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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 1371

03/07/2013 Authored by Zerwas; Schoen; Johnson, B.; Mack; Newton and others  
The bill was read for the first time and referred to the Committee on Public Safety Finance and Policy

1.1 A bill for an act  
1.2 relating to public safety; modifying reporting requirements for scrap metal  
1.3 dealers; requiring electronic submission of information; authorizing rulemaking;  
1.4 amending Minnesota Statutes 2012, section 325E.21.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2012, section 325E.21, is amended to read:

1.7 **325E.21 DEALERS IN SCRAP METAL; RECORDS, REPORTS, AND**  
1.8 **REGISTRATION.**

1.9 Subdivision 1. **Definitions.** (a) For purposes of this section, the terms defined in  
1.10 this subdivision have the meanings given.

1.11 (b) "Bureau" means the Department of Public Safety, Bureau of Criminal  
1.12 Apprehension Division.

1.13 (c) "Interchange file specification format" means the most current version of the  
1.14 Minneapolis automated property system interchange file specification format.

1.15 ~~(b)~~ (d) "Law enforcement agency" or "agency" means a duly authorized municipal,  
1.16 county, state, or federal law enforcement agency.

1.17 ~~(e)~~ (e) "Person" means an individual, partnership, limited partnership, limited  
1.18 liability company, corporation, or other entity.

1.19 ~~(d)~~ (f) "Scrap metal" means:

1.20 (1) wire and cable commonly and customarily used by communication and electric  
1.21 utilities; and

1.22 (2) copper, aluminum, or any other metal purchased primarily for its reuse or  
1.23 recycling value as raw metal, including metal that is combined with other materials  
1.24 at the time of purchase.

2.1 (e) (g) "Scrap metal dealer" or "dealer" means a person engaged in the business of  
2.2 buying or selling scrap metal, or both, but does not include a person engaged exclusively  
2.3 in the business of buying or selling new or used motor vehicles or motor vehicle parts,  
2.4 paper or wood products, rags or furniture, or secondhand machinery.

2.5 Subd. 1a. **Purchase or acquisition record required.** (a) Every scrap metal dealer,  
2.6 including an agent, employee, or representative of the dealer, shall ~~keep a written record~~  
2.7 submit an electronic record as described in subdivision 4 at the time of each purchase or  
2.8 acquisition of scrap metal. The electronic record shall be transmitted to the bureau's secure  
2.9 Web site database within 24 hours of receipt of the scrap metal, except when the scrap  
2.10 metal was purchased from an industrial account or a registered scrap metal dealer. The  
2.11 electronic record must include:

2.12 (1) an accurate account or description, including the weight if customarily purchased  
2.13 by weight, and a digital photograph of the scrap metal purchased or acquired;

2.14 (2) the date, time, and place of the receipt of the scrap metal purchased or acquired;

2.15 (3) the name and address of the person selling or delivering the scrap metal;

2.16 (4) the number of the check or electronic transfer used to purchase the scrap metal;

2.17 (5) the number of the seller's or deliverer's driver's license, Minnesota identification  
2.18 card number, or other identification document number of an identification document  
2.19 issued for identification purposes by any state, federal, or foreign government if the  
2.20 document includes the person's photograph, full name, birth date, and signature; and

2.21 (6) the license plate number and description of the vehicle used by the person when  
2.22 delivering the scrap metal, and any identifying marks on the vehicle, such as a business  
2.23 name, decals, or markings, if applicable.

2.24 (b) The record, as well as the scrap metal purchased or received, shall at all  
2.25 reasonable times be open to the inspection of any law enforcement agency.

2.26 (c) No record is required for property purchased from merchants, manufacturers or  
2.27 wholesale dealers, having an established place of business, or of any goods purchased  
2.28 at open sale from any bankrupt stock, but a bill of sale or other evidence of open or  
2.29 legitimate purchase of the property shall be obtained and kept by the person, which must  
2.30 be shown upon demand to any law enforcement agency.

2.31 (d) Except as otherwise provided in this section, a scrap metal dealer or the dealer's  
2.32 agent, employee, or representative may not disclose personal information concerning a  
2.33 customer without the customer's consent unless the disclosure is made in response to a  
2.34 request from a law enforcement agency or transmitted to the bureau's Web site under  
2.35 subdivision 4. A scrap metal dealer must implement reasonable safeguards to protect the  
2.36 security of the personal information and prevent unauthorized access to or disclosure of

3.1 the information. For purposes of this paragraph, "personal information" is any individually  
3.2 identifiable information gathered in connection with a record under paragraph (a).

3.3 Subd. 2. **Retention required.** Records required to be maintained by subdivision 1a  
3.4 shall be retained by the scrap metal dealer for a period of three years.

3.5 Subd. 2a. **Purchase or receipt of beer kegs.** A scrap metal dealer, or the dealer's  
3.6 agent, employer, or representative, shall not purchase or receive a refillable metal beer keg  
3.7 from anyone except the manufacturer of the beer keg, the brewer of the beer that was sold  
3.8 or provided in the keg, or an authorized representative of the manufacturer or brewer.

3.9 Subd. 3. **Payment by check or electronic transfer required.** A scrap metal dealer  
3.10 or the dealer's agent, employee, or representative shall pay for all scrap metal purchases  
3.11 only by check or electronic transfer.

