

**SUBJECT:** Providing requirements for cash transactions in metal recycling

**COMMITTEE:** Environmental Regulation — committee substitute recommended

**VOTE:** 8 ayes — Morrison, E. Rodriguez, Isaac, Kacal, P. King, Lozano, Reynolds, E. Thompson

0 nays

1 absent — K. King

**WITNESSES:** For — Walt Baum, AECT; AJ Louderback and T. Michael O'Connor, Sheriffs' Association of Texas; (*Registered, but did not testify*: John Fainter, AECT; Michael Chatron, AGC Texas Building Branch; Adrian Shelley, Air Alliance Houston; Michael Peterson, AT&T Texas; Seth Mitchell, Bexar County Commissioners Court; Lindsay Mullins, BNSF Railway; Skip Ogle, Cable; Henry Flores, CenturyLink, Inc.; Dennis Borel, Coalition of Texans with Disabilities; Leo Munoz, Comcast; Velma Cruz, Sprint; David Mintz, Texas Apartment Association; Scott Norman, Texas Association of Builders; Laura Nicholes, Texas Association of Counties; Steven Garza, Texas Association of Realtors; Jeff Burdett, Texas Cable Association; Eric Craven, Texas Electric Cooperatives; Joshua Houston, Texas Impact; Lindsey Miller, Texas Independent Producers and Royalty Owners Association; Patricia Gonzales, Texas Organizing Project; Ian Randolph, Texas Telephone Association; Todd Baxter, Time Warner Cable; Lon Craft, Texas Municipal Police Association; Mark Zion, Texas Public Power Association; Richard Lawson, Verizon)

Against — Jackie Powell, American Iron and Metals; (*Registered, but did not testify*: Daniel Greenberg)

On — Thomas Baker, The Recycling Council of Texas; (*Registered, but did not testify*: Randy Cubriel, Nucor; Texas Port Recycling; Jay Alexander, Texas Department of Public Safety)

**DIGEST:** CSHB 2187 would require metal recyclers to issue cash transaction cards to sellers of metal. These cash transaction cards would have to be presented or verified whenever a person was paid in either cash or via a debit card for metal by a recycler. Cards would be non-transferrable and would have to include the name and address of the seller and the expiration date of the card, which could not be more than two years from the date the card was issued or renewed.

An application for a cash transaction card would have to include:

- the name, address, sex, and birth date of the applicant;
- the identification number from the applicant's personal identification document;
- a digital photograph taken at the time the applicant completed the application;
- a clear and legible thumbprint of the applicant; and
- the applicant's signature.

The metal recycler would be required to keep copies of each application for a cash transaction card and the cash transaction card itself received or issued in the past two years.

Unless a seller had been issued a cash transaction card, a recycler would only be able to purchase regulated material by check, money order, or direct deposit.

The Public Safety Commission could impose an administrative penalty of up to \$1,000 per day on a recycler violating these provisions, after notice and an opportunity for a hearing and an appeal process.

This bill would expand the definitions of copper or brass material to include certain cables, among other items, and would include "lead material" and certain lead batteries in the definition of "regulated material."

This bill would provide that the provisions for metal recyclers contained

in Occupations Code, ch. 1956 did not apply to a telecommunications provider, a cable service provider, or a video service provider, in addition to the other exceptions in current law.

The bill would expand from 12 to 15 the membership of the Department of Public Safety advisory committee on matters relating to the regulation of metal recycling entities. Specifically, it would add a representative from metal recycling companies, a sheriff of a county with a population of 500,000 or more, and a sheriff of a county with a population of less than 500,000. The bill would require the public safety director to appoint the three additional members as soon as practicable after the bill took effect.

The advisory committee would study the effects of the implementation of the cash transaction card during calendar year 2023 and report its findings to the Legislature before December 1, 2024.

The bill would take effect September 1, 2015, and would apply only to an offense or violation committed on or after that date.

**SUPPORTERS  
SAY:**

CSHB 2187 would create a clear financial paper trail that would make for easier, faster enforcement of metal theft. Because metal is hard to trace and can be easily recycled for cash, metal thieves have continued to be a problem for communities across Texas. This bill would help track cash transactions, allowing law enforcement to more easily locate the thieves.

The bill would devalue stolen metal and make it harder to turn into cash without connecting the seller's identity to the stolen property. This would reduce the incentive to steal, which could result in a demonstrable reduction in crime.

**OPPONENTS  
SAY:**

CSHB 2187 would not address the real barrier to stopping metal thieves. The state already has stringent reporting requirements, which include requiring a record of the car used to transport the metal (including a license plate number), a picture of the seller, and a picture of the items being sold. Some municipalities have adopted even stricter ordinances. The Department of Public Safety has no central metal theft division — it

is auxiliary to other divisions within the department. Data exist to better enable enforcement, but the manpower to investigate metal theft does not.

This bill could offload a large regulatory burden onto metal recyclers, making them responsible for administering the cash transaction card program. The administrative costs could drive some legitimate recyclers out of business, leaving only those who did not make the effort to comply.