

Department of Legislative Services
Maryland General Assembly
2011 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 950

(Senator Ramirez)

Education, Health, and Environmental Affairs

Economic Matters

Prince George's County - Secondhand Precious Metal Object Dealers - Precious
Metal Objects - Holding Period

This bill increases the length of the holding period for precious metal objects acquired by licensed secondhand precious metal object dealers in Prince George's County from 18 to 30 days.

However, the current 18-day holding period still applies to a precious metal object that (1) a dealer licensed in Prince George's County acquired in a pawn transaction; and (2) an individual seeks to redeem by presenting the original ticket issued as part of the pawn transaction.

Fiscal Summary

State Effect: The bill does not directly affect governmental operations or finances.

Local Effect: The bill does not materially affect the operations or finances of Prince George's County.

Small Business Effect: Potential meaningful. Extending the holding period by 12 days for dealers in Prince George's County adds uncertainty to the future value of precious metal objects due to frequent fluctuations in global market prices.

Analysis

Current Law: The Department of Labor, Licensing, and Regulation (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 must 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. Any secondhand precious metal object acquired by a dealer must be held for at least 18 days in the county where the dealer holds a license after a record is submitted to law enforcement. A law enforcement agency may require a dealer to hold a precious metal object for an additional 12 days if the agency has reason to believe that the item is stolen.

Licensees must record specified information for each transaction on a form provided by the Secretary of Labor, Licensing, and Regulation. Records must be kept for at least three years at a location within the State. Dealers must submit records by transmitting the required information from the records electronically, in a format acceptable to the receiving law enforcement unit, by noon of the business day following the transaction.

Persons who violate the State law relating to secondhand precious metal object dealers may face criminal and civil penalties. Persons who willfully or knowingly violate these provisions are guilty of a misdemeanor and may be imprisoned for up to two years and are also subject to fines of up to \$10,000. The Secretary may also fine a person who violates the law up to \$5,000 per offense.

Background: Chapter 562 of 2009 established electronic reporting requirements for dealers, thereby repealing the authorization that allowed dealers to mail or submit paper transaction records to law enforcement. The State uses the Regional Automated Property Information Database (RAPID) system to transmit acquisition information from secondhand dealers to local law enforcement through an Internet interface. RAPID enables police departments statewide to immediately gain access to timely information about property that has been sold to pawnbrokers, precious metal dealers, or vehicle salvage yards. According to DSP, law enforcement units in Maryland recovered more than \$5 million in stolen property in 2010, the first full year RAPID was active. The Department of State Police and DLLR report that the advent of electronic reporting and tracking of transactions in a statewide database has enhanced criminal and regulatory enforcement.

Some jurisdictions – such as Anne Arundel, Montgomery, and Prince George’s counties – have established 30-day holding periods for secondhand transactions that do not involve precious metal objects.

Small Business Effect: DLLR advises that most of its licensed dealers are small businesses. Because the value of secondhand precious metals fluctuates daily, extending the holding period may impact dealers in Prince George's County negatively or positively based on changes in the global market. For example, for the 18-day period between October 22, 2010, and November 9, 2010, the price of gold increased from \$1,323 to \$1,421 per ounce. Under current law, a dealer could have resold an item made of gold for a profit of \$98 per ounce. However, under the bill, the dealer must hold the item for an additional 12 days. By November 21, 2010, the price had decreased to \$1,343; after the additional 12 days the dealer's profit would have been reduced to \$20 per ounce. Thus, increasing the holding period for precious metal items may impede the ability of secondhand precious metal object dealers in Prince George's County to take advantage of favorable market fluctuations in the price of precious metals.

Additional Information

Prior Introductions: HB 1217 of 2010, as amended, passed the House and received a favorable report from the Senate Education, Health, and Environmental Affairs Committee, but no further action was taken on the measure.

Cross File: HB 1116 (Prince George's County Delegation) - Economic Matters.

Information Source(s): Kitco; Prince George's County; Governor's Office of Crime Control and Prevention; Department of Labor, Licensing, and Regulation; Department of State Police; Department of Legislative Services

Fiscal Note History: First Reader - March 11, 2011
mc/mcr Revised - Senate Third Reader - April 1, 2011

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