3.12 Subd. 4. **Registration required; bureau Web site created.** (a) Every scrap metal  
3.13 dealer shall register with ~~and~~ the bureau. The bureau shall use a scrap metal module of the  
3.14 interchange file specification format to establish a secure, centralized Web site database for  
3.15 collection of the records required under subdivision 1a. The bureau shall establish rules  
3.16 and standards for electronic submission and dissemination of the information required  
3.17 under subdivision 1a, which shall be adopted under chapter 14 after consultation with  
3.18 members of the industry and law enforcement. The bureau's standards shall incorporate  
3.19 security measures as well as standards for record retention. The scrap metal module of  
3.20 the interchange file specification format shall make the information submitted to the  
3.21 scrap metal module Web site database available to law enforcement and shall provide for  
3.22 training on procedures for law enforcement on how to access the information. The scrap  
3.23 metal dealer shall post in a conspicuous place the notice requirement of the electronic  
3.24 submission of the information required in subdivision 1a. The scrap metal dealer shall  
3.25 participate in the criminal alert network described in section 299A.61. The dealer shall  
3.26 ensure that the dealer's system for receiving incoming notices from the network is in  
3.27 proper working order and ready to receive incoming notices. The dealer shall check the  
3.28 system for incoming notices twice each day the business is open, once upon opening  
3.29 and then again before closing. The dealer shall inform all employees involved in the  
3.30 purchasing or receiving of scrap metal of alerts received relating to scrap metal of the type  
3.31 that might be conceivably sold to the dealer. In addition, the dealer shall post copies of the  
3.32 alerts in a conspicuous location.

3.33 (b) The cost for the electronic submission to the scrap metal module of the  
3.34 interchange file specification format shall be borne by the person delivering the scrap metal  
3.35 to the scrap metal dealer. The interchange file specification format shall establish the cost  
3.36 by rule adopted under chapter 14, and the scrap metal customer shall pay the actual cost for

4.1 the electronic transmission to the interchange file specification format Web site. The scrap  
4.2 metal dealer shall pay to the commissioner of public safety a \$50 annual fee to participate in  
4.3 the criminal alert network and for the educational materials described in section 299C.25.

4.4 (c) The commissioner shall notify the scrap metal dealer if a message sent to the  
4.5 dealer is returned as undeliverable or is otherwise not accepted for delivery by the dealer's  
4.6 system. The dealer shall take action necessary to ensure that future messages are received.

4.7 Subd. 5. **Training.** Each scrap metal dealer shall review the educational materials  
4.8 provided by the superintendent of the Bureau of Criminal Apprehension under section  
4.9 299C.25 and ensure that all employees do so as well.

4.10 Subd. 6. **Criminal penalty.** A scrap metal dealer, or the agent, employee, or  
4.11 representative of the dealer, who intentionally violates a provision of this section, is guilty  
4.12 of a misdemeanor.

4.13 Subd. 7. **Exemption.** A scrap metal dealer may purchase aluminum cans without  
4.14 complying with this section.

4.15 Subd. 8. **Property held by law enforcement.** (a) Whenever a law enforcement  
4.16 official from any agency has probable cause to believe that property in the possession of  
4.17 a scrap metal dealer is stolen or is evidence of a crime and notifies the dealer not to sell  
4.18 the item, the item may not be sold or removed from the premises. This investigative hold  
4.19 remains in effect for 90 days from the date of initial notification, or until it is canceled or a  
4.20 seizure order is issued, whichever comes first.

4.21 (b) If an item is identified as stolen or evidence in a criminal case, the law  
4.22 enforcement official may:

4.23 (1) physically seize and remove it from the dealer, pursuant to a written order from  
4.24 the law enforcement official; or

4.25 (2) place the item on hold or extend the hold as provided in this section and leave  
4.26 it in the shop.

4.27 (c) When an item is seized, the person doing so shall provide identification upon  
4.28 request of the dealer, and shall provide the dealer the name and telephone number of the  
4.29 seizing agency and investigator, and the case number related to the seizure.

4.30 (d) A dealer may request seized property be returned in accordance with section  
4.31 626.04.

4.32 (e) When an order to hold or seize is no longer necessary, the law enforcement  
4.33 official shall so notify the dealer.

4.34 (f) Scrap metal dealers shall hold the metal in the same size, shape, and condition  
4.35 in which it was received on its business premises for 72 hours after filing its electronic  
4.36 submission.

5.1 (g) If a scrap metal dealer is required to hold the metal at the direction of  
5.2 law enforcement for purposes of investigation or prosecution or it is seized by law  
5.3 enforcement, the scrap metal dealer shall be entitled to seek restitution against the person  
5.4 who delivered the metal to the scrap metal dealer in any criminal case that may arise from  
5.5 the investigation, including any out-of-pocket expenses for storage and lost profit.

5.6 **Subd. 9. Video security cameras required.** (a) Each scrap metal dealer shall install  
5.7 and maintain at each location video surveillance cameras, still digital cameras, or similar  
5.8 devices positioned to record or photograph a frontal view showing the face of each seller  
5.9 or prospective seller of scrap metal who enters the location. The scrap metal dealer shall  
5.10 also photograph the seller's or prospective seller's vehicle, including license plate, either  
5.11 by video camera or still digital camera, so that an accurate and complete description of  
5.12 it may be obtained from the recordings made by the cameras. The video camera or still  
5.13 digital camera must be kept in operating condition. The camera must record and display  
5.14 the accurate date and time. The video camera must be turned on at all times when the  
5.15 location is open for business and at any other time when scrap metal is purchased.

5.16 (b) If the scrap metal dealer does not purchase some or any scrap metal at a specific  
5.17 business location, the dealer need not comply with ~~this subdivision~~ paragraph (a) with  
5.18 respect to those purchases, but must comply with subdivision 1a for those purchases.

5.19 **EFFECTIVE DATE.** This section is effective January 1, 2014.