

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE
Revised

House Bill 449

(Delegate Petzold, *et al.*)

Economic Matters

Finance

Dealers - Precious Metal Objects - Transfer of Records

This bill requires the Secretary of Labor, Licensing, and Regulation to encourage secondhand dealers, pawnbrokers, and local law enforcement units to develop a system for transmitting records of transactions involving secondhand precious metal objects. The bill authorizes secondhand dealers and pawnbrokers to electronically submit records of these transactions to a local law enforcement agency in a format acceptable to the receiving law enforcement agency. The bill also provides that electronic transfer of records must be completed by the end of the business day in which an object was acquired.

Fiscal Summary

State Effect: The penalty provisions of this bill are not expected to significantly affect State finances or operations.

Local Effect: County and municipal expenditures could increase to acquire the necessary computer hardware and software to accept electronic transfer of records of daily transactions from secondhand dealers and pawnbrokers. County and municipal revenues would not be directly affected.

Small Business Effect: Minimal.

Analysis

Current Law: Secondhand dealers and pawnbrokers must transfer records of daily transactions of secondhand precious metal objects to local law enforcement agencies by

delivering or mailing a copy of the records by the end of the next business day after the day on which the object was acquired.

A person who willfully or knowingly violates a law regarding secondhand precious metal objects is guilty of a misdemeanor and, on conviction, is subject to a fine of up to \$10,000, imprisonment for up to two years, or both. Each associate, employee, manager, or partner who participates in or consents to a violation is guilty of a misdemeanor, and on conviction, is subject to a fine of up to \$5,000, imprisonment for up to one year, or both. In addition, the Secretary of Labor, Licensing, and Regulation may impose a civil penalty of up to \$5,000 for each violation.

Background: The Metropolitan Washington Council of Governments (MWCOCG) has created a task force to explore ways to assist local law enforcement agencies in tracking the movement of secondhand precious metal objects by secondhand dealers and pawnbrokers. The task force has enlisted 17 jurisdictions in Maryland, Virginia, and the District of Columbia to participate in a program that would use electronic submission of records for transactions of precious metal objects; five of these jurisdictions will participate in a pilot program to implement the electronic method of transmitting records involving precious metal objects in secondhand stores.

Montgomery County advises that it is one of the five jurisdictions that will participate in the MWCOCG pilot program. The county further advises that the current paper-based method of reporting has created backlogs of up to 45 days before the records are manually entered into the county police's database and that this delay has created inefficiencies in enforcement and compliance activities regarding precious metal objects. The county advises that an estimated 60% to 70% of all secondhand dealers and pawnbrokers are currently keeping electronic records of their inventories. The county advises that electronic submission could involve online reporting, uploading data to a central database via disk or other means, or transmittal of records via e-mail in a predetermined format.

The Department of Labor, Licensing, and Regulation (DLLR) defines a precious metal object as a precious metal containing gold, iridium, palladium, platinum, or silver; a precious or semiprecious stone, or a pearl, that is or appears to be attached to or inlaid in a precious metal or alloy of a precious metal; or an object that is composed of a precious metal or precious metal alloy if at least 25% of the object's weight is precious metal or the market value of the metal in the object lies primarily in the precious metal component. DLLR advises that there are 267 licensed secondhand dealers and pawnbrokers in Maryland.

Local Fiscal Effect: It is not currently known which method or methods of electronic transfer would be chosen by local law enforcement agencies, but it is assumed that county and municipal expenditures would increase minimally or could be handled with existing resources to acquire computer hardware and software. Local law enforcement agencies could realize benefits from electronic transfer of records by reducing time spent on administrative tasks and increasing time spent on enforcement and compliance activities.

Small Business Effect: An estimated 60% to 70% of all secondhand dealers and pawnbrokers are currently keeping electronic records of their inventories. Secondhand dealers and pawnbrokers that do not keep electronic records of their inventories and choose to electronically submit records to a local law enforcement agency would face additional operational costs to acquire the appropriate computer hardware and software. However, any impact is assumed to be minimal.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Montgomery County; Department of Labor, Licensing, and Regulation; Department of Legislative Services

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