

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1578
Economic Matters

(Delegate S. Howard, *et al.*)

Secondhand Precious Metal Objects - Holding Period and Objects Containing Silver

This bill removes silver from the definition of “precious metal object” subject to regulation under the Maryland Secondhand Precious Metal Object Dealers and Pawnbrokers Act. The general holding period for a secondhand precious metal object acquired by a dealer is reduced from 18 days to 10 days. A related change is made to specified transactions in Prince George’s County.

Fiscal Summary

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

Local Effect: The bill does not materially affect local government finances or operations.

Small Business Effect: Meaningful.

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 who deal 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.

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.

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. The primary law enforcement agency can also extend the hold period for an additional 45 days if an item is under continuous active investigation with documented progress in the investigation. The 45-day extension can be renewed as many times as necessary. A dealer may submit a request to the primary law enforcement unit for a shorter holding period for a specific precious metal object.

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 an electronic system to transmit acquisition information from secondhand dealers to local law enforcement through an Internet interface. The system 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: Businesses affected by the bill are likely small businesses and benefit from potentially reduced holding periods and fewer transaction records/reporting related to silver objects.

Additional Comments: The Department of State Police advises that the current holding period is needed to allow victims of theft to discover that property has been stolen, notify law enforcement of the theft, and allow law enforcement to query the electronic records system.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of State Police; Department of Labor, Licensing, and Regulation; Governor's Office of Crime Control and Prevention; Garrett and Montgomery counties; Department of Legislative Services

Fiscal Note History: First Reader - March 8, 2018
mag/mcr

Analysis by: Stephen M. Ross

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