

Background - AB 1858 (Santiago)

Unlicensed Automobile
Dismantling

Automobile Dismantlers

- Definition under the CA Vehicle Code:
 - A person who dismantles 3 or more vehicles within any 12-month period for the purpose of selling parts and component materials.
- Licensed by DMV
- A licensed automobile dismantler is required to have the following under the CA Vehicle Code:
 - Valid Storm Water Permit
 - Hazardous Materials Business Plan
 - Cal EPA Number
 - BOE Resale Permit
 - Franchise Tax Board ID number

Automobile Dismantlers

- Local requirements include:
 - Special zoning/code requirements
 - Use permit
 - Business license
- Other requirements:
 - ADA
 - Workman's Comp
 - Insurance
 - Employee safety training programs/safety equipment
 - Employee benefits
 - Payment of state and local taxes and fees
 - Subject to inspection by a peace officer 24/7

Automobile Dismantlers

What Automobile Dismantlers do:

- Acquire and Process End-Of-Life-Vehicles (ELV's) – Includes:
 - Complete DMV titling paperwork on ELV's in required time frames
 - Complete Environmental Processing on the ELV's
 - Remove, recycle and document/manifest the following:
 - Gasoline, fluids, oils, anti-freeze, freon, lead acid batteries, tires, mercury switches, catalytic convertors
 - Remove usable parts that are then resold to repair shops and the public
 - Remit sales taxes collected for those transactions
 - Recycle all remaining metal and parts of the vehicle that cannot be resold as required by law

Unlicensed Automobile Dismantlers

Cash only businesses, entities and individuals that operate in the underground economy and compete with licensed dismantlers, but have no licensing, regulation, compliance costs, accountability and enforcement

Industry Data

- Approximately 28 million cars in CA
- 1.2 million ELV's a year in CA
- At least 30% are unaccounted for = 360,000 cars accounts for 1.8 million tires and 2 million gallons of fluids
- Estimate \$100 million in uncollected sales taxes
- Licensed dismantler invests \$50,000 to have proper depolluting equipment and training
- Losing 40 licensed dismantlers a year = down from 1,600 to approximately 1,000

AB 1858

- Will require DMV, BOE and CalEPA to form a joint enforcement task force to collaborate in addressing the problem of unlicensed and unregulated auto dismantling in CA
- Is supported by a broad coalition of industry, environmental organizations, local government and law enforcement
- SCADA's objective with this bill and beyond is to bring unlicensed dismantlers into compliance