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FISCAL IMPACT REPORT

ORIGINAL DATE 02/04/11

SPONSOR Neville LAST UPDATED _____ HB _____

SHORT TITLE Licensure of Secondhand Metal Dealers SB 325

ANALYST C.Sanchez

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY11	FY12		
	NFI		

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY11	FY12	FY13		
	\$10.0	\$5.0	Recurring	Recycled Metal Fund

(Parenthesis () Indicate Revenue Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY11	FY12	FY13	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		\$10.0	\$10.0	\$20.0	Recurring	General or Recycled Metal Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Attorney General's Office (AGO)

Regulation and Licensing Department (RLD)

SUMMARY

Synopsis of Bill

SB 325 grants additional authority to the Superintendent of Regulation and Licensing, and imposes misdemeanor criminal liability on unlicensed secondhand metal (i.e. recycled cans) dealers.

SB 325 sets up a licensing program to buy or sell recycled metals and a license suspension and evocation process. SB 325 also establishes the “recycled metals licensing fund.”

Section 2 Amends NMSA 57-30-2 to define “titanium material.”

Section 3 Amends NMSA 57-30-13 to create misdemeanor criminal liability for secondhand metal deals operating without a license.

Section 4 A new section is added requiring secondhand metal dealers to obtain a license.

Section 5 Creates the process for applying for a license, setting out what information is required, deadlines, fees and creates a presumption that any applicant for the license intends to be bound by this Act.

Section 6 Creates the procedural framework by which the Superintendent may revoke or suspend licenses for secondhand metal dealers.

Section 7 This section creates the “recycled metals licensing fund.” The Regulation and Licensing Department is to use this nonreverting fund to administer the provisions of this Act.

Section 8 Effective date is July 1, 2011.

FISCAL IMPLICATIONS

The legislation sets an application or renewal fee for individuals covered by the Act at \$100 for a three year license. A \$50 delinquency fee assessed if the license fee is not paid timely. This money is deposited into the recycled metals licensing fund and appropriated to the Regulation and Licensing Department.

The Regulation and Licensing department (RLD) has over 41 reporting recycled metal dealers. It is estimated that by the end of this fiscal year there will be approximately 100 dealers. Calculating that at \$100 per dealer, revenues are estimated to be \$10,000 for FY12. If the growth continues and another 50 dealers are added, then for FY13 the fund would receive another \$5,000 of revenue. The licenses are good for 3 years.

This Bill Creates a new fund and provides for continuing appropriations. The LFC has concerns with including continuing appropriation language in the statutory provisions for newly created funds, as earmarking reduces the ability of the legislature to establish spending priorities.

It is unknown at this time if the funds received will cover the added expenses for this program.

SIGNIFICANT ISSUES

This legislation requires secondhand metal dealers to be licensed by the Regulation and Licensing Department. Any person who buys or sells regulated material without a license will be guilty of a criminal misdemeanor.

The application fee for a license as a secondhand metal dealer is codified in the legislation. This process could create a problem if there comes a time when there is a need to increase the licensing fee. If reasonable increases in fees are needed in future years, the statute will need to be amended. It is suggested that the Superintendent of the Department to have the authority to determine the amount of the licensing fee up to a certain amount stated in statute.

The licensing fees and oversight proposed in the legislation is a needed addition to the statute to help create a higher level of professionalism in the field of metal recycling.

PERFORMANCE IMPLICATIONS

According to RLD, the licensing administrator will be required to create a license for issuance to secondhand metal dealers, and keep an accurate database of all licensees. RLD should be able to absorb the added duties and not affect performance.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Secondhand metals dealers will not be licensed; titanium material will not be included as regulated material.

CS/mew:bym