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FISCAL IMPACT REPORT

SPONSOR Neville ORIGINAL DATE 03/07/17
 LAST UPDATED _____ HB _____

SHORT TITLE Recycled Metals Act SB 431

ANALYST Amacher

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY17	FY18	FY19	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		NFI	NFI	NFI		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Environment Department (NMED)

Regulation & Licensing Department (RLD)

SUMMARY

Synopsis of Bill

Senate Bill 431 amends sections of the “Sale of the Recycled Metals Act” by changing the name to “Recycled Metals Act” and provides for administrative improvements. If enacted, Senate Bill 431 becomes effective June 16, 2017.

FISCAL IMPLICATIONS

There are no known impacts.

SIGNIFICANT ISSUES

Senate Bill 431 changes the name of the “Sale of Recycled Metals Act” to “Recycled Metals Act” (Act). In addition this bill provides for administrative improvements. For instance, the definition of “peace officer” is expanded to include a department compliance officer or department inspector duly authorized to assist in enforcing the Act either by inspecting or engaging secondhand metal dealers. And the definition of “secondhand metal dealer” is expanded to include scrap metal dealer or dealer.

Added to the Act are definitions for “physical location” and “scrap metal yard”. A physical location is defined as a permanent or mobile location, storage facility or place where a secondhand metal dealer does business or maintains stores or processes regulated material. “Scrap metal yard” means any yard, plot, space, enclosure, building, mobile facility or other place where scrap metal is collected, gathered together, stored/kept for shipment, sale or transfer.

Senate Bill 431 provides conforming amendments in updating the administrative processes regarding application, license and registration. The application for registration fee has increased from \$25 to \$100 dollars annually. Failure to renew causes a 20% late fee and registration will not be considered valued until all fees and penalties are paid. In the event of a move, business may not continue until the department has been provided written notice. If the scrap metal dealer closes business must provide written notice to the department within the same month the business will cease.

As outlined, dealers are required to post all notices and information required under the act. Dealers are also required to maintain records of all transactions. Currently, dealers are obligated in securing specific information on the metal from a seller. This bill requires the dealer to terminate the transaction if the seller refuses to provide any of the required information. A dealer must wait at least 24 hours to remove the material from the premises after the required reports are entered into the department’s database.

Senate Bill 431 makes clear the powers and duties of superintendent in the authority to promulgate regulation for the administration and enforcement of the act.

OTHER SUBSTANTIVE ISSUES

The Regulation & Licensing Department (RLD) notes that Section 12 seeks to correct a problem in the current Act to require that a dealer hold the material for at least 24 hours after uploading notification of the purchase to the database. RLD points out that the provisions of existing law, currently the Sale of Recycled Metals Act, hinders and limits where possible the theft and sale of stolen scrap metals. However, metal theft remains a significant problem from industrial and construction sites and vehicles. Dealers who become aware that the metal sold to them and is now in their possession was stolen or unlawfully obtained are required to report the metal to law enforcement and not remove the material.

RLD also comments that scrap metal theft crimes are increasing as more businesses, utility companies, construction companies and other businesses have scrap copper, aluminum, brass etc. Additionally, vacant homes and businesses are being vandalized for the scrap copper. Continued efforts to strengthen the Recycled Metals Act, along with efforts by law enforcement and the judiciary could help in combating this crime.

The New Mexico Environment Department (NMED) notes the Solid Waste Bureau has no statutory or regulatory responsibility over scrap metal dealers that are subject to the Sale of Recycled Metals Act. SB 431 would not change this and would have no significant impact on NMED.

NMED comments that when scrap metal prices are high, incidents of scrap metal theft are common. Metal items are often targeted by thieves from parts of public works, such as street signs, manhole covers, wire, and piping. Allowing for improved recordkeeping and enforcement would reduce the likelihood that scrap metal dealers are buying stolen materials.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Scrap metal will continue to be purchased and sold by dealers without regulatory means in recording possible stolen materials.

JMA/al/jle