
From: Sean Bersell [mailto:sbersell@entmerch.org]

Sent: Wednesday, February 20, 2008 11:39 AM

To: Rep. Thomas Waters; Rep. Blake Oshiro

Cc: Rep. Cindy Evans; Rep. Josh Green; Rep. Ken Ito; Rep. Sylvia Luke; Rep. Angus McKelvey; Rep. Hermina Morita; Rep. Alex Sonson; Rep. Joseph Souki; Rep. Clifton K. Tsuji; Rep. Ryan Yamane; Rep. Kyle Yamashita; Rep. Barbara Marumoto; Rep. Kymberly Pine; Rep. Cynthia Thielen; Rep. Roland Sagum

Subject: H.B. 2553: Video Retailers Recommend Holding Time Be Reduced

The Entertainment Merchants Association (EMA), on behalf of the 49 DVD and video game retail outlets our members operate in the state of Hawaii, recommends that House Bill 2553, which will be heard in the Judiciary Committee tomorrow (February 21), be amended to reduce the holding period for secondhand goods purchased by regulated dealers.

H.B. 2553 would require daily electronic reporting of used goods acquired by pawnbrokers and secondhand dealers. While EMA has serious concerns about the impact of the existing Hawaii secondhand goods law (Section 486M, Hawaii Revised Statutes) on the market for used DVDs and video games obtained from our members' customers, we take no position on whether to replace manual reporting of secondhand goods purchases with electronic reporting.

However, we suggest that, if electronic reporting is to be required, the holding period for secondhand goods acquired be reduced. Current law requires the goods to be held for 15 days (30 days in Honolulu County, which may be reduced to 15 days at the discretion of the chief of police).

Section 1 of H.B. 2553 states, "An automated system to record daily transactions would ... increase[e] the speed by which information is transferred from the pawnshop or secondhand dealer to the police department. Such a system would ... allow the police to inspect and track these transactions in a timely manner." In light of that, a 15-day hold is unnecessary. **EMA recommends a hold of no more than five calendar days for businesses utilizing electronic reporting.**

In an era of declining rentals and aggressive price competition among retailers of new videos, "buy/sell/trade" of used DVDs and video games is becoming an increasingly important way for DVD and video game retailers to promote customer loyalty, as well as augment their revenue streams. However, requirements to hold used DVDs and video games purchased from their customers are particularly burdensome for these businesses. Most video and video game retailers do not have large storage areas where they can segregate and keep track of each individual transaction.


In sum, EMA believes that if law enforcement is able track secondhand goods transactions more quickly, retailers should be permitted to sell the goods sooner as well.

Entertainment Merchants Association

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The Entertainment Merchants Association (EMA) is the not-for-profit international trade association dedicated to advancing the interests of the \$33 billion home entertainment industry. EMA represents approximately 600 companies throughout the United States, Canada, and other nations. Its members operate approximately 23,000 retail outlets in the U.S. that sell and/or rent DVDs, computer and console video games, and digitally distributed versions of these products. Membership comprises the full spectrum of retailers (from single-store specialists to multi-line mass merchants, and both brick and mortar and online stores), distributors, the home video divisions of major and independent motion picture studios, and other related businesses that constitute and support the home entertainment industry. EMA was established in April 2006 through the merger of the Video Software Dealers Association (VSDA) and the Interactive Entertainment Merchants Association (IEMA).

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House Judiciary Committee, Hawaii State Legislature

Bill scheduled to be heard by JUD on Thursday, 02-21-08 at 2:45 pm, House conference rm. 325

Testimony of Richard Dan re HB 2553, Relating to Pawnbrokers and Secondhand Dealers

I am Richard Dan, a pawnbroker and second hand dealer based on Maui and continually operating throughout the state since 1978.

I have testified, proposed legislation and been proactive with most legislation involving pawn or second hand dealers since the late 1970s.

Please try to understand my reasoning and do not pass this bill.

Electronic reporting is effective, it provides the customer, the second hand dealer, pawn broker and law enforcement a great tool which protects the victims of many types of theft crimes.

