

Department of Legislative Services
Maryland General Assembly
2012 Session

FISCAL AND POLICY NOTE

Senate Bill 246 (Senator Conway)
Education, Health, and Environmental Affairs Economic Matters

Secondhand Precious Metal Object Dealers - Securing and Tagging Items - Requirements

This bill allows a secondhand precious metal object dealer to place all items acquired in a single transaction into a secure container approved by local law enforcement during the required holding period, as long as each item in the transaction is recorded separately in the required written record of the transaction and the container is tagged with a number which corresponds to the transaction and the written record entry.

Fiscal Summary

State Effect: None. The bill is procedural in nature and does not directly affect governmental finances.

Local Effect: None.

Small Business Effect: Potential meaningful impact on secondhand precious metal object dealers operating in the State, to the extent that the bill reduces the operational burden of recordkeeping requirements.

Analysis

Current Law: The Department of Labor, Licensing, and Regulation (DLLR) regulates dealers who acquire and trade secondhand precious metal objects, including gold and silver. 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 in accordance with the Maryland Secondhand Precious Metal Object Dealers and Pawnbrokers Act.

Licensees are required to record specified information for each transaction on a form provided by DLLR. Records must be kept for at least three years at a location within the State. Further, dealers must submit records electronically, in a format acceptable to the receiving law enforcement unit, by noon of the business day following the transaction. Licensees are required to maintain written 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.

The transaction requirements do not apply to certain retail jewelers with a fixed Maryland business address in the State.

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. The primary 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. Chapters 306 and 307 of 2011 increased the holding period for precious metal objects acquired by licensed 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 acquires in a pawn transaction; and (2) an individual seeks to redeem by presenting the original ticket issued as part of the pawn transaction. A dealer may submit a request to the primary law enforcement unit for a shorter holding period for a specific precious metal object.

Background: The amount of regulatory activity related to secondhand precious metal object dealers and pawnbrokers depends largely on the value of precious metals at a given time. Between 2005 and mid-2011, the price of gold increased from about \$500 per ounce to over \$1,600 per ounce. The increase in the price of gold coincided with a significant increase in the number of secondhand precious metal object dealers and pawnbrokers licensed by DLLR. The number of such licensees increased from about 260 in 2005 to nearly 600 by February 2011.

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.

Small Business Effect: DLLR advises, and Legislative Services concurs, that most of its licensed dealers are small businesses and will benefit to the extent that the bill reduces the operational burden of recordkeeping requirements.

Additional Information

Prior Introductions: None.

Cross File: HB 206 (Delegate Jameson, *et al.*) - Economic Matters.

Information Source(s): Baltimore, Garrett, Howard, and Montgomery counties; Department of Labor, Licensing, and Regulation; Department of State Police; Department of Legislative Services

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