

Department of Legislative Services
Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE

House Bill 752
Economic Matters

(Delegate Kirk, *et al.*)
Education, Health, and Environmental Affairs

Business Regulation - Secondhand Precious Metal Object Dealers - Exempted Transactions and Record Keeping Requirements

This bill alters the Maryland Secondhand Precious Metal Object Dealers and Pawnbrokers Act by (1) specifying that certain transactions are exempted from the Act's reporting requirements; (2) changing the procedure for identifying or tagging items obtained by a dealer; and (3) requiring primary law enforcement units to accept a dealer's amended or updated transaction records.

Fiscal Summary

State Effect: None. Any change in State activities does not materially affect State finances. The Department of State Police (DSP) advises that its record keeping software system can accept amended records.

Local Effect: None. Primary law enforcement units use the DSP system and, thus, can also accept amended records.

Small Business Effect: Potential minimal. Retail jewelers benefit from greater flexibility related to the Act's transaction reporting requirements.

Analysis

Bill Summary: The bill specifies that the Act does not apply to transactions by retail jewelers with a fixed Maryland business address when they accumulate precious metal objects in the course of performing repairs, remountings, fabrications, or custom orders. Under the bill, a dealer may identify items held during the holding period by either

tagging them with a transaction number or keeping them in separate containers that have an affixed transaction report or are marked with a transaction number.

Current Law: The Department of Labor, Licensing, and Regulation 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 in accordance with the Maryland Secondhand Precious Metal Object Dealers and Pawnbrokers Act.

Licensees are required to record specified information for each transaction involving a secondhand precious metal or item acquired for the purpose of resale on a form provided by the Secretary of Labor, Licensing, and Regulation and must submit records by transmitting the required information 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 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 Act requires a separate record for each item involved in a transaction. However, items in a matching set may be recorded as a set if acquired in a single transaction. Licensees must tag each item individually with a number that corresponds to the transaction; items acquired in a matching set may be tagged as a set. Unless a request for a shorter holding period is granted by the primary law enforcement unit, 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.

The transaction requirements do not apply to retail jewelers with a fixed Maryland business address in the State if a jeweler (1) accepts the return or trade-in of an item; (2) repossesses merchandise that the jeweler originally sold, if the buyer has defaulted; or (3) retains merchandise that the jeweler originally accepted for repair as a bailee for hire if the customer has defaulted or failed to reclaim the item.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - March 1, 2010
ncs/mcr

Analysis by: Michael T. Vorgetts

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