

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: HB 1188 HLS 12RS 1737
Bill Text Version: REENGROSSED
Opp. Chamb. Action: w/ SEN COMM AMD
Proposed Amd.:
Sub. Bill For.: HB 802

Table with 2 columns: Information (Date, Dept./Agy., Subject) and Author/Analyst (Author: ANDERS, Analyst: Alan M. Boxberger)

FEES/LICENSES/PERMITS RE1 INCREASE SG EX See Note Page 1 of 1
Provides for the Scrap Metal Recycler Law

Proposed law creates scrap metal recyclers license and exempts from regulation as secondhand dealers; prohibits entities from entering into cash transactions in payment for purchase of copper and specifies allowable payment methods; prohibits entities from entering into any cash transactions in excess of \$300 for purchase of metal property other than copper; defines content requirements of daily reports; prohibits allowing multiple small transactions to circumvent proposed law; provides that violations shall be subject to specified penalties; provides for definitions; provides for requirements to do business as a scrap metal recycler; provides for exemptions; provides for allowable operating hours; provides with respect to documentation requirements for transactions and timeline for records retention; provides with respect to sellers' age requirements; provides with respect to conditions of purchasing railroad track materials; prohibits purchase of certain materials without signed statements from specified entities; provides with respect to daily notification of specific law enforcement entities; and provides for fines, suspensions, revocations, and possible imprisonment for violations.

Table with 7 columns: EXPENDITURES, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17, 5 -YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and Annual Total.

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. The proposed law will require a one-time expenditure for overtime services within the Information Services Section of DPS, estimated at \$320 for overtime costs (10 hours x \$32 per hour = \$320 salaries expenditure) and Medicare expenses (\$320 x 1.45% = \$5 related benefits expenditure). The Information Services section will be required to add programming that will enable users to enter and post web-based information for transaction reports. The Legislative Fiscal Office believes that any additional IT work associated with this legislation may be incremental in nature, and that the Department can potentially accomplish these tasks utilizing existing resources and budget authority. To the extent that numerous pieces of legislation are enacted that require additional programming efforts, the Department may require additional resources.

REVENUE EXPLANATION

The proposed law sets penalty fees for noncompliance at a minimum of \$1,000 and a maximum of \$10,000 for the first offense, a mandatory 30 day suspension for the second offense, and a permanent revocation of the Scrap Metal Recycler license for the third offense. The proposed law sets penalty fees for anyone acting as an unlicensed operator at a minimum of \$1,000 for the first offense, a minimum of \$5,000 for the second offense, and a minimum of \$10,000 for the third offense.

The potential revenues generated by these penalty fees are indeterminate, as they are dependent upon the rules promulgated, the number of applicants for licensure, and the level of compliance among licensees and violators. DPS estimates that there are less than 100 large-scale scrap yards currently operating in the state, and an indeterminate number of small businesses or individuals that may include recycling or repurposing of scrap metals as part of their business model. The Legislative Fiscal Office assumes the revenues generated are SGR for DPS as the bill is silent as to the intended deposit of monies generated from fees and violation fines.

Table with 2 columns: Senate and House. Rows include Dual Referral Rules and fiscal cost/tax/fee information for Senate and House.

Evan Brasseaux
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