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**WISCONSIN STATE
LEGISLATURE COMMITTEE
HEARING RECORDS**

2007-08

(session year)

Senate

(Assembly, Senate or Joint)

**Committee on
Small Business,
Emergency
Preparedness,
Workforce
Development,
Technical Colleges &
Consumer Protection**

(SC-SBEPWDTCCP)

COMMITTEE NOTICES ...

➤ Committee Reports ... CR

**

➤ Executive Sessions ... ES

**

➤ Public Hearings ... PH

**

➤ Record of Comm. Proceedings ... RCP

**

**INFORMATION COLLECTED BY
COMMITTEE FOR AND AGAINST
PROPOSAL ...**

➤ Appointments ... Appt

**

Name:

➤ Clearinghouse Rules ... CRule

**

➤ Hearing Records ... HR (bills and resolutions)

**

(companion bill: _____)

➤ Miscellaneous ... Misc

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Luther S. Olsen
State Senator
14th District

September 20, 2007

Senator Robert Wirch
Room 317 East
State Capitol
P.O. Box 7882
Madison, WI 53707

Dear Senator Wirch:

Recently Senate Bill 225 was referred to your committee, the Senate Committee on Small Business, Emergency Preparedness, Workforce Development, Technical Colleges and Consumer Protection. I'm writing to request that you hold a hearing on the bill.

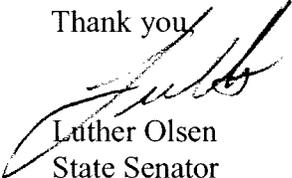
This legislation would regulate the sale and purchase of scrap metal and create penalties for anyone who buys or sells scrap metal that is known to be stolen.

As you know, there have been thefts of valuable scrap metal all over the state. The thieves steal valuables like steal copper wiring, spools of aluminum wire, and even bronze plaques from veteran's graves and then go on to sell the materials to scrap metal dealers.

My office met with representatives from the scrap metal industry and members of law enforcement to discuss the best method to stop this type of theft. Senate Bill 225 is the result of those efforts.

I hope that you'll be able to hold a hearing on this legislation.

Thank you,


Luther Olsen
State Senator

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Legislation pending to curtail the theft of scrap metal

Advertisement

By **Patricia Wolff**
of *The Northwestern* September 19, 2007

Thieves in Waushara County made off with two large spools of aluminum wire from a construction site in the town of Hancock sometime since Sept. 10.

Charges are pending against a 21-year-old Redgranite man suspected of taking six aluminum engine blocks valued together at \$6,000 from an Omro business last month and selling them to an Oshkosh salvage yard.

Arraignment is set for Oct. 16 for Brian A. Francart, 27, of Oshkosh, who is accused of stealing thousands of dollars worth of airplane parts from Basler Turbo Conversions in July and selling them to a Fond du Lac salvage yard.

Two teenagers repeatedly stole bags of aluminum cans from community drop off sites in Omro for the Cans For Kids benefit in 2006 until police installed surveillance cameras and caught them in the act.

The thefts are a reflection of the high price of scrap metal, and something pending legislation in Wisconsin seeks to curtail. Under a bill introduced in July by Sen. Luther Olsen, R-Ripon, and others, no one could sell or purchase scrap metal if they know it is stolen.

"The price of scrap metal has skyrocketed," Olsen said. "People are stealing not only scrap metal, but the good stuff, too."

Under the new law, violators would be subject to fines of up to \$10,000 and imprisonment anywhere from nine months to three and a half years depending on the value of the scrap metal.

There is no provision for the theft of scrap metal valued below \$50, according to the bill.

The new law would also require scrap metal dealers to verify the identity of the seller through a driver's license or some other photo ID, record license plate numbers, and obtain a signed statement from the seller that he or she is authorized to sell the scrap metal.

"People can't sell this stuff anonymously anymore," Olsen said.

The salvage yard would be required to keep the documents for six years and make them available to law enforcement officers if necessary.

Salvage yards would not be allowed to purchase scrap metal that matches the description of items reported by law enforcement officers as having been stolen, or if it includes new

materials used in manufacturing or construction, according to the pending legislation.

Mitch Kuhn of Lawent Iron & Metal in Berlin, a division of Sadoff & Rudoy, said his company is already asking for identification from sellers.

"It's already a law in Michigan. In six months it'll be a law here," Kuhn said.

Olsen anticipates the law to be enacted by next spring.

Patricia Wolff: (920) 426-6689 or pwolff@thenorthwestern.com.



