

Department of Legislative Services
Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE

House Bill 1102
Economic Matters

(Delegate Niemann, *et al.*)

Business Regulation - Bookstores Purchasing Used Textbooks - Required Records

This bill requires bookstores to create and maintain transaction records when purchasing used textbooks valued at \$50 or more.

Fiscal Summary

State Effect: Potential minimal increase in general fund revenues and expenditures due to the bill's penalty provisions.

Local Effect: Potential minimal increase in local government expenditures due to the bill's penalty provision. Potential minimal decrease in the expenditures of locally funded public libraries to the extent that thefts of textbooks from libraries decrease as a result of the bill.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: For each qualifying transaction the bookstore must record (1) the name and address of the seller; (2) the seller's driver's license number or similar information from another form of government-issued identification; (3) a description of the items sold; and (4) the transaction date. Records must be kept for two years from the date of sale.

Persons who violate the bill's provisions are guilty of a misdemeanor and may be fined up to \$5,000 and/or imprisoned for up to 60 days.

Current Law/Background: Many businesses that deal in second hand objects – for example, jewelers and pawnbrokers – are required by law to create and maintain transaction records when purchasing specified items. Maryland law currently has no such established requirements for bookstores in the State.

The high resale value of college textbooks has resulted in increased reports of these items being taken from libraries for sale at college bookstores. For example, in November 2009, 12 people were arrested in Prince George’s County after checking out 822 books from county library locations and selling them for more than \$87,000 to local retailers.

State Revenues: General fund revenues increase minimally as a result of the bill’s monetary penalty provision from cases heard in the District Court.

State Expenditures: General fund expenditures increase minimally as a result of the bill’s incarceration penalty due to more people being committed to Division of Correction facilities for convictions in Baltimore City. The number of people convicted of this proposed crime is expected to be minimal.

Generally, persons serving a sentence of one year or less in a jurisdiction other than Baltimore City are sentenced to a local detention facility. The Baltimore City Detention Center, a State-operated facility, is used primarily for pretrial detentions.

Local Expenditures: Expenditures increase as a result of the bill’s incarceration penalty. Counties pay the full cost of incarceration for people in their facilities for the first 12 months of the sentence. Per diem operating costs of local detention facilities are expected to range from \$57 to \$157 per inmate in fiscal 2011.

Small Business Effect: In order to comply with the bill’s recordkeeping requirements, bookstores in the State may experience operational and financial effects. Many college bookstores may be able to use a computerized inventory system to record information required by the bill; some may keep paper records. However, acquiring and implementing searchable database systems or hardcopy filing systems may require some expense. Given the volume of resale activity at certain times of the year, it may be difficult for bookstores to create and effectively maintain the required records without inhibiting their capacity to purchase, and subsequently resell, these items.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Caroline, Howard, Montgomery, and Prince George's counties; Maryland Independent College and University Association; Maryland Higher Education Commission; Baltimore City Community College; Morgan State University; University System of Maryland; Judiciary (Administrative Office of the Courts); Department of State Police; Department of Legislative Services

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