

**DEPARTMENT OF FINANCE BILL ANALYSIS**

**AMENDMENT DATE:** 06/15/2012  
**POSITION:** Neutral  
**SPONSOR:** MillerCoors, LLC

**BILL NUMBER:** AB 1583  
**AUTHOR:** Hernandez, Roger

**BILL SUMMARY: Bulk Merchandise Pallets.**

Under current law, junk dealers and recyclers are authorized to sell and purchase junk, which includes secondhand and used furniture, pallets, other personal property and scrap materials, as specified. Every junk dealer and recycler must keep a written record of all sales and purchases, and must allow inspection of those records by a law enforcement official holding a warrant or court order authorizing inspection.

This bill would prohibit junk dealers and recyclers from purchasing or receiving bulk merchandise pallets, marked with an indication of ownership, from anyone except the indicated owner, unless specified information is provided.

**FISCAL SUMMARY**

Finance estimates this bill would have no state General Fund impact. The bill would not result in reimbursable costs for local governments because it defines a crime, and does not require the provision of a new or higher level of service to the public.

**SUMMARY OF CHANGES**

Amendments to this bill since our analysis of the April 9, 2012 version deleted provisions that would have required a junk dealer or recycler to make payment for a single transaction involving five or more pallets marked with an indication of ownership by mailed check or by cash or check collected by the seller after three business days. Those amendments do not change our position on the bill.

**COMMENTS**

Finance is neutral on this bill and notes this bill could give law enforcement additional tools to combat and deter pallet theft by cutting off the ability of thieves to easily turn stolen pallets into immediate cash.

Analyst/Principal (0762) C.Hill	Date	Program Budget Manager Kristin Shelton	Date
Department Deputy Director			Date
Governor's Office:	By:	Date:	Position Approved _____ Position Disapproved _____
BILL ANALYSIS			Form DF-43 (Rev 03/95 Buff)

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**ANALYSIS**

## 1. Programmatic Analysis

**Under current law**, junk dealers and recyclers are authorized to sell and purchase junk, which includes secondhand and used furniture, pallets, other personal property and scrap materials, as specified. Every junk dealer and recycler must keep a written record of all sales and purchases, and must allow inspection of those records by a law enforcement official holding a warrant or court order authorizing inspection. The records must contain:

- The place and date of each sale or purchase.
- The name, driver's license number or state-issued identification number of the seller, and the vehicle license number of any motor vehicle used in transporting the junk to the dealer's or recycler's place of business.
- A description of the item or items of junk purchased or sold, and a statement indicating either that the seller of the junk is the owner of it, or the name of the person he or she obtained it from, as evidenced by a signed transfer document.

Existing law provides:

- An unauthorized person is prohibited from possessing a merchandise pallet, nor may any person other than the rightful owner obliterate or deface the required identification notice on a pallet.
- A peace officer who has probable cause to believe the property in the possession of a junk dealer or recycler is stolen may place a hold on the property for a period not to exceed 90 days.
- A junk dealer or recycler must report all information currently required to be collected under existing law to the chief of police or the county sheriff upon request and on a monthly basis. A chief of police or county sheriff is authorized to require the information on a weekly basis if there is an ongoing criminal investigation of the junk dealer or recycler.
- A junk dealer or recycler must obtain a thumbprint of the seller, as prescribed by the Department of Justice, keep the thumbprint, either in hard copy or electronic form, for a period of two years after the date of the sale, and make the thumbprint available to a law enforcement agent if the law enforcement agent has probable cause to believe that property in the possession of the junk dealer or recycler has been stolen. A junk dealer or recycler shall preserve all information obtained from sellers for two years after the date of the sale. This requirement exempts certain sellers with whom the junk dealer has engaged in frequent transactions, as specified. Any unauthorized release of personal information collected by a junk dealer from a seller is prohibited, and punishable by a fine of up to \$5,000.
- A junk dealer or recycler is prohibited from providing payment for nonferrous materials unless the payment is made by check and mailed to the seller's address, as indicated by identifying materials. In-person payment to the seller is permitted only on or after the third business day after the sale, provided the dealer has obtained a photograph of the seller and other specified identifying information.
- A fine for non-compliance with record-keeping requirements of \$1,000 for a first offense, \$2,000 for a second offense, and \$4,000 for a third offense.

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**ANALYSIS** (continued)

**This bill** would prohibit junk dealers and recyclers from purchasing or receiving bulk merchandise pallets, marked with an indication of ownership, from anyone except the indicated owner, unless specified information is provided. Specifically, this bill would:

- Prohibit junk dealers or recyclers from purchasing or receiving bulk merchandise pallets marked with an indication of ownership from any person or entity other than the indicated owner, unless the seller or transferor provides a receipt verifying their current ownership or a document indicating that they are authorized by the owner to sell or transfer the pallets. The junk dealer or recycler would be required to maintain copies of the documents as part of the written record of the transaction.
- Require a junk dealer or recycler to make payment for a single transaction involving five or more pallets marked with an indication of ownership by mailed check or by cash or check collected by the seller after three business days.
- Make the obliteration of the indication of ownership on a merchandise pallet punishable under provisions of laws against grand and petty theft.
- Require a person or entity purchasing or transporting plastic bulk merchandise containers who is in the business of recycling, shredding, or destruction of plastic bulk merchandise containers, or is in the business of transporting plastic bulk merchandise containers for those purposes, to obtain a proof of ownership record or bill of lading and other identifying information from the person selling or delivering 5 or more containers, and to retain this information.

## 2. Fiscal Analysis

Finance estimates this bill would have no state General Fund impact. The bill would not result in reimbursable costs for local governments because it defines a crime, and does not require the provision of a new or higher level of service to the public.

Code/Department Agency or Revenue Type	(Fiscal Impact by Fiscal Year)							Fund Code	
	SO	LA	CO	PROP	FC	2011-2012 FC	2012-2013 FC		2013-2014
0001/Major Rev	SO	No				-----	No/Minor Fiscal Impact	-----	0001