

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE

House Bill 85
Economic Matters

(Delegate M. Washington, *et al.*)

Business Regulation - Automated Purchasing Machines - Requirements and Records

This bill establishes specified transaction, recordkeeping, and reporting requirements for “automated purchasing machines” (APMs) – also known as reverse vending machines – and APM operators. A county or municipality in which an APM is located must designate by resolution the primary law enforcement unit to receive APM transaction records. Each violation of the bill’s provisions is a misdemeanor and subject to a fine of up to \$100. The Secretary of Labor, Licensing, and Regulation may adopt regulations to implement and enforce the bill.

Fiscal Summary

State Effect: The Department of Labor, Licensing, and Regulation (DLLR) can implement the bill with existing budgeted resources. General fund expenditures increase minimally for the Department of State Police (DSP) beginning in FY 2015 due to an increase in registrations with the Regional Automated Property Information Database (RAPID) system. DSP can otherwise enforce the bill with existing budgeted resources. Penalty provisions do not materially affect State revenues.

Local Effect: Local governments can implement the bill with existing budgeted resources. Revenues are not affected.

Small Business Effect: Minimal.

Analysis

Bill Summary: “Automated purchasing machine” means a self-service device that is designed to dispense money in exchange for personal property – also known as a reverse vending machine. “APM operator” means a person that buys or offers to buy personal property by means of an APM.

The bill does not apply to an APM that is used exclusively for collecting “recyclable materials” – material that, if not recycled, would become solid waste for disposal in a refuse disposal system and may be collected, separated, or processed and returned to the marketplace in the form of raw materials or products. This includes paper, glass, metals, plastics, and cardboard.

An APM operator must ensure that each APM meets the following transaction and reporting requirements:

- Before completion of a transaction in which an APM purchases personal property, the APM must require the seller to provide his or her full name, home address, and date of birth.
- To verify the above information, the APM must require the seller to submit a government-issued identification card or any other form of personal identifying information required by the Secretary of Labor, Licensing, and Regulation.
- On completion of a transaction, the APM must make a record of the transaction that includes the required information obtained from the seller and the date, time, and location of the transaction.
- If the item purchased is an electronic device, the APM must make a record of (1) the make and model of the device; (2) the wireless carrier that provided wireless communication service to the device, if applicable; (3) the assigned telephone number or other subscriber or account identifier of the device known at the time of sale, if applicable; and (4) the serial number of the device.

An APM operator must submit a copy of the required records to the primary law enforcement unit within 48 hours after a transaction in a format acceptable to the primary law enforcement unit. A “primary law enforcement unit” means DSP, a police department, or sheriff, as designated by a resolution of the county or municipality in the county in which the APM is located.

An APM operator is required to keep all personal property purchased in the State for at least 30 days after the APM operator submits the required information to the primary law enforcement unit. Further, an APM operator must wait 48 hours after the completion of a transaction before disbursing payment to a seller, in the form of a check sent to the address provided by the seller.

An APM operator must keep the required records for at least one year after the date of the transaction. A copy of a record submitted to the primary law enforcement unit must be kept confidential, is not a public record, and is not subject to Title 10, Subtitle 6 of the State Government Article pertaining to records.

Current Law: The bill establishes a regulatory framework similar to that already in place for dealers of secondhand precious metal objects. 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 who transact in secondhand precious metal objects, must be licensed before doing business in the State in accordance with the Maryland Secondhand Precious Metal Object Dealers and Pawnbrokers Act.

In general, a secondhand precious metal object dealer may only purchase secondhand precious metal objects at the address for which the dealer's license is issued.

Background: Baltimore City specifically banned APMs in September 2013. Montgomery and Prince George's counties also prohibit APMs under their respective secondhand objects laws.

Chapter 562 of 2009 established electronic reporting requirements for secondhand precious metal object dealers, thereby repealing the authorization that allowed dealers to mail or submit paper transaction records to law enforcement. The State uses the RAPID system to transmit acquisition information from secondhand precious metal object 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. Since the inception of the RAPID system, law enforcement has recovered more than \$13 million in stolen property.

EcoATM

A California-based company, ecoATM, has recently expanded its line of APMs into the State. According to the company's website, there are fewer than 20 ecoATMs in Maryland (mostly at shopping malls) capable of accepting cellular phones and other consumer electronic devices in exchange for an immediate cash payment. The company

states that it voluntarily holds all inventory for a minimum of 30 days (in San Diego, California) from the collection date before moving the devices to buyers. The company states that it follows any applicable laws that require longer holding periods for select locations and that it works with law enforcement to return stolen items.

State Expenditures: DLLR can implement the bill with existing budgeted resources. DSP advises that APMs can submit the required transaction records using the RAPID system already in place for secondhand precious metal object dealers. As the bill does not authorize a registration fee for APMs, general fund expenditures increase minimally for DSP beginning in fiscal 2015 to pay for APM registrations with the RAPID system. Each APM must be registered separately and a registration costs DSP \$210 annually. DSP can enforce the bill with existing budgeted resources.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Labor, Licensing, and Regulation; Department of State Police; Judiciary (Administrative Office of the Courts); Governor's Office of Crime Control and Prevention; Baltimore City; Carroll, Harford, Montgomery, Queen Anne's, and St. Mary's counties; ecoATM.com; Department of Legislative Services

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