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Senate Bill 720 (as introduced 9-4-07)
Sponsor: Senator Buzz Thomas
Committee: Economic Development and Regulatory Reform

Date Completed: 2-21-08

CONTENT

The bill would amend Public Act 350 of 1917, which regulates and provides for the licensure of second hand and junk dealers, to include scrap processors in the Act's licensure requirements.

The Act prohibits a person, corporation, copartnership, or firm from carrying on the business of second hand goods dealer or junk dealer in any Michigan county, city, or village without first obtaining a license from the mayor of the city or the chief executive officer of the county or village. A license may not be issued to conduct the business in any residential community where 65% or more of the property owners within a one city-block radius of the business petition the issuing officer not to do so. The city, village, or county may inspect the premises of the business during normal business hours. A second hand dealer or junk dealer must post a sign with its name and occupation in a conspicuous place in or upon its place of business. A dealer must keep a separate book or other record open to inspection by local law enforcement agencies. The bill would include scrap processors in all of those provisions.

The Act requires a purchaser to retain articles purchased or exchanged, in an accessible place in the building where articles are purchased and received, for at least 15 days before disposing them. The bill would extend this requirement to the processing of items.

The Act prohibits a person from purchasing or receiving by sale, barter or exchange, or otherwise, any article mentioned in the Act from any person between 9 p.m. and 7 a.m., or purchasing or receiving an article from any person who is, at the time, intoxicated or a habitual drunkard, or from a person known to the second hand or junk dealer to be a thief, an associate of thieves, or a receiver of stolen property. The bill would refer to a scrap processor as well as a dealer, and would refer to articles "customarily received by a person licensed under" the Act rather than articles "mentioned in" the Act.

A second hand or junk dealer who buys or sells scrap metal, knowing that it is stolen, is guilty of a felony punishable by up to three years' imprisonment and/or a maximum fine of \$2,000. A dealer who buys or sells stolen scrap metal that he or she has reason to believe was unlawfully removed from a utility pole, telecommunication company property, government property, or utility property or jobsite is guilty of a felony punishable by up to five years' imprisonment and/or a maximum fine of \$10,000. The license of a person, corporation, copartnership, or firm that is found guilty of violating any provision of the Act is considered to be revoked upon entry of a conviction, and the licensee may not carry on the business of a second hand or junk dealer in Michigan for one year after the conviction. The bill would extend these criminal penalties and license sanctions to scrap processors.

MCL 445.401 et al.

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have no impact on State revenue, and a negligible impact on local units. While the bill would increase license fee revenue by requiring scrap processors to be licensed, it also would increase expenses. Because the license fee is required by statute to be based upon the cost of issuance and administration of the license, the net impact of the licensure requirement should be negligible.

The extension of the Act's criminal penalties to scrap processors would have an indeterminate fiscal impact on State and local government. There are no data to indicate how many scrap processors would be convicted of the offenses. Local governments would incur the costs of incarceration in local facilities, which vary by county. The State would incur the cost of felony probation at an annual average cost of \$2,000, as well as the cost of incarceration in a State facility at an average annual cost of \$33,000. Additional penal fine revenue would benefit public libraries.

Fiscal Analyst: Lindsay Hollander
David Zin