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## PROPOSED CHANGE IN APPLICABILITY OF MUNICIPAL FEES RELATED TO SCRAP METAL DEALERS

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In accordance with Arizona Revised Statutes (A.R.S.) 9-499.15, this report provides notice that the Phoenix City Council may consider an amendment to the Phoenix City Code related to scrap metal dealers. The potential change would remove an existing licensing exemption for businesses that deal exclusively in used beverage containers, such as aluminum cans. No new fees are proposed, but the result of the ordinance change would be that current licensing fees related to scrap metal dealers would apply to some businesses that were not previously required to pay them.

### Background

A.R.S. 44-1648 establishes that cities may regulate scrap metal dealers if the licensing system includes background checks or identification and fingerprinting, as the licensing program in Phoenix does.

Chapter 19, Articles I and V of the Phoenix City Code define the City's current scrap metal licensing program. Chapter 19, Section 19-1.27 currently provides an exemption for businesses that deal exclusively in aluminum cans from the requirement to obtain a scrap metal dealer license.

At the Oct. 17, 2018 meeting of the Public Safety and Veterans Subcommittee, an industry representative asked that the City consider eliminating the current exemption for businesses that deal exclusively in aluminum cans from the scrap metal dealer ordinance. Removing the exemption for "used beverage containers" from the Phoenix City Code would align the code with State laws that include such businesses in the State's regulation of scrap metal dealers. This would expand the number of businesses required to obtain a scrap metal dealer license from the City and comply with the related provisions of the Phoenix City Code, including payment of fees.

The Public Safety and Veterans Subcommittee voted on Dec. 12, 2018 to ask staff to prepare preliminary draft ordinance language to remove the licensing exemption for businesses that exclusively deal in aluminum cans; provide notice to and opportunity for public comment by stakeholders; post fees if required by State law; and return to the Subcommittee within 90 days with the results of the public input process and a recommendation.

In compliance with A.R.S. 9-499.15, the Phoenix City Council may consider this potential ordinance change after March 26, 2019. Notices will be sent to existing licensees and other stakeholders to provide an opportunity to comment on proposed ordinance language. Individuals seeking a copy of the proposed ordinance may email [licenseservices@phoenix.gov](mailto:licenseservices@phoenix.gov) to be added to the distribution list.

### Schedule of Fees

If the Council approves an ordinance change that removes the exemption for used beverage containers, the additional businesses that would be required to be licensed as a result would be subject to the existing fees already outlined in Phoenix City Code Section 19-5:

<b>Fee Type</b>	<b>Fee Amount</b>
Scrap Metal Dealer License Application	\$180
Reduced Application Fee for Each License Filed on the Same Day for Which a Background Check is not Required	\$120
Annual License Fee	\$130

### Basis for Calculation of Fees

City of Phoenix regulated business license application fees are developed through a calculation of the following:

- Costs of staff time required for the processing of applications, review of materials, inspections of businesses and/or examination of background check results. Costs are calculated using the specific City departments and job classifications involved.
- Costs of any contractual expenditures required in the application or inspection process. For example, payments to the Department of Public Safety for background checks.
- Costs of any commodities required in the application or inspection process. For example, expenses related to printing photo identification cards.

The current license application fees for scrap metal dealers were approved by the Phoenix City Council in 2010.