

HB 2530 -- SCRAP METAL RECYCLING

SPONSOR: Phelps

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.

The bill adds metal recycling entities and scrap metal yards and prohibits cash transactions of any amount by such entities. This requirement still does 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.

This bill requires the Department to provide every scrap metal dealer or metal recycling entity or scrap metal yard a searchable, electronic list containing the names and descriptions of persons known for theft or to be receivers of stolen property. No such entity shall purchase or receive regulated metal from any person identified on the list.