Waushara County Sheriff's Department

David R. Peterson, Sheriff

430 East Division Street

Wautoma, WI 54982

920-787-3321

Fax: 920-787-7685

Emergency Management 920-787-6571

Fax 920-787-7685

Jail 920-787-6591

Fax 920-787-6524

Work Release Center 920-787-6659

Fax 920-787-6658

October 22, 2007

To Whom It May Concern:

I am unable to appear at the public hearing on October 24, 2007 concerning Senate Bill 225, but would like to make you aware of my support for this type of legislation.

The increase in scrap metal value has resulted in a corresponding increase in crimes involving the theft of items containing metal. In addition to scrap metal being stolen, there has been an increase in the theft of metal which is new and/or being currently used for its intended purpose. These thefts include, but are not limited to, new wire intended for supplying electrical power to consumers, ground wires from power poles and transmission towers. The loss suffered by these thefts not only affect the consumers involved, but have the potential for affecting the safety and security of entire communities.

Without a tracking system it is difficult to bring the criminals to justice when the stolen product has been crushed, baled and sent to a foundry for processing. Senate Bill 225 will be a "tool" that law enforcement can use to bring suspects into the legal system and permit successful prosecution in an effort to hold criminals accountable for their actions.

Thank you for considering my input.

Sincerely,

Sheriff David R. Peterson





Voice of the Recycling Industry

Institute of
Scrap Recycling
Industries, Inc.

Scott J. Horne

Vice President – Government
Relations & General Counsel
Direct dial: 202-662-8513
ScottHorne@ISRI.org

October 23, 2007

Senator Robert Wirch, Chair
Committee on Small Business, Emergency Preparedness,
Workforce Development, Technical Colleges and Consumer Protection
State Capitol, Room 317 East
Madison, WI 53707

Re: Public Hearing On Senate Bill 225 Relating To The
Regulation Of The Sale And Purchase Of Scrap Metal.

Dear Chairman Wirch,

The Institute of Scrap Recycling Industries, Inc. (ISRI) is a national trade association comprised of nearly 1,500 member companies that process, broker or industrially consume scrap metals, paper, plastic, glass, rubber, textiles and electronics at over 5,000 facilities nationwide. ISRI members operate over 60 plants in the state of Wisconsin many of whom have been in business for generations and employ thousands of people statewide. ISRI members conserve huge amounts of energy and preserve our environment by minimizing the need to use virgin ores in the manufacture of new metals.

At the outset, I want to make it eminently clear that ISRI does not condone nor countenance metals theft. In fact, our members are also frequently the victims of such activities. Hence, the industry has taken steps over the past twenty years to help combat it. When we faced a rash of rising metal theft in the mid-1980's, our industry cooperated with many local law enforcement agencies.

www.isri.org



Institute of
Scrap Recycling
Industries, Inc.

With the advent of facsimile machines, ISRI created FaxNet in many jurisdictions, to allow law enforcement agencies advise scrap processors of stolen metals in the hopes of recovering those materials when such materials might be brought to our gates for sale. In fact, because the technology was so new at the time, ISRI members actually purchased fax machines for public agencies that did not have the equipment but who wanted to participate in the program. Today, with the advances in technology, our Theft Alert system takes advantage of the computer age, as an email notification system originating from our national offices in Washington DC. Once we receive information (either directly from law enforcement or through one of our members) about stolen metal, information goes out via the internet allowing us to reach a broader range of members in a most timely basis. This is especially beneficial as the values of scrap metals have grown and thieves are transporting them geographically further.

Regrettably, metals theft is typically a crime of easy opportunity. While many of us can still remember when people in the community never felt the need to lock their cars or homes, in terms of brand new materials, particularly high value metal containing products, think how many times still today you can pass a construction site and see new materials simply sitting out in the open on the job site. ISRI firmly believes that crime prevention is an integral part of the metal theft solution and it does work. Hence, ISRI is a proud partner of the National Crime Prevention Council in an effort to educate the public on the need to better protect their property. It is cheaper, safer, and healthier for communities to prevent crime than to treat its victims, deal with its perpetrators, and lose civic health and productivity. Additionally, our Theft Alerts are co-branded with McGruff the Crime Dog® to gain attention.

It is efforts such as the Theft Alert system, and working cooperatively with the various segments of our community being hit by theft (agriculture, housing, utilities, municipalities and businesses) that we believe offer real solutions. Over the years we have seen a number of positive results from these efforts, particularly when law enforcement agencies work cooperatively with local scrap processors.



Institute of
Scrap Recycling
Industries, Inc.

Last year, recognizing the increase in metals theft as a result of the extended period of high market prices for scrap metals, the industry voluntarily developed *Recommended Practices and Procedures for Minimizing the Risks of Purchasing Stolen Materials* as a ready resource for scrap processors looking for ways to address this issue in their scrap yards.

