

**Department of Fiscal Services**  
Maryland General Assembly

**FISCAL NOTE**  
**Revised**

House Bill 440 (Chairman, Economic Matters Committee)  
(Departmental - Labor, Licensing, and Regulation)  
Economic Matters Referred to Economic and Environmental Affairs

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**Secondhand Precious Metal Object Dealers and Pawnbrokers**

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This amended departmental bill expands the regulation of secondhand precious metal object dealers and pawnbrokers by requiring additional reporting, restricting business transactions, establishing civil penalty provisions, and increasing criminal penalty provisions.

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**Fiscal Summary**

**State Effect:** Potential increase in general fund revenues and expenditures due to the bill's penalty provisions.

**Local Effect:** Potential increase in revenues and expenditures due to the bill's penalty provisions.

**Small Business Effect:** The Department of Labor, Licensing, and Regulation has determined that the bill has minimal or no impact on small business (attached). Fiscal Services disagrees with this assessment as discussed below. (The attached assessment does not reflect amendments to the bill.)

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**Fiscal Analysis**

**Bill Summary:** The bill alters the regulation of secondhand precious metal dealers and pawnbrokers as follows:

- The bill requires secondhand precious metal object dealers and pawnbrokers to provide local law enforcement officials with a seven-day advance notice of the dealer's intent to conduct business anywhere but at the dealer's authorized business location. In addition, the bill provides that a dealer or pawnbroker may not transact

business with a minor.

- The bill expands the reporting requirements for items purchased by a dealer to include items of personal property and provides that the dealer must maintain these records at a specified location for a period of 180 days. This requirement is in addition to the current requirement that such records must be maintained for three years.
- The bill extends the 18-day holding requirement to include all items of personal property. As a result, a dealer who acquires an item of personal property must keep that item in the county where the dealer holds a license for at least 18 days from the date a record of the transaction was submitted to law enforcement officials and the dealer may not alter that object in any way during this 18-day period. The current holding requirement is applicable to precious metal objects only.
- A dealer must ensure that certain records are available to law enforcement officials and if a dealer refuses to provide access to records, the Secretary of Labor, Licensing, and Regulation may fine the dealer up to \$500 for each violation.
- The bill increases the criminal penalty provisions by providing that a person who violates a law relating to secondhand precious metal object dealers and pawnbrokers is guilty of a misdemeanor and is subject to a fine not to exceed \$10,000 or imprisonment not to exceed two years, or both.

**State Revenues:** General fund revenues could increase under the bill's civil and criminal penalty provisions depending on the fines imposed.

**State Expenditures:** General fund expenditures could increase as a result of the bill's incarceration penalty due to more people being committed to a Division of Correction (DOC) facility and increased payments to counties for reimbursement of inmate costs, depending upon the number of convictions and sentences imposed.

Persons serving a sentence longer than 12 months are incarcerated in a DOC facility. In fiscal 1997 the average monthly cost per inmate is estimated at \$1,400.

Persons serving a sentence of 12 months or less are sentenced to a local detention facility. The State reimburses counties for part of their per diem rate after a person has served 90 days. State per diem reimbursements for fiscal 1997 are estimated to range from \$10 to \$48 per inmate depending upon the jurisdiction.

**Local Revenues:** Revenues could increase under the bill's monetary criminal penalty

provision, depending upon the number of convictions and fines imposed.

**Local Expenditures:** Expenditures could increase as a result of the bill's incarceration penalty depending upon the number of convictions and sentences imposed. Counties pay the full cost of incarceration for people in their facilities for the first 90 days of the sentence, plus part of the per diem cost after 90 days. Per diem operating costs of local detention facilities are expected to range from \$19 to \$96 per inmate in fiscal 1997.

**Small Business Effect:** The bill could have a meaningful impact on a small business operating as a secondhand precious metal object dealer or a pawnbroker because the bill restricts trade, increases reporting requirements, prohibits certain actions, and includes substantial penalties for noncompliance.

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**Information Source(s):** Department of Labor, Licensing, and Regulation; Department of Fiscal Services

**Fiscal Note History:** First Reader - February 7, 1996  
ncs Revised - House Third Reader - March 26, 1996

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