

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE
Revised

House Bill 1177

(Chair, Economic Matters Committee)

(By Request – Departmental – State Police)

Economic Matters

Education, Health, and Environmental Affairs

Secondhand Precious Metal Object Dealers and Pawnbrokers - Electronic Reporting

This departmental bill requires secondhand precious metal object dealers to electronically submit all records to law enforcement by repealing authorization to deliver or mail required records. This requirement may not be construed to require these dealers to purchase additional software or pay a transaction fee to submit records.

The Department of State Police and the Department of Labor, Licensing, and Regulation are required to report by December 1, 2008 on the effect of licensing and reporting requirements.

Fiscal Summary

State Effect: Potential minimal decrease in administrative expenditures for DSP when designated as primary law enforcement for a local jurisdiction. Potential minimal decrease in printing costs for DLLR as regulator of secondhand precious metal object dealers. The departments should be able to comply with the reporting requirement with existing resources.

Local Effect: Potential minimal decrease in administrative expenditures for local law enforcement agencies.

Small Business Effect: DSP has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment. (The attached assessment does not reflect changes to the bill.)

Analysis

Current Law: DLLR 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. Licensees are required to record specified transaction information and submit this information to law enforcement by mail or electronic means.

Applicants for licensure must pay a nonrefundable fee of \$75 and sign an application under oath that contains specified information, including a fixed business address. The applicant must also agree to submit to an investigation of the dealer's inventory by law enforcement agencies in the case of a stolen property investigation. All licensed dealers and their employees must submit to a criminal history records check, including fingerprinting at the individual's expense. Licenses are issued for a period of two years.

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. All records must be submitted to law enforcement and retained by the dealer for at least three years in a location within the State. 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.

Background: Chapter 175 of 2004 required the Secretary of Labor, Licensing, and Regulation to encourage secondhand dealers, pawnbrokers, and local law enforcement units to develop a system for transmitting records electronically of transactions involving secondhand precious metal objects. Chapter 379 of 2005 required all records to be submitted electronically in Howard County only.

The State Police indicates that electronic reporting improves the consistency, availability, and timeliness of pawn transaction reporting, thereby improving law enforcement's ability to share data and compare information to stolen property reports. DLLR advises that the Governor's Office of Crime Control and Prevention will issue free software to each of the State's 234 secondhand precious metal object dealers to standardize and facilitate electronic reporting.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Baltimore City; Kent County; Prince George's County; Washington County; Department of State Police; Department of Labor, Licensing, and Regulation; Department of Legislative Services

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