

**Senate Study Bill 3088 - Introduced**

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE  
ON COMMERCE BILL BY  
CHAIRPERSON SCHULTZ)

**A BILL FOR**

1 An Act relating to scrap metal transactions, including by  
2 regulating the sale of catalytic converters to scrap metal  
3 dealers and providing for recordkeeping requirements,  
4 providing penalties, and making penalties applicable.  
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 714.1, subsection 4, Code 2022, is  
2 amended to read as follows:

3 4. Exercises control over stolen property, knowing such  
4 property to have been stolen, or having reasonable cause to  
5 believe that such property has been stolen, unless the person's  
6 purpose is to promptly restore it to the owner or to deliver it  
7 to an appropriate public officer. The fact that the person is  
8 found in possession of property which has been stolen from two  
9 or more persons on separate occasions, or that the person is a  
10 dealer or other person familiar with the value of such property  
11 and has acquired it for a consideration which is far below its  
12 reasonable value, or that the person is a scrap metal dealer  
13 and has violated section 714.27, subsection 2, paragraph "b",  
14 in a transaction involving the property, shall be evidence  
15 from which the court or jury may infer that the person knew or  
16 believed that the property had been stolen.

17 Sec. 2. Section 714.27, subsections 2, 4, 5, 6, and 7, Code  
18 2022, are amended to read as follows:

19 2. a. A person shall not sell scrap metal to a scrap metal  
20 dealer in this state unless the person provides to the scrap  
21 metal dealer, at or before the time of sale, the person's name,  
22 address, and place of business, if any, and presents to the  
23 scrap metal dealer a all of the following:

24 (1) The person's valid driver's license or nonoperator's  
25 identification card, military identification card, passport, or  
26 other government-issued photo identification.

27 (2) For transactions involving the sale of a catalytic  
28 converter, an original receipt or invoice for a replacement  
29 catalytic converter purchased fewer than thirty days before  
30 the person sells the replaced catalytic converter to the scrap  
31 metal dealer, or a junking certificate for a vehicle that was  
32 issued fewer than thirty days before the person sells the  
33 catalytic converter to the scrap metal dealer. The receipt,  
34 invoice, or junking certificate presented by the person to the  
35 scrap metal dealer must be unmarked by a scrap metal dealer

1 pursuant to paragraph "b". This subparagraph does not apply to  
2 a transaction if the person presents proof to the scrap metal  
3 dealer that the sale is approved by the sheriff of the county  
4 in which the vehicle from which the catalytic converter was  
5 removed is registered.

6 b. (1) A scrap metal dealer shall not make an initial  
7 purchase of scrap metal from a person without demanding  
8 and receiving the information required by this subsection.  
9 However, after an initial transaction, a scrap metal dealer  
10 may only require the person's name and place of business waive  
11 the requirement that the person present an address and photo  
12 identification for subsequent purchases, provided the scrap  
13 metal dealer retains all information received during the  
14 initial transaction.

15 (2) On the purchase of a catalytic converter, a scrap metal  
16 dealer shall mark the receipt, invoice, or junking certificate  
17 presented under paragraph "a" to indicate the catalytic  
18 converter has been sold.

19 (3) A scrap metal dealer shall reasonably verify that a  
20 catalytic converter being offered for sale is appropriate  
21 for the type of vehicle for which the replacement catalytic  
22 converter was purchased as shown on the receipt or invoice, or  
23 is appropriate for the type of vehicle for which the junking  
24 certificate was issued, as applicable.

25 4. All scrap metal transactions, other than those  
26 transactions exempt pursuant to subsection 5, in which the  
27 total sale price exceeds fifty dollars shall require payment by  
28 check or electronic funds transfer.

29 5. The following scrap metal transactions Transactions in  
30 which the total sale price is fifty dollars or less, except  
31 transactions for the sale of a catalytic converter, are exempt  
32 from the requirements of this section+.

33 a. Transactions in which the total sale price is fifty  
34 dollars or less, except transactions for the sale of catalytic  
35 converters.

1 ~~b. Transactions for the sale of catalytic converters in~~  
2 ~~which the total sale price is seventy-five dollars or less.~~

3 ~~c. Transactions in which a scrap metal dealer is selling~~  
4 ~~scrap metal.~~

5 ~~d. Transactions in which the person selling the scrap~~  
6 ~~metal is known to the scrap metal dealer purchasing the scrap~~  
7 ~~metal to be the officer, employee, or agent of an established~~  
8 ~~commercial or industrial business, operating from a fixed~~  
9 ~~location, that may reasonably be expected to produce scrap~~  
10 ~~metal during the operation of the business.~~

11 6. ~~a.~~ The provisions of **this section** shall take precedence  
12 over and supersede any local ordinance adopted by a political  
13 subdivision that regulates scrap metal transactions, except  
14 for local ordinances that provide additional or more stringent  
15 requirements for transactions involving scrap metal.

16 ~~b. Notwithstanding paragraph "a" of **this subsection**, a city~~  
17 ~~ordinance regarding scrap metal or other scrap material in~~  
18 ~~effect prior to January 1, 2012, in a city with a population~~  
19 ~~exceeding one hundred fifty thousand as shown by the 2010~~  
20 ~~federal decennial census may continue to be enforced by the~~  
21 ~~city which adopted it.~~

22 7. A person who violates **subsection 2**, paragraph "a", or a  
23 person who conducts a scrap metal transaction by or on behalf  
24 of a scrap metal dealer who violates **this section** shall be  
25 subject to a civil penalty as follows:

26 a. An initial violation shall subject the person to a civil  
27 penalty in the amount of one ~~hundred~~ thousand dollars.

