



MEMORANDUM

LEGISLATIVE REFERENCE BUREAU

WWW.MILWAUKEE.GOV/LRB

To: Ald. Joe Dudzik
From: Andrew VanNatta, Legislative Fiscal Analyst - Lead
Date: October 15, 2014
Subject: Draft Salvage Bill Analysis

You had requested that the LRB prepare an analysis of a draft state bill relating to the regulation of motor vehicle salvage dealers. Tables 1 and 2 on page 2 summarize various current and proposed provisions relating to ss. 218.205 and 134.405, Wis. Stats.

Background

According to state law, a salvage dealer is a person who purchases and resells motor vehicles for wrecking, processing, scrapping, recycling or dismantling purposes or who conducts the business of wrecking, processing, scrapping or dismantling motor vehicles or selling parts of those vehicles. Under current law, salvage dealers must be licensed by the Department of Transportation (DOT) and must maintain records for vehicles acquired and wrecked. Additional current regulations are provided in Table 1 on page 2.

A scrap dealer is defined by state law as a person engaged in the business of buying or selling certain kinds of scrap metal or plastic. Current state law regulates nonferrous scrap metal transactions, but these regulations generally do not apply to purchases of scrap metal consisting primarily of ferrous scrap (iron or steel).

Proposed Regulation

In the proposed bill, s. 134.405, Wis. Stats., remains relatively unchanged. The most significant proposed changes include the addition of ferrous scrap to existing scrap metal dealer regulations and the establishment of "*a program for the sharing of information among state and local law enforcement officers or agencies concerning the sale and purchase or other transfer of ferrous scrap, nonferrous scrap, metal articles, and proprietary articles,*" to be administered by the DOT.

Section 218.205, Wis. Stats, is amended in the proposed bill to change the penalties for various violations of state law, to establish thresholds for salvage dealer license suspension and revocation, and to require dealers to obtain and record a confirmation numbers from the DOT prior to purchasing vehicles for which no certificates of title are available.

The proposed bill specifies that the DOT or the participating political subdivision may refuse to provide a confirmation number if the seller of the vehicle is not the owner or other authorized person. The bill also prohibits any person from using a salvage dealer's license issued to or on behalf of the license holder, unless the person is an employee of the dealer.

Table 1. Current and Proposed Salvage Dealer Regulations (s. 218.205, Wis. Stats.).

Regulation	Current	Proposed
License Requirements	\$25,000 bond or documentation of financial solvency.	\$90,000 bond or documentation of financial solvency.
Penalty (License Violation)	\$500 - \$5,000, imprisonment for not more than 60 days, or both.	Unchanged.
Vehicle Title / Bill of Sale	Must deliver to DOT within 30 days of vehicle delivery to salvage yard.	Unchanged. Also: If the title is not available, a dealer must obtain / record a confirmation number from the DOT.
Record Maintenance / Reporting	Must maintain a record of all vehicles acquired and wrecked, in a form prescribed by DOT.	Unchanged.
Vehicle Identification	Must display license number on every vehicle operated for hauling, towing or pushing salvage vehicles.	Unchanged
Penalty (Record Maintenance & Vehicle Identification)	\$25 - \$200 or imprisonment for not more than 60 days, or both.	\$150 - \$1,500 or imprisonment for not more than 60 days, or both. 90-day suspension if 3 lifetime violations; license revocation if 4 lifetime violations.

Table 2. Current and Proposed Scrap Dealer Regulations (s. 134.405, Wis. Stats.).

Record Maintenance / Reporting	Must record seller's identification, license plate number & description of scrap purchased, including seller's signed declaration of ownership. Seller's photo ID required.	Unchanged. Proposed bill extends requirements to the purchase of ferrous scrap metal and requires DATCP to administer an information sharing program.
Civil Action Allowed?	Yes, nonferrous scrap metal only.	Allows owners of stolen ferrous scrap to recover costs of replacing stolen scrap.