
A BILL FOR AN ACT

RELATING TO PAWNBROKERS AND SECONDHAND DEALERS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. In recent years, property crime in Hawaii has
2 increased at an alarming rate, and experts generally agree that
3 drug use, specifically crystal methamphetamine use, is the
4 driving force behind the high property crime rate. This nexus
5 exists because stolen property can easily be sold for money that
6 can then be used to feed the perpetrator's drug habit.

7 One approach to reducing the profits from property crimes
8 is to expedite the reporting of pawnbroker and secondhand dealer
9 transactions to law enforcement. The current method of
10 recording the daily transactions of pawnbrokers and secondhand
11 dealers is antiquated and time-consuming. Currently, pawn
12 ticket receipts are manually recovered and entered into a
13 computer system. By the time the police department receives
14 this information, it may already be outdated.

15 An automated system to record daily transactions would
16 revolutionize this process by increasing the speed by which
17 information is transferred from the pawnshop or secondhand
18 dealer to the police department. Such a system would reduce the



1 recovery time for stolen items and allow the police to inspect
2 and track these transactions in a timely manner, thereby
3 increasing the likelihood that a person committing a crime will
4 be identified using the information provided by pawn ticket
5 receipts.

6 The purpose of this Act is to facilitate the timely
7 reporting of pawnbroker and secondhand dealer transactions to
8 law enforcement by requiring daily electronic reporting of these
9 activities.

10 SECTION 2. Section 486M-2, Hawaii Revised Statutes, is
11 amended to read as follows:

12 "**§486M-2 Record of transactions.** (a) Every dealer, or
13 the agent, employee, or representative of the dealer shall,
14 immediately upon receipt of any article, record the following
15 information[~~, on a form~~] in a manner authorized by the chief of
16 police in each county:

- 17 (1) The name and address of the dealer;
- 18 (2) The name, residence address, date of birth, and the
19 age of the person from whom the article was received;
- 20 (3) The date and time the article was received by the
21 dealer;



- 1 (4) The signature of the person from whom the article was
2 received;
- 3 (5) The Hawaii [†]driver's[†] license number, or if the
4 person does not possess a Hawaii [†]driver's[†]
5 license, the number of and description of any
6 government issued identification [~~which~~] that bears a
7 photograph of the person from whom the article was
8 received;
- 9 (6) A complete and accurate description of the article
10 received, including all markings, names, initials, and
11 inscriptions;
- 12 (7) A reasonable estimate of the fineness and weights of
13 the precious and semiprecious metals and precious and
14 semiprecious gems received; and
- 15 (8) The price paid by the dealer for each article.
- 16 (b) Upon request and at the discretion of the chief of
17 police of each county, copies of all completed forms required by
18 this section shall be surrendered, mailed, or electronically
19 inputted and transmitted via modem or by facsimile transmittal
20 to the chief of police or to the chief of police's authorized
21 representative. The method of submittal to the chief of police
22 shall be at the option of the [~~dealer.~~] chief of police.



1 (c) Every dealer shall perform daily electronic reporting
2 via the Internet or computer disk in a manner and using software
3 as directed by the chief of police in each county; provided that
4 a dealer may continue using existing software deemed by the
5 chief of police in the applicable county to be sufficient to
6 meet the electronic reporting requirements of this section. The
7 daily report shall include all property pledged, received,
8 traded, bartered, bought, or otherwise acquired during the
9 twenty-four hours ending at 8:00 p.m. on the date of the report.

10 (d) If a dealer discovers an error in the daily electronic
11 report required under subsection (c), the dealer shall
12 immediately correct the error. A dealer shall be allowed at
13 least thirty days to correct an error in the daily report
14 discovered by the police department of the applicable county,
15 commencing upon the receipt of notice of the error from the
16 police department.

17 (e) If a dealer experiences a computer malfunction
18 relating to the daily electronic reporting requirements of this
19 section, the dealer shall be allowed a period of at least
20 fifteen days to repair the malfunction. During this period, the
21 dealer shall not be deemed in violation of this section if the
22 dealer has notified the police department of the applicable



1 county of the malfunction and is making a bona fide effort to
2 repair the malfunction.

3 (f) A dealer shall not be responsible for a delay in
4 submitting daily electronic reports under this section resulting
5 from a malfunction of the reporting database.

6 (g) During the period needed to address a reporting error
7 under subsection (d), a computer malfunction under subsection
8 (e), or a database malfunction under subsection (f), the dealer
9 and the chief of police for the applicable county shall arrange
10 a mutually acceptable alternative method by which the dealer
11 shall provide the reportable data to the chief of police.

12 (h) Regardless of the cause of any technical problem
13 preventing a dealer from uploading daily electronic reports
14 under this section, upon correction of the problem, the dealer
15 shall upload every reportable transaction from every business
16 day beginning on the day of the first occurrence of the problem.

17 (i) The dealer may, in lieu of electronic reporting under
18 this section, manually record the transaction and deliver the
19 paper tickets for the transaction twice a week to the chief of
20 police of the applicable county:

21 (1) For pawn transactions of less than \$20; or



1 (2) If the dealer is unable to afford a computer and the
2 software deemed necessary by the chief of police of
3 the applicable county.

4 (j) An administrative fee of \$1.50 may be charged to the
5 dealer to offset the administrative costs of the electronic
6 reporting system for each pawn transaction:

7 (1) Reported electronically under this section; and

8 (2) Of at least \$20 reported manually under subsection
9 (i)(2)."

10 SECTION 3. Implementation of the electronic reporting
11 system established by this Act shall begin on a date immediately
12 following the date on which a pawn transaction electronic
13 database developed for use by the police department of each
14 county is initially capable of receiving pawnshop and secondhand
15 dealer transaction reports; provided that timely and lawful
16 notice of the date of implementation in each county has been
17 made to all dealers operating therein. The actual completion
18 date for the total conversion to the electronic reporting system
19 required by this Act shall be determined by the chief of police
20 of each county. Prior to the completion of implementation under
21 this Act, the chief of police of each county, in collaboration



1 with pawn brokers and secondhand dealers in the respective
2 county, shall:

- 3 (1) Investigate and determine software options;
- 4 (2) Develop reporting requirements that are not unduly
5 burdensome;
- 6 (3) Establish minimum reporting requirements deemed
7 necessary by the county police departments to
8 effectively track business transactions;
- 9 (4) Determine the current ability of the county police
10 departments to implement and enforce the reporting
11 requirements of this Act and whether any additional
12 funding is necessary; and
- 13 (5) Prepare a schedule for implementation of the
14 electronic reporting system that is appropriate for
15 each county.

16 SECTION 4. There is appropriated out of the general
17 revenues of the State of Hawaii the sum of \$ or so
18 much thereof as may be necessary for fiscal year 2008-2009 to
19 effectuate the purposes of this Act.

20 The sum appropriated shall be expended by the Department of
21 the Attorney General for the purposes of this Act.



1 SECTION 5. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 6. This Act shall take effect on January 1, 2112;
4 provided that subsection (j) of section 486M-2, Hawaii Revised
5 Statutes, added by section 2 of this Act, shall be repealed one
6 minute after section 4 of this Act takes effect.



Report Title:

Pawnbrokers; Secondhand Dealers

Description:

Changes the method used to record the daily transactions of pawnbrokers and secondhand dealers, from a manual system to an electronic system. (HB2553 HD2)