For more than ten years I have been reporting all second hand and pawn transactions electronically – initially via disk with a spread sheet and now via a searchable internet database, all for pennies.

The proposed legislation remedies a problem that perhaps exists in Honolulu, but not on Maui. Maui has five pawn shops. Two already report electronically, and the other three are within minutes of the police station. There is no reason to include the outer islands in this onerous bill.

HB 2553 proposes that all pawnbrokers and second hand dealers pay an additional tax to the state of \$1.50 per transaction. I pay taxes for the police department services like everyone else does. I pay 4% excise tax on every dime my business earns in interest and fees. I pay my annual registration fee as a pawn shop operator. Why should I pay yet another fee -- especially when the fee is for me to provide information that I can provide just as effectively, for free?

The police department has not provided any explanation of what this \$1.50 is for and how they came up with this amount. I spoke with the Honolulu Police Department captain in charge of this matter two weeks ago and she told me they have not decided on how they are going to do this or what providers they are going to do this with. There is no substantiation whatsoever for this \$1.50 per transaction charge. I know of no request for proposal that has gone out for a reporting service.

The police should put this project out to bid. Some of these reporting services are peddling their product for an exorbitant price, but there are also providers that provide extremely low cost service. Or it could just be done for free by simply bringing in a disk. Similar bills have been deferred throughout the country. Don't we have enough \$300 toilet seats?

I feel the police, the community and the victims would be best served by the reporting process being handled on the local level. It could easily be done through eHawaii.gov. After speaking with the Honolulu captain she informed me that the I.T. person in charge at HPD would contact me to discuss how I do it for free. I have not yet heard from that person, but remain willing to help in any way I can. Supplying the digital information is as easy as transmitting a spreadsheet file (such as an Excel file) via a CD-Rom or through the internet. There is no reason this should cost anything at all, let alone \$1.50 per transaction.

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Unless the police departments are planning to engage in illegal selective enforcement of this law, they will have to have a system in place that is useable by the numerous types of businesses that HRS 486M applies to. The bill in its current form appears to give the police chief of each county unlimited power to dictate the exact method that dealers use to report transactions. The police should not be given so much discretion that they can require every swap meet vendor, mom and pop antique store, and golf shop to pay \$1.50 per transaction. Many secondhand dealers are not currently licensed or regulated and do not have computers.

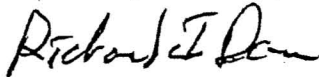
The goal of this bill is to catch crooks who steal merchandise and attempt to sell it to secondhand dealers and pawnshops. Currently, pawn shops are the only ones that keep records of any real substance regarding the trafficking of secondhand merchandise. Very few pawn transactions currently involve stolen property. There is a gigantic underground for stolen property to be sold where thieves can sell their loot with less chance of getting caught -- swap meets, garage sales, antique stores, jewelry stores, coin shops, etc. These individuals and businesses are unsupervised. Even though 486M regulates these businesses, few if any have second hand dealer licenses or are regulated, creating an underground for moving stolen property.

Clamping down on pawn shops will merely force more stolen merchandise into the hands of the unsupervised, unwitting fences and will make it harder for the victims of theft to recover their property.

The Honolulu Police Department has not yet put forth any plan or proposal regarding the system they contemplate using or why a \$1.50 per transaction charge would be necessary. They have not yet demonstrated that they are prepared to implement a system of electronic reporting. I would respectfully suggest that before legislation like this is passed, the police should refine their plans and make sure they are feasible and ready to be implemented.

Thank you for considering my input on this matter. I reside on Maui and am unable to attend this hearing, but please feel free to call me at any time, if any of you have questions. I can be reached at [REDACTED]

Respectfully submitted,



Richard I. Dan

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TESTIMONY FROM ROBERT MCCLUNG

Ewa Beach Buy & Sell

SUBJECT SB 2553

Pawnshop & Secondhand Dealers

I have been in business going on 20 years and LESS than 1/10 of 1% of items has been picked up by the police. Our average tickets are for \$20 to \$30. When we make a loan for \$25, we get \$5 interest. If you add \$1.50 plus \$1.04 (for General Excise), plus .06¢ (for each transaction). The total is \$2.60. So, \$5 minus \$2.60 leaves \$2.40, which all rent, electric wages water and other items must be paid. This is a burden on the fees we already pay.