Most scrap processors are family owned operations that have invested significant sums of money in land and equipment to productively and efficiently help America address pressing environmental concerns. There are also some large, publicly held corporations active in the industry. In either case, there is a strong incentive for these people to operate their businesses in a lawful manner and to protect the significant investments that they have made.

Their suppliers of scrap metals are, likewise, the backbone of America:

Manufacturing companies that are trying to recover their investment in raw materials by recycling the cuttings and excess materials from their production activities.

Hardworking individuals who, were it not for America's castoffs, would be unable to earn a living. Many of these people live a daily existence, hoping that tomorrow will bring enough scrap material to put food on the table for, and clothes on their backs of, their families. These people may go from one auto repair shop to another, collecting worn out auto parts. Then they may go to machine shops and help clean out the cuttings from new parts made for farm or manufacturing equipment.

And then there are the trades people, who on a daily basis bring in the materials from their activities: aluminum siding contractors who pull off old siding and replace it with nice new materials; electricians who have done an upgrade in a commercial building and who are bringing in the old cables they pulled out before installing the new; plumbers who have helped to renovate a home and have the old faucets and fixtures that can be recycled into new materials. If these materials are not recycled, they will only end up in our landfills, wasting precious and valuable space.

The Honorable Robert Wirch, Chair
Committee on Small Business, Emergency Preparedness,
Workforce Development, Technical Colleges and Consumer Protection
Page 4 of 4



Institute of
Scrap Recycling
Industries, Inc.

We agree that obtaining certain identifying information (such as the name and address and even drivers license or other id number) for each transaction will be helpful. We encourage and invite you to tour a local scrap processing facility to see the logistics involved in recording this information.

ISRI national, as well as its Wisconsin Chapter, stand ready to work hand in hand with you to address the problem of materials theft. Please feel free to contact me if I can be of any help as you work through this very important issue.

Sincerely yours,

Scott J. Horne

www.isri.org





WISCONSIN LEGISLATIVE COUNCIL

Terry C. Anderson, Director
Laura D. Rose, Deputy Director

TO: SENATOR LUTHER S. OLSEN

FROM: Dan Schmidt, Senior Analyst

RE: Senate Substitute Amendment 1 to 2007 Senate Bill 225

DATE: October 23, 2007

This memorandum, prepared at your request, discusses the substantive differences between 2007 Senate Bill 225 and Senate Substitute Amendment 1 to 2007 Senate Bill 225. Both of these proposals relate to regulating the sale and purchase of scrap metal.

2007 SENATE BILL 225

Under the bill, no person may sell or purchase scrap metal if the person knows the scrap metal has been stolen. If the value of the scrap metal is \$2,500 or less, a violator is subject to a fine of up to \$10,000, imprisonment for up to six months, or both. If the value of the scrap metal exceeds \$2,500, a violator is subject to a fine of up to \$10,000, imprisonment of up to three years and six months, or both. The bill prohibits a person from selling or purchasing a metal object that is associated with the grave of a veteran, if the person knows the object is stolen. A violator of this provision is subject to a fine up to \$10,000, imprisonment for up to three years and six months, or both.

The bill defines scrap metal as “a ferrous or nonferrous metal purchased primarily for its reuse or recycling value as raw metal, including metal that is combined with other materials at the time of purchase, but does not include jewelry, as defined in s. 134.71 (1) (c).”

The bill also requires a scrap metal dealer to verify the seller’s identity using an identification card bearing the seller’s photograph and document the purchase by collecting the following information on a form:

1. An identifying number from the identification card presented by the seller.
2. The name of the seller.
3. The license plate number of the seller’s vehicle.

4. A statement, signed by the seller, that the seller is the owner of or is authorized to sell the scrap metal and has complied with applicable environmental laws and regulations in preparing the scrap metal for sale.
5. A description of the items purchased from the seller, including any identifying marks apparent on the items.
6. A description of the method the dealer used to pay the seller for the scrap.

A scrap metal dealer must retain a copy of the required data form for not less than six years and must make the form available to law enforcement.

The bill exempts transactions involving the sale of only aluminum cans with a total value of less than \$50.

SENATE SUBSTITUTE AMENDMENT 1 TO 2007 SENATE BILL 225

The substitute amendment contains the same general prohibitions regarding the sale and purchase of scrap metal, including the penalty provisions.

