer selling, repairing, rebuilding, or servicing vehicles, a person must be licensed by the Department of Revenue to do the following:

- (1) Sell used parts or accessories for vehicles as a used parts dealer;
- (2) Salvage, wreck, or dismantle vehicles for resale of parts as a salvage dealer or dismantler;
- (3) Rebuild and repair four or more wrecked or dismantled vehicles in a calendar year as a rebuilder or body shop; or
- (4) Process scrapped vehicles or vehicle parts as a scrap processor.

This bill adds any person accepting scrapped metals or metal parts as a "metal recycling entity or scrap metal yard", as defined in the bill. Any person who violates the requirement to be licensed by the Department will be guilty of a Class A misdemeanor, punishable only by a fine. An application for licensure may be denied or any current license revoked or suspended by the Department for violations of the provisions in the bill or materially false statements in the application for licensure.

The bill defines the terms "Copper, brass, or bronze", "Metal recycling entity or Scrap Metal Yard", and "Regulated metal". Regulated metals include Copper, brass or bronze, catalytic converters, aluminum items in the definition, and motor vehicle, heavy equipment, or tractor batteries.

This bill requires metal recycling entities and scrap metal yards (entities) to submit an electronic transaction report to the Department by the close of the second business day after acquiring a regulated metal. The report must contain the information specified in the bill, but entities will not be required to disclose the weight and purchase price of the regulated metal. The report will be submitted electronically unless the Department approves an exception for an entity to fax their report.

The bill requires the Department to establish a statewide electronic reporting system to track the sales of regulated metal reported to the department. The Department must post a summary of the reports on its website that is only accessible to entities required to submit such reports. The summary will provide the frequency with which a person presents regulated metal for sale to a metal recycling yard or scrap metal yard, but will not personally identify any person to which the entity sells the regulated metal. The summary will also not include State or local government agencies, businesses that routinely have access to regulated metals, or others specified in the bill.

This bill requires the Department to make available on its website a list of all licensed metal recycling entities and scrap metal yards. The list must contain the registered business name, their physical address, the name and contact information of a representative, a description of the extent to which the entity purchases catalytic converters, and a statement that no purchases of regulated metals can be made before 7:00 a.m. or after 7:00 p.m.

The bill exempts information in reports related to the purchase of regulated metals from State sunshine laws and requires the Department to maintain the confidentiality of sellers of regulated metals except to law enforcement.

This bill prohibits entities from purchasing or trading for regulated metals after 7:00 p.m. and before 7:00 a.m. Entities must photograph regulated metals they purchase and require an affidavit from the seller stating that they own or otherwise have the authority to sell the regulated metal.

Currently, no transaction that includes a detached catalytic converter can occur at any location except the fixed place of business for junk, scrap metal, or secondhand property dealers. No detached catalytic converter may be altered, modified, disassembled, or destroyed for five days after a dealer purchases it, and there are penalties for knowingly purchasing a stolen catalytic converter.

The bill expands these provisions to all regulated metals. This bill prohibits an entity from purchasing regulated metals from persons who:

- (1) Uses a name other than the person's own name or the registered name of the seller's business;
- (2) Is under 18 years of age; or
- (3) Is visibly under the influence of drugs or alcohol.

The bill requires all metal recycling entities and scrap metal yards to display a notice, in a prominent location with letters at least two inches tall, which includes their regular business hours and the following language:

"A PERSON ATTEMPTING TO SELL ANY REGULATED METAL MUST PRESENT SUFFICIENT IDENTIFICATION AND WRITTEN PROOF OF OWNERSHIP REQUIRED BY STATE LAW. WARNING: STATE LAW PROVIDES A CRIMINAL PENALTY FOR A PERSON WHO INTENTIONALLY PROVIDES A FALSE DOCUMENT OF IDENTIFICATION OR OTHER FALSE INFORMATION TO A METAL RECYCLING ENTITY WHILE ATTEMPTING TO SELL ANY REGULATED METAL."

Currently, a scrap yard must require authorization in writing before purchasing metals specified in the bill from cemeteries, political subdivisions, or service providers and utilities specified in the bill.

This bill updates the requirement to apply to metal recycling entities, scrap metal yards, and scrap metal dealers.

Currently, scrap metal dealers may not make a payment in cash for a transaction exceeding \$500, and must obtain a copy of the seller's license if they purchase copper or a catalytic converter in cash. These requirements do not apply to established businesses or political subdivisions known to the scrap metal dealers with a fixed location that can be reasonably expected to generate regulated scrap metal.

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This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Office of the Secretary of State
Joint Committee on Administrative Rules
Missouri Highway Patrol
Department of Corrections
Office of the State Public Defender
Missouri Department of Transportation
Department of Commerce and Insurance



Julie Morff
Director
March 9, 2026



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March 9, 2026