When I went into business the fees were \$10 per year for license. Now we pay \$100 per year.

A few years ago, the holding period for all sales was 15 days. The police asked for 30 days so they could have more time which was agreed & which we complied. All my paperwork is ready to be picked up every MONDAY. I have had calls from the pawnshop detail for our district who inputs the tickets on the SAME DAY. My understanding is there were 4-5 people assigned to the pawnshop detail--now there is only ONE. What happened to those people? Maybe they should be assigned back so the 90 days can be dropped. We had no problems before.

On the subject of thieves, they are unlikely to utilize the pawnshops too much. Due to the fact that everyone must be 18 years of age, with a valid picture id, thumb printed and with all shops having cameras the chance of getting caught increase significantly. A large number of items that are stolen are from family members relatives and the owners refuse to prosecute their loved ones. Swap meet, yard sales, construction sites, internet, and buy & sell ads are all avenues where a number of items are being moved without no accountability or paperwork requirements. Only PAWNSHOPS are required to keep paperwork & records.

I think this bill should be defeated. Because, it is requiring the PAWNSHOPS

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to purchase a computer at at cost of \$4,000 to \$5,000 plus charging \$1.50 for every customer that walks through your door to make a loan or sell an item. It is unfair to the consumer & discrimination against the pawnshops. No other business--large or small is required by law to have computers and charge customers \$1.50 just to do their business. I will point out a good example. The swap meet sellers pay rent by the week or month. They sell the same items we sell without any restriction put upon them to keep records.

In closing, I asked the legislature to cancel or delay this bill until the Police Dept. can increase help or all the secondhand dealers can be on the same ball field as pawnshops are. All the businesses are governed by the same law but not enforced. I would like to give a little briefing on why the police & pawnshops are in the lime light so much.

A short time ago, a lady came into my shop crying. I finally got her calmed down. She had her lawn mower stolen. The blue & white police must have had a hard time because they were the first to respond and asked her for the details. The poor lady could not tell the police what color or make. So you can feel for the police. The police helped her, although, they told her to come to the pawnshop. The police KNOWS we have a PRIVACY ACT LAW that we can not give any information to anyone EXCEPT to the police. And because the police want to complete their report so they say go to the pawnshops and check there. Now I HAVE to tell victim, "I'm sorry, the police should not have told you because of the privacy act, I cannot tell you." So now the victim is now angry at the police & at the pawnshops. The victim in turns goes to the community neighborhood board meetings where they put pressure one the police or the president of the association to do something about crime rate and someone comes up with a bill for an act and sends it to the legislature to enact a new law. So now here we are. Over all the police is doing a fabulous job for the pawnshops and the pawnshops are doing a fabulous job for the customers we serve. I repeat again and say "this bill is discriminating against a small segment of our business.

Finally, IF the bill would have been into affect. January (last month), It would cost me \$471 using the basis of \$1.50 for every tag. On.

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the basis using \$1.50 for every tag over \$20 would be \$352. You can definitely see this is quite a burden .

Thank you for hearing my testimony.

Robert A McClung
Robert A McClung

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**TESTIMONY BEFORE THE STATE HOUSE OF
REPRESENTATIVES' JUDICIARY COMMITTEE**

THURSDAY, FEBRUARY 21, 2008

**REGARDING HOUSE BILL NO. 2553, "RELATING TO
PAWNBROKERS AND SECONDHAND DEALERS"**

Good afternoon Chairman Waters and members of the
Judiciary Committee, I am *Lloyd J. McKee, Manager of Waipahu
Hawaii Pawn* and a director of the *Hawaii Pawnbrokers
Association*, here to testify on House Bill No. 2553, "Relating to
Pawnbrokers and Secondhand Dealers."

