

**SENATE BILL NO. 2299**

Introduced by

Senators Vedaa, Hogue, Kannianen, Paulson

Representative Louser

1 A BILL for an Act to create and enact three new sections to chapter 51-35 of the North Dakota  
2 Century Code, relating to scrap metal dealer registration, catalytic converters, and catalytic  
3 converter theft; to amend and reenact sections 51-35-01, 51-35-02, 51-35-03, and 51-35-04 of  
4 the North Dakota Century Code, relating to purchases by scrap metal dealers; and to provide a  
5 penalty.

6 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

7 **SECTION 1. AMENDMENT.** Section 51-35-01 of the North Dakota Century Code is  
8 amended and reenacted as follows:

9 **51-35-01. Definitions.**

10 As used in this chapter, unless the context otherwise requires:

- 11 1. "Alloy" means a combination of a metal and carbon or other metals.
- 12 2. "Business records" means records of any purchase or transaction that involves the  
13 receipt of scrap metals made in the ordinary course of business and includes written  
14 receipts, books or similar records, or electronically stored records, but does not  
15 include correspondence, tax returns, or financial statements.
- 16 3. "Catalytic converter" means a motor vehicle exhaust system component attached to  
17 the motor vehicle which reduces vehicle emissions by breaking down harmful exhaust  
18 emissions.
- 19 4. "Detached used catalytic converter" means a catalytic converter previously removed  
20 from a motor vehicle, or any nonferrous part of a catalytic converter previously  
21 removed from a motor vehicle. The term does not include a catalytic converter  
22 incidentally included in a mixed load of ferrous or nonferrous scrap metal.
- 23 5. "Ferrous metals" means those metals that will attract a magnet, and includes alloys of  
24 those metals.

1     ~~4.6.~~ "Law enforcement officer" or "peace officer" means a public servant authorized by law  
2             or by a government agency or branch to enforce the law and to conduct or engage in  
3             investigations or prosecutions for violations of law.

4     ~~5.7.~~ "Nonferrous metals" means those metals that will not normally attract a magnet,  
5             including copper, brass, aluminum, bronze, lead, zinc, platinum, and nickel ~~and~~  
6             ~~includes; alloys of those metals; and metals contained within detached used catalytic~~  
7             converters.

8     ~~6.8.~~ "Scrap metal" means ferrous or nonferrous metals purchased primarily for reuse or  
9             recycling, including metals combined with other materials at the time of purchase or  
10            acquisition, ~~and including; insulated and uninsulated wire and cable; and detached~~  
11            used catalytic converters. Scrap metal does not include automobiles, automobile  
12            hulks, or any aluminum food or beverage containers.

13    ~~7.9.~~ "Scrap metal dealer" means a person, ~~as defined in subsection 8 of section 1-01-49,~~  
14            engaged in the business of purchasing, selling, trading, or bartering scrap metal, and  
15            includes all employees of the scrap metal dealer. A scrap metal dealer must have a  
16            fixed business premises, shall obtain a sales and use tax permit from the tax  
17            commissioner, and shall register with the attorney general as a scrap metal dealer  
18            under section 5 of this Act.

19        **SECTION 2. AMENDMENT.** Section 51-35-02 of the North Dakota Century Code is  
20    amended and reenacted as follows:

21        **51-35-02. Records of purchase, trade, barter, or transaction required.**

- 22        1. Every scrap metal dealer shall keep business records of any purchase, trade, barter,  
23            or other transaction that involves the receipt of scrap metals worth over twenty-five  
24            dollars. The business records must include the following information:
- 25            a. The date, time, and place of each purchase or transaction;
  - 26            b. A description of the scrap metal received and the weight and type of scrap metal  
27                received;
  - 28            c. The amount paid to the person selling or delivering the scrap metal and the  
29                manner of payment, including check or electronic transfer;
  - 30            d. The name and address of the person selling or delivering the scrap metal; and

- 1 e. A photocopy of a valid government-issued identification card or driver's license  
2 and which must include the seller's or deliverer's full name, photograph, date of  
3 birth, and signature.
- 4 f. For a detached used catalytic converter, either:
- 5 (1) Written evidence of ownership of the catalytic converter purchased from the  
6 person, including a bill of sale, a receipt for repair of the vehicle the catalytic  
7 converter was removed from, or the title, registration, or other ownership  
8 documentation for the vehicle from which the catalytic converter was  
9 removed; or
- 10 (2) A signed statement of ownership by the seller.
- 11 2. Every scrap metal dealer shall keep the business records required under this section  
12 at the business premises of the scrap metal dealer or other reasonably available  
13 location within this state for seven years after the date of each purchase or transaction  
14 for which business records are required under this section.
- 15 3. A scrap metal dealer may not pay cash for scrap metal purchases or transactions over  
16 one thousand dollars or for any purchase or transaction over one hundred dollars for a  
17 detached used catalytic converter, but may only pay by check or electronic transfer.
- 18 4. Each scrap metal dealer's premises must be kept open during regular business hours  
19 for inspection by a law enforcement officer and each scrap metal dealer's business  
20 records and business inventory must be made available for inspection by a law  
21 enforcement officer at all times during reasonable business hours or at reasonable  
22 times if ordinary hours of business are not kept. All business records required under  
23 this section for transactions involving a detached used catalytic converter must be  
24 made available for inspection by a law enforcement officer upon request at any  
25 location used for or suspected as locations for transactions of detached used catalytic  
26 converters.
- 27 5. Before a law enforcement officer may conduct an inspection under this section, the  
28 law enforcement officer shall inform the scrap metal dealer that the individual is a law  
29 enforcement officer and shall inform the scrap metal dealer of the purpose of the  
30 inspection. The law enforcement officer shall comply with all reasonable and  
31 customary safety requirements of the scrap metal dealer on the business premises.

