

JAN 17 2014

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. The legislature finds that the impact of
2 property crimes, specifically theft and burglary, is increasing
3 at an alarming rate in Hawaii. In many cases, property is
4 stolen and sold for cash used to purchase illegal drugs.
5 Transactions with pawnbrokers and secondhand dealers frequently
6 present an opportunity for thieves to convert stolen property
7 into cash. However, records of pawn transactions are manually
8 prepared and submitted to the police, amounting to twelve
9 thousand paper reports per month on Oahu alone. By the time the
10 police can review them, the property and the thief are usually
11 long gone.

12 The legislature further finds that improving the reporting
13 of pawnbroker and secondhand dealer transactions to law
14 enforcement agencies would likely reduce the impact of property
15 crimes. The mandatory use of an electronic system to record and
16 report daily transactions would reduce the time required to
17 transfer the information from a pawnshop or secondhand dealer to
18 the police department. A mandatory daily electronic reporting



1 system would allow police to inspect and track pawnshop and
2 secondhand dealer transactions in a timely manner and is likely
3 to result in quicker recovery of stolen items and apprehension
4 of criminals. A website by which the public may access selected
5 information relating to pawnshop and secondhand dealer
6 transactions that has been reported to the police would help
7 individuals locate and identify their stolen property.

8 The purpose of this Act is to facilitate the timely
9 reporting of pawnbroker and secondhand dealer transactions to
10 law enforcement by requiring daily electronic reporting of these
11 activities to the chief of police in each county.

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

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

20 (1) The name and address of the dealer;

21 (2) The name, residence address, date of birth, and the

22 age of the person from whom the article was received;



- 1 (3) The date and time the article was received by the
- 2 dealer;
- 3 (4) The signature of the person from whom the article was
- 4 received;
- 5 (5) The Hawaii [+]driver's[+] license number, or if the
- 6 person does not possess a Hawaii [+]driver's[+]
- 7 license, the number of and description of any
- 8 government issued identification [~~which~~] that bears a
- 9 photograph of the person from whom the article was
- 10 received;
- 11 (6) A complete and accurate description of the article
- 12 received, including all markings, names, initials, and
- 13 inscriptions;
- 14 (7) A reasonable estimate of the fineness and weights of
- 15 the precious and semiprecious metals and precious and
- 16 semiprecious gems received; [~~and~~]
- 17 (8) The price paid by the dealer for each article[~~-~~]; and
- 18 (9) A digital photograph of the article received.

19 ~~[Upon request and at the discretion of the chief of police~~
20 ~~of each county, copies of all completed forms required by this~~
21 ~~section shall be surrendered, mailed, or electronically inputted~~
22 ~~and transmitted via modem or by facsimile transmittal to the~~



1 ~~chief of police or to the chief of police's authorized~~
2 ~~representative. The method of submittal to the chief of police~~
3 ~~shall be at the option of the dealer.]~~

4 (b) All of the information collected pursuant to
5 subsection (a) shall be reported by each dealer daily via the
6 Internet to the chief of police or to the designated
7 representative of the chief of police in a manner and using
8 software as directed by the chief of police in each county. The
9 daily report shall include all property pledged, received,
10 traded, bartered, bought, or otherwise acquired during the
11 twenty-four hours ending at 8:00 p.m. on the date of the report.

12 (c) If a dealer discovers an error in the daily electronic
13 report required under subsection (b), the dealer shall
14 immediately report the error.

15 (d) If a dealer experiences a computer malfunction
16 relating to the daily electronic reporting requirements of this
17 section, the dealer shall be allowed a period of at least
18 fifteen days to repair the malfunction. During this period, the
19 dealer shall not be deemed to be in violation of this section if
20 the dealer:

21 (1) Has notified the police department of the applicable
22 county of the malfunction; and



1 (2) Is making a bona fide effort to repair the
2 malfunction.

3 (e) The chief of police of each county shall develop and
4 maintain an electronic database of transaction information that
5 must be reported pursuant to this section; provided that a
6 dealer shall not be responsible for a delay in submitting daily
7 electronic reports under this section resulting from a
8 malfunction of the database.

9 (f) During the period needed to resolve a computer
10 malfunction under subsection (d) or a database malfunction under
11 subsection (e), the dealer shall report the required data to the
12 chief of police not less than weekly in a form and manner to be
13 determined by the chief of police.

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

19 (h) The chief of police of each county shall make the
20 information reported to it under paragraphs (a)(1), (3), (6),
21 (7), (8), and (9) available to the public on a website that is
22 developed and maintained by the chief of police.



1 (i) Every dealer shall collect from each person from whom
2 an article is received a property receipt reporting fee that is
3 equal to per cent of the transaction. The dealer shall
4 transfer all moneys collected through the property receipt
5 reporting fee to the director of finance of the appropriate
6 county on a quarterly basis. Property receipt reporting fees
7 shall be used by the chief of police of that county to offset
8 the costs of administering the electronic reporting system and
9 the website required by subsection (h)."

10 SECTION 3. The chief of police of each county, in
11 collaboration with pawnbrokers and secondhand dealers in the
12 respective county, shall:

- 13 (1) Investigate and determine software options for the
14 electronic reporting system required by this Act;
- 15 (2) Develop procedures for implementing this Act that are
16 not unduly burdensome;
- 17 (3) Establish minimum reporting requirements deemed
18 necessary by the county police department to
19 effectively track business transactions;
- 20 (4) Determine the current ability of the county police
21 department to implement and enforce the reporting



1 requirements of this Act and whether any additional
2 funding is necessary; and

3 (5) Prepare a schedule for implementation of the
4 electronic reporting system that is appropriate for
5 each county.

6 SECTION 4. There is appropriated out of the general
7 revenues of the State of Hawaii the sum of \$ or so much
8 thereof as may be necessary for fiscal year 2014-2015 to
9 establish an electronic reporting system in each county.

10 The sum appropriated shall be allotted by the department of
11 the attorney general for the expenditure by the respective
12 counties for the purposes of this Act.

13 SECTION 5. Statutory material to be repealed is bracketed
14 and stricken. New statutory material is underscored.

15 SECTION 6. This Act shall take effect on July 1, 2014;
16 provided that section 2 shall take effect in each county upon
17 adoption of a resolution by the county council certifying that
18 the electronic reporting system in that county is complete,
19 functional, and ready to accept the daily reports required by
20 this Act.

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INTRODUCED BY:

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S.B. NO. 2385

Report Title:

Pawnbrokers and Secondhand Dealers; Appropriation

Description:

Requires pawnbrokers and secondhand dealers to submit daily electronic reports on items received. Requires certain transactional information to be available to the public on a website. Requires the collection of property receipt reporting fee on each transaction. Requires property receipt reporting fees to be transferred to the appropriate county director of finance and used to develop and maintain the electronic reporting system. Appropriates moneys.

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