In previous testimony before the House Consumer Protection and
Commerce Committee and the Senate Commerce, Consumer
Protection and Affordable Housing Committee I attempted to
draw attention and obtain answers to the following concerns:
(1) what "automated electronic reporting system" is to be
implemented; (2) who will implement the system; (3) how will it
impact pawnbrokers who use computers now; and, (4) on what basis
is the proposed administrative fee established. To date, these
concerns remain unanswered.

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**TESTIMONY BEFORE THE STATE HOUSE OF
REPRESENTATIVES' JUDICIARY COMMITTEE
LLOYD J. McKEE**

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As the manager of a long-time established pawn shop, I find it particularly vexing that this bill is advancing through the legislative process with a sole focus on pawn shops. While the bill relates to pawnbrokers and secondhand dealers, it appears secondhand dealers such as antique shops, auctioneers, consignment shops, flea markets/swap meets, internet, jewelers, repair centers, precious metal buyers, scrap dealers, used appliance stores, used sporting goods stores are not included.

I oppose this proposed legislation because it: (1) discriminates against pawnbrokers; (2) levies unrecoverable charges against pawnbrokers to finance law enforcement operations; (3) leaves unanswered many concerns and questions regarding the system and operating procedures. I respectfully request this committee defer action on this bill until details are fully developed.

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**TESTIMONY BEFORE THE STATE HOUSE OF
REPRESENTATIVES' JUDICIARY COMMITTEE
LLOYD J. McKEE**

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This concludes my comments. Thank you for the
opportunity to address the Committee.

Lloyd J. McKee
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JUDtestimony

From: yvettemoore007@aol.com
Sent: Thursday, February 21, 2008 7:22 AM
To: JUDtestimony
Subject: Fwd: Testimony SB Bill#2567 and HB #2553

-----Original Message-----

From: yvettemoore007@aol.com
To: CPCtestimony@capitol.hawaii.gov; d.spiker@kuakini.org
Sent: Mon, 4 Feb 2008 4:24 pm
Subject: Testimony Bill#2567

February 20, 2008

Addressed To: Honorable Chairperson Tommy Waters, and other Honorable Chairpersons

RE: New S.B. No. 2567 and H.B. No. 2553

Testimony for the Judiciary Committee

Twenty-Fourth Legislature 2008

State of Hawaii

From: Pawnbroker, Yvette Moore, Paradise Loan & Jewelry, LLC

Dear Honorable Chairpersons,

I have been in the pawn business in Hawaii for 12 years. I am a full-time worker, and mother. Our business was formally owned by my father-in-law; retired major of Pearl City Police Station- Gordon Moore. He has mentored me within the business for many years. We oppose Bill #2567.

To be straight to my point; we will explain why these bills will be negative and destructive to the welfare of our small businesses (also standing for other small pawn shops). It is also a detriment for our lower-income customers in Hawaii who are the majority as regular customers in need of our services. Another point we will cover is the fact that the computer systems and the \$1.50 per transaction fee that is imposed could literally put most pawnshops out of business and instigate even more burdensome costs to the police department. In the recent past, the current system has proved that the police have recovered less than 1% of goods that were stolen. This percentage rate is compared in our daily pawn transactions. Therefore, this does show that the system does work and is not ineffective, the system should just be easily modified with both parties.

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2/21/2008

It is well-known that pawnshops are not the only place for secondhand goods; swap meets, internet sales, street selling, popular mall stores, and used appliance shops are other avenues for it. This Bill is discriminating to only one business; and many of these others don't even pay taxes on their business of used goods.

Most of our customer base is returning customers who are lower income individuals who truly need pawnshops just to get by or succeed with daily living costs. Currently in the news throughout Hawaii, there are more people who have lost their jobs. Many of these individuals who do not have good credit need pawnshops just to help with their daily living costs.

In all due respect, we would like to ask this committee; is it not on your agenda or mission to help and protect small businesses of Hawaii, and also help and support low-income individuals who depend on our businesses to survive rising costs? For example, our business is closely located to a military base. Many military personnel (who are not of a higher income bracket) visit our pawnshop just to endure to the next paycheck that is many times delayed by the government everyday. These are hard working people who fight our war and deserve to be served well also.

