

SCRAP METAL PAYMENTS

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Senate Bill 304 as amended on the House Floor

Sponsor: Sen. Mike Kowall

House Committee: Judiciary

Senate Committee: Economic Development and International Investment

Complete to 5-27-15

Analysis available at
<http://www.legislature.mi.gov>

(Enacted as Public Act 80 of 2015)

SUMMARY:

Senate Bill 304 would amend Section 6 of the Scrap Metal Regulatory Act (MCL 445.426) to modify which scrap metal items qualify for the \$25 per transaction or \$25 per day threshold that determines what method of payment a scrap metal dealer is allowed to use to pay a seller.

A scrap metal dealer that purchases one of the following items may only pay for those items by direct deposit or electronic transfer to the seller's account at a financial institution, a check or money order, or an electronic payment card or encrypted receipt:

- Catalytic converters from a seller other than an automotive recycler.
- Air conditioners, air conditioner evaporator coils or condensers, or parts of air conditioner evaporator coils or condensers.
- Copper wire, including copper wire that is burned in whole or in part to remove the insulation, copper pipe, or copper fittings.

Presently, Section 6(5) of the act states, in part, that if the purchase price in a purchase transaction described in subsection (1) [which contains the list of items] is \$25 or more, or if the purchase price for all of a seller's purchase transactions in a business day is \$25 or more, the scrap metal dealer must pay the seller by mailing one of the following to the seller at the address shown on the identification card that the seller has to present to the dealer before a transaction can be completed:

- A check or money order.
- An electronic payment card or encrypted receipt.
- A nontransferable receipt that the seller may redeem at the scrap dealer's premises for either a check or money order, or an electronic payment card or encrypted receipt.

Senate Bill 304 would revise this provision by adding language stating that the \$25-per-day purchase transaction threshold also only applies to the items listed above, and that only payment for those items need be mailed to the address if a single transaction or cumulative transactions over the course of a business day exceeds the \$25 threshold.

BACKGROUND AND DISCUSSION:

SB 304 complements amendments made to the 2008 Scrap Metal Regulatory Act in 2014 that created additional record keeping requirements, among other changes. The intent of these changes was to create a paper trail for investigators to follow if stolen scrap metal items were thought to have been sold.

Items considered at high risk for theft, such as catalytic converters, air conditioners and air conditioner parts, and copper wire and copper fittings, had additional restrictions placed on how payment could be tendered to a seller. SB 304 clarifies that if an individual was selling \$25 or more of these restricted items either in a single transaction, or in two or more transactions during the course of a business day, the scrap metal dealer would be required to mail payment to the seller for the amount of the restricted items only, and payment for any non-restricted items being sold could be given at the time of sale.

Because there is no waiting period for receiving the first payment beyond the time it takes the seller to cash in the form of payment they have received, an individual seeking to make two or more transaction in a single business day could sell up to \$24.99 in restricted items and receive payment at the time of that first sale before the payment(s) for any additional sale involving restricted items would have to be mailed to that individual. However, the act does not state that a scrap metal dealer is required to check their records before a transaction is completed to see whether an individual has previously sold restricted items in that business day.

The penalty for a person who knowingly violates, or has reason to know of a violation of, this provision of the act is a state civil infraction punishable by a civil fine of up to \$5,000.

FISCAL IMPACT:

Senate Bill 304 would not have a significant fiscal impact.

POSITIONS:

The following indicated support for SB 304:

Responsible Recyclers Association (5-14-15)
Institute of Scrap Recycling Industries (5-14-15)
Weiser Recycling (5-14-15)
Fritz Enterprise (5-14-15)
PADNOS (5-14-15)
Ferrous Processing + Trading Co. (5-14-15)

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