

Department of Fiscal Services
 Maryland General Assembly

FISCAL NOTE
Revised

Senate Bill 400 (Chairman, Economic and Environmental Affairs Committee)
 (Departmental - Labor, Licensing, and Regulation)
 Economic and Environmental Affairs Referred to Economic Matters

**Secondhand Precious Metal Object Dealers and Pawnbrokers -
 License and Background Check**

This enrolled departmental bill reduces the licensing and renewal fee of applicants for a secondhand metal object dealer or pawnbroker license from \$300 to \$75 biennially. The bill requires these applicants and their employees to apply for a national and State criminal history records check and pay the associated fees totaling \$42. Upon renewal, applicants are required to pay a \$75 licensing fee and a \$24 national criminal history records check. The bill also requires the Criminal Justice Information System of the Department of Public Safety and Correctional Services to mail acknowledgments of the receipt of applications for criminal checks and provide updates of the original check to the Secretary of the Department of Labor, Licensing, and Regulation.

Fiscal Summary

State Effect: General fund revenues would decrease by approximately \$54,700 in FY 1998. General fund expenditures would decrease by approximately \$16,800 in FY 1998. Out-year revenues and expenditures reflect 3% growth.

(in dollars)	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
GF Revenues	(\$54,700)	(\$11,400)	(\$70,100)	(\$11,800)	(\$70,700)
GF Expenditures	(16,800)	(6,000)	(17,500)	(6,400)	(18,100)
Net Effect	(\$37,900)	(\$5,400)	(\$52,600)	(\$5,400)	(\$52,600)

Note: () - decrease; GF - general funds; FF - federal funds; SF - special funds

Local Effect: None.

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

Fiscal Analysis

State Effect: The revenue and expenditure decreases discussed below are based on the following assumptions:

- Approximately 260 pawnbroker and secondhand precious metal objects dealers renew their licenses biennially.
- Approximately 70 new dealers apply for licensure annually.
- Approximately 70 new employees of dealers require criminal history records checks annually.
- Industry growth is estimated at 3%.

General fund revenues would decrease by approximately \$54,700 in fiscal 1998. This reflects a reduction in licensing application and renewal fees for pawnbrokers and secondhand precious metal dealers from \$300 to \$75 biennially, and the elimination of a \$25 fee paid by the applicant for each employee when the employee is initially hired. These funds were utilized to offset a portion of the cost of the required State and national criminal history records check for applicants and their employees.

General fund expenditures would decrease by about \$16,800 in fiscal 1998. This reflects DLLR not having to pay the cost of the State and national criminal history records checks for pawnbroker and secondhand metal object dealer applicants and their employees. The State criminal history records check fee is \$18 and the national records check fee is \$24, for a total of \$42 for each applicant and \$42 for each employee when each employee is initially employed.

Under this bill, the applicant and the employees would be responsible for paying for their initial criminal record checks at \$42 each. Upon renewal, the applicant would be required to pay the \$24 national fee, but the \$18 State records check would be updated at no cost. Continuing employees would not require a new criminal records check, although new employees would be required to have both criminal record checks performed and pay the associated fees.

Small Business Effect: As discussed above, approximately 260 pawnbrokers and secondhand precious metal object dealers renew their licenses biennially, and approximately 70 dealers apply for new licenses and 70 new employees are hired annually. The majority of these businesses are small businesses.

New dealer applicants would experience a decrease in expenditures of \$183 for each application as a result of this bill. The decrease is derived from the difference in the \$42 total cost of criminal history records checks dealers are required to pay under the bill and the reduction in the application fee of \$225. A dealer renewing his/her license will experience a total savings of \$201 biennially as a result of a reduction in the renewal fee of \$225 and the addition of the \$24 cost associated with the required national criminal background check.

Information Source(s): Department of Labor, Licensing, and Regulation

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