

Department of Legislative Services  
Maryland General Assembly  
2009 Session

FISCAL AND POLICY NOTE  
Revised

Senate Bill 597

(Senator Conway, *et al.*)

Education, Health, and Environmental Affairs

Economic Matters

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Secondhand Precious Metal Object Dealers and Pawnbrokers - Electronic  
Reporting

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

The Governor's Office of Crime Control and Prevention (GOCCP), in consultation with the Department of Labor, Licensing, and Regulation (DLLR) and local law enforcement units, must report by December 1, 2009, to specified legislative committees on the licensing and reporting requirements for sale of secondhand items in Maryland.

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Fiscal Summary

**State Effect:** GOCCP advises that it is able to comply with the reporting requirement with existing resources.

**Local Effect:** Potential increase in operational efficiencies for local law enforcement agencies.

**Small Business Effect:** Potential minimal.

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Analysis

**Bill Summary:** The bill specifies that the required information may be submitted in a format acceptable to the receiving law enforcement unit; current law requires that a copy

of the actual record be submitted. This information must be sent to the law enforcement unit by noon of the business day after which the goods were acquired.

For primary law enforcement units that do not have an electronic reporting system in place by the bill's October 1, 2009 effective date, GOCCP may authorize the primary law enforcement unit to require paper reporting from the dealers in its jurisdiction for one year. GOCCP may also authorize a local law enforcement unit within the same county to receive records electronically until the primary law enforcement unit has an electronic reporting requirement system.

The bill also repeals an exemption for antique dealers who deal in secondhand precious metal objects from the electronic reporting requirement.

**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 by the end of each business day.

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. Licensed antique dealers that do not engage in pawn transactions are exempt from reporting requirements.

**Background:** Chapter 175 of 2004 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 electronically of transactions involving secondhand precious metal objects. Chapter 379 of 2005 requires 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 GOCCP can issue free software to each of the State's 360 secondhand precious metal object dealers to standardize and facilitate electronic reporting.

According to DLLR, the number of licenses for buying or selling secondhand precious metals has jumped 50% in two years. Due to the recession and the current price of gold, many people in the State are selling personal property that contains precious metals for the high cash value. The global price of gold is about twice what it was four years ago.

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### **Additional Information**

**Prior Introductions:** A similar bill, HB 1177 of 2008 as amended, passed the House and was heard in the Senate Education Health and Environmental Affairs Committee, but no further action was taken on the bill.

**Cross File:** HB 1039 (Delegate Davis) - Economic Matters.

**Information Source(s):** Charles, Frederick, Harford, Montgomery, and Somerset counties; Department of State Police; Department of Labor, Licensing, and Regulation; Governor's Office of Crime Control and Prevention; Department of Legislative Services

**Fiscal Note History:** First Reader - February 22, 2009  
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