

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2381-01
Bill No.: SB 492
Subject: Business and Commerce; Consumer Protection; Liability; Licenses -
Miscellaneous; Property, Real and Personal
Type: Original
Date: April 2, 2019

Bill Summary: This proposal modifies provisions relating to the resale of scrap metals.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Local Government	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown

FISCAL ANALYSIS

ASSUMPTION

§§407.296, 407.297, 407.298, 407.299, 407.300 and 407.302 - Resale of scrap metals

Officials from the **Missouri Office of Prosecution Services (MOPS)** assume the proposal will have no measurable fiscal impact on MOPS. The creation of a new crime creates additional responsibilities for county prosecutors which may, in turn, result in additional costs, which are difficult to determine.

Officials from the **Joplin Police Department** state the only fiscal impact will be the added time needed to process applications for this license; however, that should be offset by the cost of the permit.

Officials from **St. Louis County** state no fiscal impact. It is unknown how many, if any, copper property peddler annual licenses would be issued by the county as a result of this bill; however, the \$45 payment would likely only cover the cost of the county issuing the new licenses with no significant profit.

Oversight notes every copper property peddler will pay a license fee of \$45 annually. Oversight will assume this fee would offset the cost of issuing a new license by the county. Also, the proposal allows for civil penalties of no less than \$500 for persons convicted who knowingly present for sale stolen ferrous or nonferrous metals, which Oversight will reflect a potential income source to local school districts for these penalties. Therefore, Oversight will reflect a total impact to local political subdivisions of \$0 or an unknown amount of income.

Oversight notes that the **Attorney General's Office, Department of Public Safety - Missouri State Highway Patrol, Office of State Courts Administrator, State Public Defender's Office, Office of Secretary of State, City of Kansas City, Springfield Police Department, St. Louis County Department of Justice Services and St. Louis County Police Department** have stated the proposal would not have a direct fiscal impact on their organizations. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
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LOCAL POLITICAL SUBDIVISIONS

<u>Income</u> - cities and counties (§407.297)			
Revenue from license fees	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown

<u>Income</u> - School Districts - potential fine revenue (§407.299.3)	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
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<u>Cost</u> - cities and counties (§407.297)			
Increased administrative costs	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>

ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
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FISCAL IMPACT - Small Business

Small business scrap metal dealers could be impacted by this proposal.

FISCAL DESCRIPTION

This act modifies provisions relating to the resale of certain scrap metals.

No person shall engage in the business of a copper property peddler, as such term is defined in the act, without first obtaining a license from the municipality or county and complying with the provisions of the act.

Every copper property peddler shall pay a license fee of \$45 per year. The requirements for the application for a license are set forth in the act. No license shall be granted to any person who has been convicted of burglary, robbery, stealing, theft, or possession or receiving stolen goods in the 2 years prior to the date of application.

FISCAL DESCRIPTION (continued)

A scrap metal dealer, as defined in the act, shall pay for any copper property or HVAC components as set forth in the act.

If a scrap metal dealer has actual knowledge that any copper or HVAC component in its possession has been stolen, the dealer shall notify the local police department and provide any information relative to the seller or the sale transaction. The police department may issue a written notice to the scrap metal dealer placing a 10 day hold on the property if there is reasonable suspicion that the scrap metal dealer is in possession of stolen property.

The act makes it unlawful for any person to knowingly present for sale to a scrap metal dealer stolen ferrous or nonferrous metal. Any person who knowingly tries to sell stolen ferrous or nonferrous metal shall, upon conviction, be subject to a fine of not less than \$500 or imprisonment for a period not to exceed 90 days, or both the fine and imprisonment.

Additionally, it is unlawful for a person to willfully and maliciously cut, mutilate, deface, or otherwise injure any personal or real property owned by a third party for the purpose of obtaining ferrous or nonferrous metals. A violation of this provision is a fine of not less than \$500 or imprisonment for a period not to exceed 90 days, or both the fine and imprisonment.

A copper property peddler's license shall be revoked if he or she knowingly violates the provisions of the act.

A purchaser or collector of, or dealer in, junk, scrap metal, or any secondhand property shall keep a record of purchases or trades of materials. A full description of the material shall be included, along with any business license number or the copper property peddler's license, amount paid, and license plate number of the vehicle delivering the material.

The record shall be maintained for a period of 3 years, rather than a minimum of 24 months. All records shall be photocopied.

Any person selling copper property who holds a valid business license or copper property peddler's license shall present a copy of such license to a scrap metal dealer. A transaction receipt shall be issued and contain information as set forth in the act. A scrap metal dealer, the agent employee, or representative of a scrap metal dealer shall not disclose personal information concerning a customer without the consent of the customer unless such disclosure is made in response to a request from a law enforcement agency.

Hours of retail operation for scrap metal dealers shall be no earlier than 6:00 a.m. and no later than 7:00 p.m.

FISCAL DESCRIPTION (continued)

No scrap metal dealer shall purchase or otherwise receive from a person under the age of 18 any ferrous or nonferrous metal other than aluminum cans.

A scrap metal dealer shall register with or subscribe to the alert system established by the Institute of Scrap Recycling Industries, Inc. and maintain such registration or subscription.

No scrap yard shall purchase any metal, including certain cables used in high voltage transmission lines and historical markers, that can be identified as belonging to certain entities listed in the act.

No person shall knowingly sell or attempt to sell to a scrap metal dealer and no scrap metal dealer shall knowingly and willfully purchase the following:

- new materials, equipment, or tools used by contractors unless accompanied by proof of ownership or authorization to sell the materials on behalf of the owner;
- HVAC components unless accompanied by written authorization from the business or property owner evidencing the seller has the legal right to sell the material;
- catalytic converters unless purchased from a vehicle repair business.

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

Attorney General's Office
Department of Public Safety -
 Missouri State Highway Patrol
Missouri Office of Prosecution Services
Office of State Courts Administrator
State Public Defender's Office
Office of Secretary of State
City of Kansas City
Joplin Police Department
Springfield Police Department
St. Louis County Department of Justice Services
St. Louis County Police Department
St. Louis County



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April 2, 2019

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