Many pawnshops that are owned by older individuals (who have been in the business for many years) are not computer equipped. Imposing computer costs on them could force them to close because there would not only need new space to be made for this equipment but employee costs to help maintain these tasks. Please consider the hardships on these small businesses that have served Hawaii people for years. Also, the \$1.50 per transaction imposed would need to be passed onto the customer, which in many cases would be very burdensome to customers who only need small loans such as \$5 to \$40 just for transportation, etc . With the rising cost of gas and bus rides, why would the government penalize the lower income people in their way of life? This \$1.50 fee is unfair to our small businesses and should not be implemented. It is an illegal practice to single out one type of secondhand business.

The next issue that we would like to address is the fact that new computer systems within the police department would raise their own cost with acquiring, protecting and maintaining it. Inputting would not only be of concern, maintaining healthy computer networks are very costly too. It is well known that there are many computer hackers that can easily mess up any system, and the risks of privacy laws could be violated. In the present system, public knowledge of our customer's transactions cannot be tampered with. However, with this new proposed system, there would be ways for our customer's privacy to be exposed through the Internet. Again, majority of our customers are honest low-income people who need help from small pawnshops such as us.

On other important similar issues, many computer tech companies charge astronomical fees; these fees that are imposed to us will only benefit the economy in the mainland, not in Hawaii. It just doesn't make good sense. We should not be penalized to pay a private sector mainland company to record our business transactions, especially when we already pay high taxes in Hawaii to do business here. We already struggle to pay GE taxes,

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Personal taxes, and Federal taxes. We actually help the economy more than do any harm; as we are being accused of.

If the police department could hire more office help to improve the current system, this would make more efficient cost sense. New computers systems that is to deal with mainland companies for processing; always mean higher costs that everyone will need to pay for. In order to compromise on this \$1.50 issue, my colleagues and I would like to offer a better way, that is to have the pawnbroker's work with police department to use their existing computer system updated by local means. In all respect, the police department has suggested a more expensive way with an unreasonable request done by mainland companies. There is no doubt that we could work together to improve their system locally. Again, we ask for the good of our customers and our helpful business; please do not approve Bill# 2567.

Thank you for your time.

Yvette Moore

Paradise Loan & Jewelry, LLC
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Amber L.M. Alexander
Paralegal

February 20, 2008

House Judiciary Committee, Hawaii State Legislature
Testimony of Anthony Ranken on behalf of Maui Loan, Inc., re:
HB 2553, Relating to Pawnbrokers and Secondhand Dealers

Date of Hearing: Thursday, February 21, 2008, 2:45 pm, House Conference Rm. 325

On behalf of Maui Loan, Inc. a pawnbroker and secondhand dealer on Maui, I am submitting this testimony opposing H.B. No. 2553 because it gives the police chiefs an unacceptable level of control over the internal management of pawnshops and dealers, and its costs and inconvenience outweigh any benefit it could achieve.

We support the concept of electronic reporting, and in fact for a number of years already Maui Loan has been reporting all its transactions electronically, by way of an internet-based system (pawnreport.com) that is accepted and used by the Maui police.

We cannot, however, support this bill as written. It is designed to substitute a different, and apparently very expensive, system of electronic reporting. The proposed (and unnecessary) cost of \$1.50 per transaction would be charged to the pawnbrokers and secondhand dealers, and presumably they would pass it on to their customers, who, of all the people in our society, are the ones who can least afford it.

The reach of this bill is so extensive as to be virtually impossible to implement. The phrases "dealer" and "secondhand dealer" are defined in H.R.S. §486M-1. "Dealer" includes anyone "who engages in a business which includes the buying of previously owned article [sic]," and it specifically includes "any secondhand dealer." "Secondhand dealer" in turn is defined to include "any person who trades in secondhand or previously owned articles." Thus the law that is before this committee would cover not only pawn shops, but also many other businesses, including for example: antique stores, coin shops, E-Bay trading assistants, golf shops (which routinely buy and sell used sets of clubs), jewelry stores (almost all of which either buy secondhand jewelry and/or accept it as trade-ins), auctioneers, bankruptcy trustees, and even swap meet vendors!

