

STAFF MEASURE SUMMARY

House Committee On Business and Labor

Fiscal: No Fiscal Impact

Revenue: No Revenue Impact

Action Date: 05/04/15

Action: Do Pass.

Meeting Dates: 05/04

Vote:

Yeas: 10 - Barreto, Barton, Doherty, Esquivel, Evans, Heard, Holvey, Kennemer, Nosse, Weidner

Exc: 1 - Fagan

Prepared By: Jan Nordlund, Committee Administrator

WHAT THE MEASURE DOES:

Authorizes scrap metal business to make payment by electronic funds transfer, stored value card, or stored value device.

ISSUES DISCUSSED:

- Ability to delay loading dollar value onto card

EFFECT OF COMMITTEE AMENDMENT:

No amendment.

BACKGROUND:

The high price of copper and other metals, combined with extended economic hardship, continues to drive metal theft across the country, affecting urban, rural and agricultural communities. Although lower than peak prices in recent years, copper's per-pound value ranges from double to triple that of values in the early 2000s. Increased incidents of metal theft in recent years have provoked states, utilities, local law enforcement and industry to act by regulating metal sales, increasing requirements for licensed dealers and increasing penalties for illegal activity.

To combat metal theft, the Legislative Assembly passed Senate Bill 570 in 2009. Two types of metal are regulated: ferrous describes iron-based metals, while nonferrous includes the more valuable metals such as copper, aluminum, brass and stainless steel. Nonferrous metals, particularly copper, are most often the target of metal thieves. Thus, nonferrous metal purchases are more heavily regulated than ferrous. For example, felons convicted of certain property crimes within the last five years may not sell nonferrous metal to scrap dealers. Nonferrous metal purchases may be paid by paper check mailed three business days after the transaction. The three-day delay on payment is designed to give theft victims and law enforcement time to inform the scrap community about stolen material. In addition, the law requires scrap dealers to keep extensive records on every customer and transaction.

Senate Bill 693-A allows scrap dealers to modernize payment methods to keep up with customer demand, as well as improve business efficiency, all while preserving the spirit of the law. The measure does not erode the ban on cash payments for nonferrous metals or the three-day waiting period. Senate Bill 693-A expands the nonferrous metal payment options to include payment by debit card, stored value card, or electronic funds transfer.