The substitute amendment defines scrap metal as follows:

1. Nonferrous metal purchased primarily for its reuse or recycling value as raw metal, including metal that is combined with other materials at the time of purchase, but does not include jewelry, as defined in s. 134.71 (1) (c).
2. All of the following, whether composed of ferrous or nonferrous metals:
 - a. Utility access covers.
 - b. Street light poles and fixtures.
 - c. Road and bridge guard rails.
 - d. Highway or street signs.
 - e. Water meter covers.
 - f. Traffic directional and control signs.
 - g. Any metal objects marked with the name of a governmental entity.
 - h. Property owned by, and marked as owned by, a telephone, cable, electric, water, or other utility, or railroad.
 - i. Historical markers.
 - j. Grave markers and vases.

The substitute amendment requires a scrap metal dealer to verify a seller's identity using a driver's license, tribal identification card, or other government-issued identification card. The dealer must also obtain and document all of the following information:

1. The name of the seller.
2. The license plate number of the seller's vehicle, if the seller arrived at the dealer's premises in a vehicle.
3. A statement, signed by the seller, that the seller is the owner of or is authorized to sell the scrap metal and has complied with applicable environmental laws and regulations in preparing the scrap metal for sale.
4. A description, consistent with the format recommended by the national institute of scrap recycling industries, of the items purchased from the seller.
5. A description of the method the dealer used to pay the seller for the scrap metal.
6. A copy of the identification described in par. (a).

A specific form, as is required under the bill, is not required under the substitute amendment. In addition, the substitute amendment requires the scrap metal dealer to retain the identification and sales information for three years rather than the six years required in the bill.

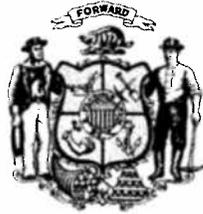
In addition to the transactions involving only aluminum cans with a total value not exceeding \$50, the substitute amendment does not apply to a transaction involving a seller that is not an individual.

Finally, the substitute amendment prohibits a political subdivision, other than a city of the first class, from enacting an ordinance or adopting a resolution or other restriction that is more stringent than the provisions of the substitute amendment.

If you have any questions, please feel free to contact me directly at the Legislative Council staff offices.

DWS:ksm





Wisconsin State Legislature

October 24, 2007

**Senate Committee on Small Business, Emergency Preparedness, Workforce
Development, Technical Colleges, and Consumer Protection
Testimony for SB 225 from State Senator Luther Olsen**

Good morning Chairman Wirch and other committee members. I appreciate your willingness to hold a hearing on Senate Bill 225, a bill that would regulate the sale and purchase of scrap metal. For your information, I have offered Senate substitute amendment one to this bill and refer to the substitute amendment in my testimony.

As you may know, the current price of metal is very high. As the price of copper, bronze, stainless steel and other metals has risen, there have been a growing number of thefts of these materials. Media reports from all across Wisconsin and the nation tell stories of thieves breaking into construction sites and utility substations to steal copper wire, supply yards to steal piping, and even car dealerships to steal catalytic converters. The thieves then sell the materials to metal recyclers for a quick profit.

The loss a business takes when their property is stolen is significant. An Omro businessman had six aluminum engine blocks stolen; their total value was estimated to be \$18,000. WE energies reported \$40,000 worth of wire was stolen from their storage container in Racine County. Car dealerships need to replace stolen catalytic converters for as much as \$1,500 each and it is nearly impossible to put on a price on replacing the stolen bronze plaques from veterans' graves in Brown County.

After working with representatives from law enforcement and the scrap metal industry, Representative Schneider and I drafted legislation that we believe will curtail the theft of scrap metal if enacted.

Under SB 225 as amended, no person may sell or purchase scrap metal if the person knows the scrap metal has been stolen. Anyone who violates this law would be subject to a fine up to \$10,000 and face up to nine months in prison if the value of the scrap metal is \$2,500 or less. If the value exceeds the \$2,500, the violator would be subject to a fine up to \$10,000 and face up to three-and-a-half years in prison.

This bill also requires the scrap dealer industry to implement specific procedures for minimizing the risk of purchasing stolen scrap. For example, the dealer, when purchasing scrap, must obtain and document the name of the seller and a copy of the identification the

Wisconsin State Senate

seller used. The dealer must also obtain the license plate of the seller's vehicle, a statement from the seller that they are the owner or of the scrap or authorized to sell the scrap, a description of the items purchased, and a description of the method the dealer used to pay the seller for the scrap.

These provisions would not apply to aluminum can transactions with a total value not exceeding \$50.

By requiring scrap metal dealers to obtain a seller's identifying information we are giving law enforcement better tools to track down the person who stole the scrap metal and we are making it more risky for thieves to sell the stolen property to scrap metal dealers. More importantly, the ability to sell anonymously will be gone. Representative Schneider and I believe, by enacting this legislation, we will put an end to these thefts.

Once again, thank you for the opportunity to testify on this bill.