As a suggestion to partially overcome the above problems, perhaps the electronic reporting system should be tested on just pawnbrokers at first, and leave the myriad numbers of secondhand dealers out of this year's bill. Even if that is done though, the charge of \$1.50 should be eliminated because free software systems are available and because it would be unfair to consumers and/or pawnbrokers to burden them with this unnecessary charge. Supplying the digital information is as easy as transmitting a spreadsheet file (such as an Excel file) via a CD-Rom or through the internet. There is no reason this should cost anything at all, let alone \$1.50 per transaction. The legislature has a responsibility to satisfy itself that this tax is really

necessary, and should demand evidence as to the real costs, and the costs of other alternatives, before passing legislation that charges the business (and thereby the consumer) such a cost. This State and its residents would be better served if instead of hastily passing this legislation, the State took a year to find the best option, issuing a request for proposals and comparing all of the alternatives, including those that do not cost money. Why should pawnbrokers and their customers pay \$1.50 to the State for every transaction -- amounting to tens of thousands of dollars a year for many pawnbrokers -- if there are perfectly adequate reporting systems, already in use, that don't cost the State anything? House Draft 1 of this bill would waive the \$1.50 charge on transactions under \$20. But even on a \$25 transaction, that \$1.50 represents a significant loss to a struggling pawn consumer who needs all the money he or she can raise. The pawnbroker or secondhand goods dealer would naturally have to pass on the \$1.50 fee in the form of a lower price paid to the consumer for goods. This in turn would have the effect of driving more consumers to unregulated dealers and would only increase the difficulties involved in recovering stolen goods.

There are reasons why the legislature will want to proceed with caution legislating in this area. The goal of this bill is to catch crooks who steal merchandise and attempt to sell it to secondhand dealers and pawnshops. Currently, pawn shops are the only ones that keep records of any real substance regarding the trafficking of secondhand merchandise. Pawn shops obtain identification and detailed information from the customer, pursuant to H.R.S. §486M-2. This information is very useful to the police in apprehending thieves. Potential customers know this, and therefore the dishonest ones go to the other types of secondhand dealers -- the ones who are not following the existing regulations and are not being supervised by the police department as they should be under the law. Because of the current stringent reporting requirements and their selective enforcement against pawn shops, very few pawn transactions currently involve stolen property. There are a myriad of other places where thieves can more safely sell their loot -- swap meets, garage sales, antique stores, jewelry stores, coin shops, etc. Passing ever more burdensome regulations, and enforcing them only against pawn shops, is a simplistic and ineffective reaction to property crime. Clamping down on pawn shops will merely force more stolen merchandise into the hands of the secondhand dealers that the police choose not to supervise, and will make it harder for the victims of theft to recover their property.

We ask that you at least refrain from passing any mandatory electronic reporting legislation until the Honolulu Police Department has selected, tested and proven possible electronic reporting methods. This can be done on a trial basis, using the incentive contained in H.R.S. §486M-4(b), whereby the police chief may cut in half the holding period applicable to secondhand goods dealers who report their transactions electronically. Until HPD has shown that it has in place a functional, efficient and economical reporting system, it will not do any good to mandate that dealers furnish the data. And until HPD is prepared to administer and enforce the requirements of this law evenhandedly in regard to all types of secondhand dealers, it would be unfair and discriminatory to implement the law. For these reasons, this legislation is premature and should be held. Thank you for considering our input on this matter.

Respectfully submitted,



Anthony L. Ranken

February 20, 2008

To: The Honorable Representative Tommy Waters, Chair, Judiciary Committee
The Honorable Representative Blake Oshiro, Vice Chair, Judiciary Committee
Members of the Judiciary Committee

From: John Spiker, President, Hawaii Pawnbrokers Association

Re: HB 2553 – Relating to Pawnbrokers and Secondhand Dealers

We are opposed to HB 2553 in its current form for the following reasons:

This bill requires pawnshops to spend thousands of dollars on computers, software, Internet service and administrative fees in order to transmit our receipts.

