

# SENATE BILL No. 304

April 29, 2015, Introduced by Senators KOWALL, ROBERTSON, HORN, EMMONS, BIEDA, MARLEAU, BOOHER and HILDENBRAND and referred to the Committee on Economic Development and International Investment.

A bill to amend 2008 PA 429, entitled  
"Scrap metal regulatory act,"  
by amending section 6 (MCL 445.426), as added by 2014 PA 99.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 6. (1) In a purchase transaction of any of the following  
2 items, the only methods of payment a scrap metal dealer may use to  
3 pay a seller are a direct deposit or electronic transfer to the  
4 seller's account at a financial institution; subject to subsection  
5 (5), payment with a check or money order described in section  
6 5(1) (a) (i); or, subject to subsection (5), payment with an  
7 electronic payment card or encrypted receipt described in section  
8 5(1) (a) (ii) :

9           (a) Catalytic converters, unless the seller is an automotive  
10 recycler as defined in section 2a of the Michigan vehicle code,

1 1949 PA 300, MCL 257.2a; a manufacturer or wholesaler of catalytic  
2 converters; or a muffler shop, tire store, or other retail business  
3 that sells converters separately or as part of an exhaust system.

4 (b) Air conditioners, air conditioner evaporator coils or  
5 condensers, or parts of air conditioner evaporator coils and  
6 condensers.

7 (c) Copper wire, including copper wire that is burned in whole  
8 or in part to remove the insulation, copper pipe, or copper  
9 fittings.

10 (2) Representatives of a group of companies in the scrap metal  
11 industry, at their expense, may in consultation with the department  
12 of state police develop or contract for the development of, and if  
13 selected by the department of state police under subsection (3) may  
14 implement, operate, and maintain, an electronic database that meets  
15 all of the following:

16 (a) Is available to all scrap metal dealers in this state.

17 (b) Is web-based.

18 (c) Has the capability to conduct statewide real-time searches  
19 by item description or seller.

20 (d) Is accessible to law enforcement agencies through a  
21 password supported, internet-based platform.

22 (e) Allows a scrap metal dealer to report all of the following  
23 information concerning the purchase of 1 or more of the items  
24 described in subsection (1)(a) to (c) by 12 noon of the next  
25 business day after the purchase transaction of the item or items:

26 (i) Name and address of the scrap metal dealer and seller.

27 (ii) Date and time of the purchase transaction.

1 (iii) A description of the item or items purchased.

2 (iv) The weight or volume of the item or items purchased.

3 (f) Allows a law enforcement agency to flag the name of any  
4 seller that appears in the database and who is an individual who  
5 has been convicted of a crime involving the theft, conversion, or  
6 sale of scrap metal; and, if a law enforcement agency has flagged  
7 the name of that convicted seller, to notify the law enforcement  
8 agency if he or she is the seller in subsequent purchase  
9 transactions and provide the agency all of the information about  
10 that convicted seller and his or her purchase transactions that  
11 scrap metal dealers have reported to the database.

12 (3) If 1 or more electronic databases are developed under  
13 subsection (2), the department of state police shall determine, and  
14 shall notify each group of companies in the scrap metal industry  
15 that developed a database or contracted for its development,  
16 whether the features of the electronic database meet the  
17 requirements of subsection (2)(a) to (f); and shall select a single  
18 shared electronic database that meets the requirements of  
19 subsection (2)(a) to (f) for implementation and operation in this  
20 state for purposes of subsection (4). A person that objects to a  
21 determination or selection by the department of state police under  
22 this subsection may file a petition with the department that  
23 describes the basis of the person's objection. If a person files a  
24 petition under this subsection, the department of state police  
25 shall provide that person an opportunity for an administrative  
26 hearing. The hearing shall be conducted as a contested case under  
27 the administrative procedures act of 1969, 1969 PA 306, MCL 24.201

1 to 24.328.

2 (4) If a single shared electronic database selected by the  
3 department of state police is implemented under subsection (3),  
4 beginning not later than 30 days after the database is implemented  
5 and in operation, as determined by the department of state police,  
6 and after the department of state police publishes notice that the  
7 database is implemented and in operation, a scrap metal dealer  
8 shall do all of the following:

9 (a) Register or subscribe to the database and pay a reasonable  
10 fee for that registration or subscription.

11 (b) By 12 noon of the next business day after a purchase  
12 transaction of 1 or more items described in subsection (1)(a) to  
13 (c) occurs, electronically report the purchase of the item or items  
14 to the database. The report described in this subdivision shall  
15 include all of the information described in subsection (2)(e). A  
16 scrap metal dealer is not required to report the consideration paid  
17 for the item or items or other pricing information for inclusion in  
18 the database.

19 (5) If the purchase price in a purchase transaction described  
20 in subsection (1) is \$25.00 or more, or if the purchase price for  
21 all of a seller's purchase transactions **DESCRIBED IN SUBSECTION (1)**  
22 in a business day is \$25.00 or more, the scrap metal dealer must  
23 pay the seller, **FOR THOSE ITEMS DESCRIBED IN SUBSECTION (1) ONLY,**  
24 by mailing 1 of the following items to the seller at the address  
25 shown on the identification card presented under section 5(2)(a),  
26 and shall not deliver that payment in person or using any other  
27 form of delivery:

1 (a) A check or money order described in section 5(1)(a)(i).

2 (b) An electronic payment card or encrypted receipt described  
3 in section 5(1)(a)(ii).

4 (c) A nontransferable receipt that the seller may redeem at  
5 the scrap dealer's premises for 1 of the items described in  
6 subdivision (a) or (b).

7 Enacting section 1. This amendatory act takes effect 90 days  
8 after the date it is enacted into law.