

Department of Legislative Services
Maryland General Assembly
2011 Session

FISCAL AND POLICY NOTE
Revised

House Bill 1143
Economic Matters

(Delegate Sophocleus)

Education, Health, and Environmental Affairs

**Business Regulation - Secondhand Precious Metal Object Dealers - Exempted
Transactions and Record Keeping Requirements**

This bill specifies that the Maryland Secondhand Precious Metal Object Dealers and Pawnbrokers Act does not apply to the transactions of a retail jeweler with a fixed Maryland business address when the dealer accumulates precious metal objects in the course of performing repairs, remountings, fabrications, or custom orders. The bill requires dealers to ensure that any items that must be tagged with a transaction number must remain tagged for the entire period that the item is stored in the dealer's inventory. The bill also requires primary law enforcement units to adopt procedures that allow a dealer to amend required records that have been submitted to the law enforcement agency.

Fiscal Summary

State Effect: None. The bill does not materially affect State finances. The Department of State Police (DSP) advises that its recordkeeping software system can accept amended records.

Local Effect: None. Primary law enforcement units use the DSP system and, thus, can also accept amended records.

Small Business Effect: Potential minimal. Retail jewelers benefit from greater flexibility related to reporting their transactions.

Analysis

Current Law: The Department of Labor, Licensing, and Regulation regulates dealers who acquire and trade secondhand precious metal objects, including gold, iridium,

palladium, platinum, silver, precious and semiprecious stones, and pearls. Dealers of these objects, including individuals, retail jewelers, and pawnbrokers not otherwise regulated by a county, must be licensed before doing business in the State in accordance with the Maryland Secondhand Precious Metal Object Dealers and Pawnbrokers Act.

Licensees are required to record specified information for each transaction involving a secondhand precious metal or item acquired for the purpose of resale on a form provided by the Secretary of Labor, Licensing, and Regulation and must submit records by transmitting the required information electronically, in a format acceptable to the receiving primary law enforcement unit, by noon of the business day following the transaction. Licensees are required to maintain records of all transactions that involve the acquisition of secondhand precious metal objects, including identifying information and a physical description of the person from whom the object was acquired.

The Act requires a separate record for each item involved in a transaction. However, items in a matching set may be recorded as a set if acquired in a single transaction. Licensees must tag each item individually with a number that corresponds to the transaction; items acquired in a matching set may be tagged as a set. Unless a request for a shorter holding period is granted by the primary law enforcement unit, any secondhand precious metal object acquired by a dealer must be held for at least 18 days after a record is submitted to law enforcement.

The transaction requirements do not apply to retail jewelers with a fixed Maryland business address in the State if a jeweler (1) accepts the return or trade-in of an item that the jeweler originally sold; (2) repossesses merchandise that the jeweler originally sold, if the buyer has defaulted; or (3) retains merchandise that the jeweler originally accepted for repair as a bailee for hire if the customer has defaulted or failed to reclaim the item.

Background: Chapter 562 of 2009 established electronic reporting requirements for dealers, thereby repealing the authorization that allowed dealers to mail or submit paper transaction records to law enforcement. The State uses the Regional Automated Property Information Database (RAPID) system to transmit acquisition information from secondhand dealers to local law enforcement through an Internet interface. RAPID enables police departments statewide to immediately gain access to timely information about property that has been sold to pawnbrokers, precious metal dealers, or vehicle salvage yards. According to DSP, law enforcement units in Maryland recovered more than \$5 million in stolen property in 2010, the first full year RAPID was active.

Additional Information

Prior Introductions: HB 752 of 2010 passed the House and received a hearing in the Senate Education, Health, and Environmental Affairs Committee, but no further action was taken on the measure.

Cross File: None.

Information Source(s): Howard and Montgomery counties; Department of Labor, Licensing, and Regulation; Department of State Police; Department of Legislative Services

Fiscal Note History: First Reader - March 22, 2011
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