



# HOUSE COMMITTEE ON APPROPRIATIONS

## FISCAL NOTE

SENATE BILL NO. 1077

PRINTERS NO. 2024

PRIME SPONSOR: Argall

### COST / (SAVINGS)

FUND	FY 2013/14	FY 2014/15
General Fund	\$0	See Fiscal Impact

**SUMMARY:** Senate Bill 1077, Printer's Number 2024, amends the Scrap Material Theft Prevention Act to strengthen administration and enforcement and further providing for penalties.

**ANALYSIS:** This legislation amends Act 113 of 2008, the Scrap Material Theft Prevention Act, to provide for new definitions and clarifying language related to the administration and enforcement of this act. For example, the definition of "railroad material" is added to the list of definitions to include such materials on the list of restricted materials for individual transactions.

Additional language is also included to clarify that confirmation that the person delivering scrap material is authorized shall be a written, signed authorization from the owner or officer of the commercial enterprise for an individual to receive payment on behalf of a commercial account. It also requires individuals receiving payment on behalf of a commercial account to sign an acknowledgment of receipt when accepting cash payment.

The bill requires that the Pennsylvania State Police (PSP) shall establish and maintain a statewide registry of scrap processors and recycling facilities that shall register with the PSP. The registry shall be posted on the PSP Internet website and accessible to law enforcement personnel.

All scrap processors and recycling facilities shall register their business with the PSP in writing or electronically via a secure internet connection on a form provided by the agency. The form shall include relevant personal identifying information, such as name, address, phone number, driver's license numbers, and federal employer identification numbers.

Each completed registration form or renewal of registration shall be accompanied by a fee of \$100. After completing the registration and paying the fee, the PSP will issue certificate of registry. The certificate shall be valid for a period of two years, while renewals shall be on a biennial basis.

A scrap processor and recycling facility shall include its registration number in all advertisements distributed within the Commonwealth, while the registration certificate must be clearly visible at its place of business. Scrap processors or recycling facilities that fail to register are subject to a \$1,000 fine.

The bill also provides for penalties related to motor vehicles used in offenses related to scrap material theft stating that for a first offense, vehicle may be impounded for 30-60 days. For second or subsequent offenses, vehicle may be impounded for 60-180 days. A person convicted of the offense is responsible for fees associated with impoundment of the vehicle.

The effective date of this legislation is 60 days after enactment.

**FISCAL IMPACT:** Enactment of Senate Bill 1077 is not projected to have an adverse fiscal impact on Commonwealth funds. The bill requires the Pennsylvania State Police (PSP) to establish and maintain a statewide registry of scrap processors and recycling facilities. Processors and facilities shall submit completed registration forms or renewals of registration directly to the PSP with a requisite fee of \$100. The registration certificate issued by PSP will be valid for a two-year period, while renewals shall be on a biennial basis. Assuming that 400 such facilities would be required to register within the Commonwealth, this would provide an estimated \$40,000 in revenue every two years to offset the costs to administer this program.

There will be some initial one-time costs associated with creating the registry database, registration forms and documentation, and related operations for the program. Such costs to the PSP would be approximately \$150,000 related to the administrative and operational expenses to establish this program. It is also expected the PSP will have recurring administrative costs to manage this new program and registry unless current staff positions can be utilized. The additional \$40,000 in projected revenue from the biennial registration fee is expected to cover some of these operating costs.

However, this does not take into account potential PSP information technology (IT) costs related to contracts and fixed assets necessary for this program. Such costs could result and depend upon how the registry is developed, to what extent it is interactive on the PSP website and what other IT development and staff costs may be necessary to implement and maintain this new registry and program.

For example, PSP would be required to provide a secure internet connection allowing scrap processors and recycling facilities access to register their business or update registrations with personal and business-related information. Similar to other applications, such a system would also likely accept online registration payments from applicants since the legislation requires that "each completed registration...shall be accompanied by a fee of \$100."

The agency indicates that creating such an interactive registry would have approximately \$500,000 in upfront IT-related costs ranging from vendor planning and contract costs; project development to allow for application interface of payments and data accessibility; and any related hardware and equipment necessary for such a database registry. Such costs are consistent with similar IT-related projects in other states agencies, such as costs incurred by the Department of Public Welfare's Low Income Home Energy Assistance Program (LIHEAP) Integration project.

PSP also states that, if this system does take online payments, it will then need to interface with the Commonwealth's E-Pay System. This would likely require additional initial costs to implement this payment application, as well recurring costs resulting from quarterly transaction fees related to such payments.

Another consideration is the requirement this registry shall be posted on the PSP website and accessible to law enforcement personnel. The agency reports that the most effective way to account for this information and allow access to law enforcement personnel would be through its Commonwealth Law Enforcement Assistance Network (CLEAN).

Many of these estimates are based upon the agency using current vendors to modify existing CLEAN systems and include this application, which could result in some cost-savings if it is spread out over a longer timeframe with other IT system upgrades. However, the legislation has an effective date of 60 days upon enactment, which would not allow for any savings to occur over time but rather could increase such development costs given the limited time for contractors and vendors to complete the work.

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**DATE:** June 2, 2014

*Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*