

PAWNBROKERS: REQUIRE CERTAIN DOCUMENTATION

**House Bill 5346 as introduced
First Analysis (12-2-97)**

**Sponsor: Rep. William Callahan
Committee: Regulatory Affairs**

THE APPARENT PROBLEM:

The pawnbrokers' act, Public Act 273 of 1917, has been virtually unchanged for decades. Some police officers argue that reporting requirements under the act are so minimal that pawnbrokers may report to police that they received a "gun", "jewelry", or "watch", with no descriptions or even a make or model, thus making it harder for police to track and retrieve stolen property. Further, computers, cell phones, and pagers have become a favorite target of thieves. Some believe that establishing a better paper trail on pawned items would enable police to crack down on illegal fencing operations and to recover stolen property. Legislation has been introduced to create a transaction report designed to provide a more detailed description of pawned items.

eight and a half inches by eleven inches, in quadruplicate,

THE CONTENT OF THE BILL:

The bill would amend Public Act 273 of 1917, which regulates pawnbrokers, to require pawnbrokers to include certain information in the book that each pawnbroker is required to keep, and to record certain information on a record of transaction form and forward a copy of the record to the local police. Currently, pawnbrokers are required to record certain information for each article received in a book that can be inspected by law enforcement personnel. The bill would require, in addition, that a sequential transaction number and the driver license number, official state personal identification card number, or government identification number of the person that an article was received from be added to the list of information that is currently required. The bill would delete the requirement to list in the book the rate of interest to be paid on a loan made by a pawnbroker. The bill would also delete the mayor and president of a municipality from the list of those having authority to inspect the pawnbroker's book, but would add the township attorney and the Department of State Police.

In addition, a pawnbroker would be required to make a permanent record of each transaction of receiving an article of personal property on a form provided by the pawnbroker that substantially complied with provisions in the bill. Each record of transaction would have to be

in English, in ink, and contain all the applicable information required under the bill. The pawnbroker would have to retain one copy and send one copy to the local police agency within 48 hours of the transaction. (The transaction form would include a requirement that a copy also be sent to the Department of State Police within 48 hours of the transaction.) Information required to be on the transaction form would include a detailed description of the article; the customer's name, address, place of employment, age, height, weight, and race; and the customer's right thumbprint.

(Note: Public Act 231 of 1945 [MCL 445.472] requires a pawnbroker or secondhand dealer to take the thumbprint of someone from whom property was received, and to send a copy of the thumbprint, along with a description of the property, to the local chief of police or chief police officer and also to the state police within 48 hours. Further, section 6 of the Pawnbrokers' Act [MCL 446.206] currently requires pawnbrokers to make a sworn statement daily, except on Sundays, to the local police regarding any transactions. A description of the goods along with the pawnee's name, residence, and description must be included with the sworn statement.)

MCL 446.205

FISCAL IMPLICATIONS:

Fiscal information is not available.

ARGUMENTS:

For:

Legitimate pawnbrokers do provide a service to their customers, often being the only source for loans for people who, for various reasons, do not have access to more traditional bank loans. Pawnbrokers report that over 90 percent of pawned items are redeemed by the pawnees. However, by requiring more detailed information to be recorded on sequentially numbered transaction forms filed with both the local and state police, the bill should discourage illegal operations and aid police in tracking down and recovering stolen items.

Against:

The pawnbrokers' act already requires pawnbrokers to make a daily report to the local police. If the bill is going to add a newer and more detailed reporting requirement, then the daily reporting requirement should be deleted. Further, it should be clarified as to whether the newer reporting standard would supersede the current reporting requirement of Public Act 231 of 1945 or if it would be in addition to that act's requirement. If pawnbrokers must send in different reports to comply

with two different acts' reporting requirements, the result could be a paper overload for local and state police.

POSITIONS:

The Department of State Police is neutral on the bill.(12-1-97)

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.