



**Senate Fiscal Agency**  
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BILL



ANALYSIS

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House Bill 4593 (Substitute S-3 as reported)  
House Bill 4595 (Substitute H-1 as reported without amendemnt)  
Sponsor: Representative Paul Muxlow (H.B. 4593)  
Representative Jim Ananich (H.B. 4595)  
House Committee: Regulatory Reform  
Senate Committee: Economic Development

### **CONTENT**

House Bill 4593 (S-3) would amend the Nonferrous Metal Regulatory Act to do the following:

- Expand the scope of the Act to include ferrous metal, in addition to nonferrous metal.
- Allow a dealer to pay for scrap metal purchased from a seller only by check or money order, or by electronic payment card or encrypted receipt convertible to cash only at an ATM on the dealer's premises.
- Prohibit a scrap metal dealer from paying a seller until three business days after the date of transactions involving certain items (such as catalytic converters, air conditioners, and copper wire, pipe, or fittings).
- Provide that the three-day payment delay would not apply if, by October 1, 2014, the scrap metal industry implemented and maintained a real time database that included each purchase by a scrap metal dealer of items requiring the payment delay.
- Require scrap metal dealers to register or subscribe to a real time database implemented by October 1, 2014, pay a reasonable fee for the registration or subscription, and electronically report each covered purchase.
- Require a scrap metal dealer to ensure that its scale operators, purchasers, and supervisors were trained in the requirements of the Act.
- Prohibit a person who had been convicted of a violation involving the theft, conversion, or sale of scrap metal from entering into a scrap metal purchase transaction.
- Require a photograph or digital, electronic, or video image of purchased scrap metal, and otherwise revise record maintenance requirements.
- Prohibit a person from selling or attempting to sell particular types of metal articles to a scrap metal dealer without documentation of ownership or authorization by the owner to sell the property.
- Revise database registration or subscription requirements by requiring a scrap metal dealer to use the database in conducting business, and ensure that theft alerts and similar notices were available to and reviewed by the dealer's employees.
- Revise provisions pertaining to violations of the Act and criminal and civil penalties.

The bill also would repeal Section 9 of the Act, which concerns tag and hold requirements for certain nonferrous metal articles.

House Bill 5495 (H-1) would amend the Michigan Penal Code to refer to scrap metal, rather than nonferrous metal, in a provision prescribing penalties for larceny of certain types of property.

The bills are tie-barred.

### **FISCAL IMPACT**

The bills would expand the regulations applicable to scrap metal transactions and would apply those regulations to all scrap metal, not only nonferrous metal, and thereby expanding the felonies and misdemeanors associated with violations of those regulations. The bills also would expand record-keeping requirements, which could increase the number of individuals charged with and convicted of scrap metal-associated offenses. There are no data to indicate how many additional offenders would be convicted, but to the extent that additional convictions occurred, costs of incarceration and/or community supervision would increase accordingly.

In 2012, there were 19 felony dispositions for the offense of selling stolen nonferrous metals. Of those 19 dispositions, two resulted in time in State prison, while the remaining 17 offenders served time in jail, on probation, or both. Also in 2012, there were four felony dispositions for dealers who bought stolen scrap metal; two served time in State prison and two were placed on probation.

The bill would allow for representatives of the scrap metal industry to work with the Department of State Police to implement an electronic, real-time database that would contain information on all scrap metal purchases of catalytic converters, air conditioners, or copper wire. The cost to the State Police of creating and maintaining such a database would depend on how much of the costs would be paid by scrap metal dealers through "reasonable fees" for their subscription to the database.

Date Completed: 12-9-13

Fiscal Analyst: Dan O'Connor

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.