

**Department of Legislative Services**  
Maryland General Assembly  
2009 Session

**FISCAL AND POLICY NOTE**

House Bill 1039  
Economic Matters

(Delegate Davis)

---

**Secondhand Precious Metal Object Dealers and Pawnbrokers - Electronic Reporting**

---

This 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 (DLLR) must report by December 1, 2009, to specified legislative committees on the licensing and reporting requirements for sale of secondhand items in Maryland.

---

**Fiscal Summary**

**State Effect:** The departments advise that they are 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.

---

**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. 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 the Governor's Office of Crime Control and Prevention can issue free software to each of the State's 360 secondhand precious metal object dealers to standardize and facilitate electronic reporting.

---

### **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:** SB 597 (Senator Conway, *et al.*) - Education, Health, and Environmental Affairs.

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

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

---

Analysis by: Michael T. Vorgetts

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510