We believe that the statistics for property recovered from pawnshops does not justify the financial and technological hardship this bill would place on small business owners.

According to recent statistics from the National Pawnbrokers Association, less than $\frac{1}{10}$ of 1% of stolen property was found in pawnshops. After talking with many local pawn dealers, they report less than $\frac{1}{10}$ of 1% of the items in their shops were found to be stolen.

We understand that the states that have electronic filing report a modest increase in the percentage of stolen property that is recovered from pawnshops.

If $\frac{1}{10}$ of 1% is increased four to five times, you still have less than 1% of stolen property. This clearly shows that the financial and technological hardship involved in electronic filing is not justified.

We believe the low percentage of stolen property found in pawnshops is the result of strict guidelines that we already follow, such as requiring every customer to provide us with a government-issued ID card and the fingerprinting of each customer. Items purchased by pawnshops are held a minimum of 30 days and pawned items are held a minimum of 60 days before they can be sold. These guidelines give ample time for law enforcement to retrieve stolen property.

We believe the problem with the current manual reporting system is caused by the reduction of HPD's office staff who input the pawnshop receipts into the computer. The original staff of four people has been reduced to one person. Also, the number of officers who are assigned to pick up pawn receipts has been reduced from four officers to one.

If pawnshops were truly a concern to law enforcement, they would not have reduced their staffing in these areas.

The strict laws pawnshops follow serve as a deterrent to people who sell stolen property. Businesses such as swap meet dealers and individuals without shops who advertise in the telephone book and various newspapers follow no guidelines. If you call these people, they will meet you in a parking lot and buy your items without any questions. Because these types of individuals and businesses are not regulated, their activities promote the quick sale of stolen items for cash.

This bill implies that large numbers of drug users are using pawnshops to convert stolen property into cash. This is incorrect. Hollywood stereotyping of pawnbrokers is unjust. The majority are honest, hardworking small business owners. They provide a much needed and valuable service to our community. They are respected business owners.

The Hawaii Pawnbrokers Association wants to work with the Honolulu Police Department to help improve the timely transfer of information. There are many ways to work on a solution without electronic reporting.

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For example, for most pawnshops, loan transactions account for 60% to 70% of their business. Loan customers are mostly repeat customers who bring the same items several times a year. They use their property like credit cards. These loan transactions are rarely found to involve stolen property.

That leaves about 1/3 of our business transactions as sales. This alone would reduce HPD's workload by 60% to 70%.

Many small business owners are not computer literate. Many of them will not be able to comply with the requirement to computerize information because of their age and lack of experience with computer technology.

A significant concern of our Association is the proposed \$1.50 administrative fee per transaction. The proposed fee is high and the system is being outsourced to a private mainland company with no limitation on what they can charge, now or in the future.


This fee will negatively affect every customer and business in our industry. It would be unfair to pass this fee on to our customers. They come to pawnshops because of financial emergencies – to get money for food, gasoline, rent and other basic needs. We are not going to be able to explain to our customers why they have to pay a fee for the same items that they bring in several times a year so the police department can check their property to see if it's stolen – even though our customers have receipts for their property or their names are engraved on items.

If the business owner is required to pay the transaction fee, what about our expenses which include high rent, insurance, utilities and other expenses? As small business owners, don't we have a right to make a fair profit and earn a living like other businesses?

The impact of this bill would be devastating and will probably put many small business owners out of business. Our industry believes the legislature wants to support small businesses.

In summary, on behalf of the Hawaii Pawnbrokers Association, we ask that you do not pass this bill. It will be an unnecessary, expensive and unfair hardship on Hawaii's Pawnbrokers.

We respectfully submit this testimony and thank you for your open-minded evaluation of this bill.

Sincerely,
John Spiker
President
Hawaii Pawnbrokers Association


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