28 b. A second violation within two years shall subject  
29 the person to a civil penalty in the amount of five ~~hundred~~  
30 thousand dollars.

31 c. A third or subsequent violation within two years shall  
32 subject the person to a civil penalty in the amount of ~~one~~ ten  
33 thousand dollars.

34 Sec. 3. Section 714.27, Code 2022, is amended by adding the  
35 following new subsection:

1     NEW SUBSECTION. 8. Proof that a scrap metal dealer, or a  
2 person acting on behalf of a scrap metal dealer, conducted a  
3 scrap metal transaction in violation of subsection 2, paragraph  
4 "b", shall be evidence from which the court or jury may infer  
5 any of the following:

6     a. The person aided and abetted the underlying theft of the  
7 catalytic converter involved in the transaction from a vehicle,  
8 under section 703.1.

9     b. The person had knowledge that a public offense has been  
10 committed and that a certain person committed it, for purposes  
11 of proving the scrap metal dealer or person acting on behalf of  
12 a scrap metal dealer acted as an accessory after the fact under  
13 section 703.3.

14     Sec. 4. Section 805.8C, subsection 10, Code 2022, is amended  
15 to read as follows:

16     10. *Scrap metal transaction violations.* For violations of  
17 section 714.27, the scheduled fine is one ~~hundred~~ thousand  
18 dollars for a first violation, five ~~hundred~~ thousand dollars  
19 for a second violation within two years, and ~~one~~ ten thousand  
20 dollars for a third or subsequent violation within two years.  
21 The scheduled fine under [this subsection](#) is a civil penalty  
22 which shall be deposited into the general fund of the county  
23 or city if imposed by a designated officer or employee of a  
24 county or city, or deposited in the general fund of the state  
25 if imposed by a state agency, and the crime services surcharge  
26 under [section 911.1](#) shall not be added to the penalty.

27

EXPLANATION

28             The inclusion of this explanation does not constitute agreement with  
29             the explanation's substance by the members of the general assembly.

30     Current law requires all scrap metal transactions for the  
31 sale of catalytic converters totaling more than \$75 to meet  
32 certain requirements. A person who sells the parts must  
33 provide identifying information to the scrap metal dealer and  
34 the dealer must keep a confidential record of each transaction.  
35 In addition, payments for the parts must be made by check

1 or electronic funds transfer. A person who violates these  
2 provisions is subject to a civil penalty of between \$100 and  
3 \$1,000.

4 This bill requires a person who sells a catalytic converter  
5 to a scrap metal dealer to provide to the dealer an original  
6 receipt or invoice for a replacement catalytic converter  
7 purchased fewer than 30 days before the person sells the  
8 replaced catalytic converter, or a junking certificate for  
9 a vehicle issued fewer than 30 days before the person sells  
10 the catalytic converter. The receipt, invoice, or junking  
11 certificate must be unmarked by a scrap metal dealer. The  
12 requirement does not apply if the person presents proof to the  
13 dealer that the sale is approved by the sheriff of the county  
14 in which the vehicle from which the catalytic converter was  
15 removed is registered.

16 A scrap metal dealer is required to keep a confidential  
17 register or log of each transaction, including a record of the  
18 information required by the bill. Under the bill, a scrap  
19 metal dealer must mark the original receipt, invoice, or  
20 junking certificate, as applicable, to indicate the catalytic  
21 converter has been sold. A scrap metal dealer must also  
22 reasonably verify that a catalytic converter being offered  
23 for sale is appropriate for the type of vehicle for which the  
24 replacement converter was purchased as shown on the receipt or  
25 invoice, or is appropriate for the type of vehicle for which  
26 the junking certificate was issued, as applicable.

27 The bill strikes all exemptions for the recordkeeping  
28 requirements except for sales of \$50 or less that do not  
29 involve a catalytic converter.

30 Any local ordinance adopted by a political subdivision that  
31 regulates scrap metal transactions is superseded by the bill,  
32 except for local ordinances that provide additional or more  
33 stringent recordkeeping requirements for transactions involving  
34 scrap metal.

35 The bill increases the civil penalty for persons who violate

1 Code section 714.27 for an initial violation from \$100 to  
2 \$1,000, for a second violation within two years from \$500 to  
3 \$5,000, and for a third or subsequent violation within two  
4 years from \$1,000 to \$10,000.

5 For purposes of theft as defined in Code section 714.1(4),  
6 the bill adds that a scrap metal dealer's violation of  
7 recordkeeping requirements shall be evidence from which the  
8 court or jury may infer that the person knew or believed that  
9 the property had been stolen. The penalty for theft ranges  
10 from a simple misdemeanor to a class "C" felony depending on  
11 the value of the property. A simple misdemeanor is punishable  
12 by confinement for no more than 30 days and a fine of at  
13 least \$105 but not more than \$855, and a class "C" felony is  
14 punishable by confinement for no more than 10 years and a fine  
15 of at least \$1,370 but not more than \$13,660.

16 Under the bill, proof that a scrap metal dealer, or a  
17 person acting on behalf of a scrap metal dealer, conducted  
18 a scrap metal transaction in violation of the recordkeeping  
19 requirements shall be evidence from which the court or jury may  
20 infer that the person aided and abetted the underlying theft  
21 of the catalytic converter involved in the transaction from  
22 a vehicle, under Code section 703.1, or that the person had  
23 knowledge that a public offense has been committed and that a  
24 certain person committed it, for purposes of proving the scrap  
25 metal dealer or person acting on behalf of a scrap metal dealer  
26 acted as an accessory after the fact under Code section 703.3.