1           6.    The scrap metal dealer may require a law enforcement officer to sign an inspection log  
2                    that includes the officer's name and serial or badge number and the date, time, and  
3                    purpose for the inspection.

4           7.    The provisions of this chapter shall take precedence over and supersede any local  
5                    ordinance adopted by a political subdivision that regulates scrap metal transactions.

6           **SECTION 3. AMENDMENT.** Section 51-35-03 of the North Dakota Century Code is  
7 amended and reenacted as follows:

8           **51-35-03. Exemptions.**

9           Section 51-35-02 does not apply to:

- 10          1.    Purchases from another scrap metal dealer who regularly conducts scrap metal  
11                    business in this state.
- 12          2.    Purchases from government agencies.
- 13          3.    Purchases of scrap metal, excluding detached used catalytic converters, from persons  
14                    regularly engaged in the business of manufacturing metals or regularly engaged in the  
15                    business of generating and selling metals at ~~retail~~ or wholesale, including scrap  
16                    processing or manufacturing that produces byproducts for scrap.
- 17          4.    Purchases from a person with a business registered with the secretary of state which  
18                    is regularly engaged in the business of manufacturing catalytic converters or vehicles,  
19                    or regularly engaged in the business of generating detached used catalytic converters  
20                    in the ordinary course of the seller's business.
- 21          5.    Purchases of scrap metal, excluding detached used catalytic converters, from persons  
22                    regularly engaged in the generation or transmission of electricity, or in telephone,  
23                    telegraph, or cable communications, if the person provides the scrap metal dealer with  
24                    a bill of sale or other written evidence of ownership of the scrap metal purchased from  
25                    the person.

26          **SECTION 4. AMENDMENT.** Section 51-35-04 of the North Dakota Century Code is  
27 amended and reenacted as follows:

28          **51-35-04. Penalty.**

- 29          1.    A scrap metal dealer ~~who~~that willfully fails to comply with recordkeeping under section  
30                    51-35-02 is guilty of a class B misdemeanor.

- 1           2. A scrap metal dealer ~~who~~that willfully buys, receives, possesses, or conceals stolen  
2           scrap metal, and the scrap metal is less than five hundred dollars in value is guilty of a  
3           class A misdemeanor.
- 4           3. A scrap metal dealer ~~who~~that willfully buys, receives, possesses, or conceals stolen  
5           scrap metal, and the scrap metal exceeds five hundred dollars in value or the scrap  
6           metal includes a detached used catalytic converter that is subject to the requirements  
7           of this chapter without exemption, is guilty of a class C felony.
- 8           4. A person that willfully fails to comply with section 6 of this Act is guilty of a class B  
9           misdemeanor.

10          **SECTION 5.** A new section to chapter 51-35 of the North Dakota Century Code is created  
11 and enacted as follows:

12          **Registration.**

- 13          1. A person may not act as a scrap metal dealer or represent to the public the person is a  
14          scrap metal dealer unless the person is registered under this chapter.
- 15          2. The attorney general shall issue a certificate of registration to an applicant that:
- 16             a. Applies as directed by the attorney general;
- 17             b. Presents any relevant evidence relating to the applicant's qualifications as  
18             required by the attorney general; and
- 19             c. Has a fixed business premises that is properly zoned according to local  
20             ordinances for the business conducted.
- 21          3. The attorney general may establish qualifications, requirements, and penalties for  
22          noncompliance with registration requirements for the holder of a certificate of  
23          registration under this chapter.

24          **SECTION 6.** A new section to chapter 51-35 of the North Dakota Century Code is created  
25 and enacted as follows:

26          **Catalytic converters.**

- 27          1. Unless the person is registered with the attorney general as a scrap metal dealer  
28          under section 5 of this Act, a person may not purchase, trade for, or pledge to buy a  
29          detached used catalytic converter, or offer or advertise to purchase, trade for, or  
30          pledge to buy a detached used catalytic converter.

1       2. Unless the seller is exempt under subsection 4 of section 51-35-03, a person wishing  
2           to sell a detached used catalytic converter shall do so in person at the fixed business  
3           premises of a scrap metal dealer registered with the attorney general.

4       **SECTION 7.** A new section to chapter 51-35 of the North Dakota Century Code is created  
5 and enacted as follows:

6       **Catalytic converter theft - Penalty.**

- 7       1. A person commits the offense of theft of a catalytic converter if the person willfully  
8           takes or attempts to take possession of, carries away, or exercises control over a  
9           catalytic converter with intent to deprive the rightful owner of the catalytic converter.
- 10      2. Except as provided under subsection 3, an offense under this section is a:
- 11          a. Class B misdemeanor if the replacement value of the catalytic converter  
12             unlawfully obtained including any repair costs is less than two hundred dollars.
- 13          b. Class A misdemeanor if the replacement value of the catalytic converter  
14             unlawfully obtained including any repair costs is two hundred dollars or more but  
15             less than one thousand dollars.
- 16          c. Class C felony if the replacement value of the catalytic converter unlawfully  
17             obtained including any repair costs is one thousand dollars or more.
- 18      3. An offense under this section is a class C felony if the offense is a third or subsequent  
19           offense, regardless of the replacement value of the catalytic converter. For purposes  
20           of this subsection, a first and second offense include a conviction, acceptance of, or  
21           other form of preliminary disposition before the sentencing on the present violation for  
22           an offense under this section.