

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3119-02
Bill No.: SCS for SB 608
Subject: Business and Commerce; Consumer Protection; Kansas City; Liability; Licenses -
 Miscellaneous; Motor Vehicles; Political Subdivisions; Property, Real and
 Personal; St. Louis City
Type: Original
Date: February 20, 2020

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

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
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 2021	FY 2022	FY 2023
Local Government	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Revenue (DOR)** assume the location restrictions within §301.227.9(2) do not include all jurisdictions within the State of Missouri, but only to certain counties or cities that meet these guidelines. The DOR will need to determine which local jurisdictions this will apply to and file an administrative rule to guide this proposal.

To implement the proposed legislation, the DOR will be required to:

- Update procedures, forms, correspondence, and the DOR website;
- Update the Missouri Titling manual;
- Draft and file associated administrative rules; and
- Train staff.

FY 2020 - Motor Vehicle Bureau

Management Analysis Specialist I	80 hrs. @ \$18.42 per hr. = \$1,474
Administrative Office Support Assistant	80 hrs. @ \$13.78 per hr. = \$1,102
Revenue Manager	15 hrs. @ \$20.59 per hr. = \$ 309
Total	= \$2,885

FY 2020 - Personnel Services Bureau

Administrative Analyst II	40 hrs. @ \$19.80 per hr. = \$ 792
Management Analysis Specialist I	40 hrs. @ \$18.42 per hr. = \$ 737
Total	=\$1,529

Total Costs =\$4,414

The DOR anticipates that costs can be absorbed and that there will be minimal impact.

Officials at the **Office of the Secretary of State (SOS)** state 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 the 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.

ASSUMPTION (continued)

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials at the **Office of the State Courts Administrator**, the **Office of the Attorney General**, the **Missouri Highway Patrol**, the **Missouri Department of Transportation**, the **Office of the State Public Defender** and the **Office of Prosecution Services** each assume no fiscal impact to their respective agencies from this proposal.

Officials at the **City of Kansas City**, the **St. Louis County Police Department**, the **St. Louis County Department of Justice Services** and the **Springfield Police Department** each assume no fiscal impact to their respective entities from this proposal.

In response to a similar version, officials at the **Springfield Police Department** and the **City of Springfield** each assumed no fiscal impact to their respective entities from this proposal.

Oversight notes the Department of Revenue, the Office of the State Courts Administrator, the Office of the Attorney General, the Missouri Highway Patrol, the Missouri Department of Transportation, the Office of the State Public Defender, the Office of Prosecution Services, the City of Kansas City, the St. Louis County Police Department, the St. Louis County Department of Justice Services, the Springfield Police Department and the City of Springfield 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 on the fiscal note.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other police and sheriff's departments were requested to respond to this proposed legislation, but did not. A general listing of political subdivisions included in our database is available upon request.

Oversight inquired the agencies above regarding §§407.297.2 and 407.299.3 regarding any impact to license fee or fine revenues from this proposal. Their responses were as follows:

Officials at the **Department of Revenue** assume an unknown increase in revenues for title fees (\$8.50 title fee, \$6 processing fee), but it should be minimal for this proposal.

Officials at the **Office of the Attorney General (AGO)** will defer to other agencies on this question. The AGO assumes no fiscal impact.

ASSUMPTION (continued)

Officials at the **Missouri Highway Patrol**, the **Office of the State Public Defender** and the **City of Kansas City** each assume no substantial increase in revenues from this question.

Oversight notes that §407.297.2 allows municipalities to set the license fee for the business of operating as a copper property peddler in the City of Kansas City and the City of St. Louis. §407.299.3 establishes fine revenue if convicted of selling stolen ferrous or nonferrous metals to a scrap metal dealer. Oversight assumes revenues from an increase in license fees and fine revenues could increase, but has no data to support this potential increase. Therefore, Oversight will reflect a \$0 to unknown increase in revenues for this proposal for local political subdivisions.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
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LOCAL POLITICAL SUBDIVISIONS

<u>Revenues - Local Political Subdivisions - potential increases to license fees and fine revenues relating to scrap metals.</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
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ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS \$0 to Unknown \$0 to Unknown \$0 to Unknown

FISCAL IMPACT - Small Business

Scrap metal operators will no longer be able to obtain a vehicle, or parts of a vehicle, that are 10 years old or older without obtaining the original certificate of title, salvage certificate of title, or junking certificate from the seller of the vehicle or parts if the vehicle originates from a certain jurisdiction as a result of this proposal.

FISCAL DESCRIPTION

This act modifies provisions relating to scrap metals.

SCRAP METAL OPERATORS (Section 301.227):

Provisions allowing scrap metal operators to purchase older inoperable motor vehicle parts without receiving a title shall not be applicable to the city of St. Louis, St. Louis County, the city of Kansas City, Clay County, Platte County, or Jackson County. If a scrap metal dealer has knowledge that an older inoperable motor vehicle or parts thereof originated in the city of St. Louis, St. Louis County, the city of Kansas City, Clay County, Platte County, or Jackson County, the scrap metal dealer shall not acquire or purchase the motor vehicle or parts without first obtaining title.

RESALE OF CERTAIN SCRAP METALS (Sections 407.296-407.302):

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

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.

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 property 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.

FISCAL DESCRIPTION (continued)

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.

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;

FISCAL DESCRIPTION (continued)

- 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

Department of Revenue
Office of the Secretary of State
Office of the State Courts Administrator
Office of the Attorney General
Missouri Highway Patrol
Missouri Department of Transportation
Office of the State Public Defender
Office of Prosecution Services
City of Kansas City
St. Louis County Police Department
St. Louis County Department of Justice Services
Springfield Police Department
City of Springfield



Julie Morff
Director
February 20, 2020



Ross Strobe
Assistant Director
February 20, 2020