

**REPORT OF THE
CHIEF LEGISLATIVE ANALYST**

DATE: April 16, 2018

TO: Honorable Members of the Rules, Elections, and Intergovernmental Relations Committee

FROM: Sharon M. Tso  Chief Legislative Analyst Council File No: Assignment No: 18-04-0292

SUBJECT: Police Department Recommendation for the 2017 – 2018 State Legislative Program Regarding AB 1993 (Gipson)

CLA RECOMMENDATION: Adopt the attached Resolution to include in the City's 2017 - 2018 State Legislative Program OPPOSITION to AB 1993 (Gipson), which would, with the exception of firearm sales, reduce the existing thirty day period during which secondhand dealers and coin dealers may not sell secondhand tangible personal property to three days and allow dealers to sell tangible personal property during the final forty-eight hours of the holding period if the dealer collects identifying and contact information of the buyer.

SUMMARY

The Police Department has forwarded to this Office a bill response report recommending that the City oppose AB 1993 (Gipson). The bill would reduce the existing thirty day holding period for the sale of secondhand tangible personal property to three days, with the exception of firearms. Secondhand dealers and coin dealers would be allowed to sell tangible personal property in the final forty-eight hours of the three day holding period if the dealer collects basic identifying information from the buyer.

Attached is a Resolution in opposition to this bill based on the findings from the Police Department.

BACKGROUND

California has a history of regulating dealers of secondhand goods. State law has required secondhand dealers to report new acquisitions of property to local law enforcement for potential matching with stolen goods since 1937. Existing law has an additional requirement that secondhand dealers must wait thirty days to sell a newly acquired item to allow for law enforcement to investigate possible matches with stolen items. Funding for the California Pawn and Secondhand Dealer System (CAPSS) was secured in 2012.

Existing law also requires secondhand dealers and coin dealers to report all secondhand tangible personal property acquisitions to CAPSS within one business day. Tangible personal property is defined as all secondhand tangible personal property that bears a serial number or personalized initials or inscription and that is purchased by a secondhand dealer or a pawnbroker or that, at the time of the purchase, bears evidence of having had a serial number or personalized initials or inscription. It also includes property received in pledge as security for a loan by a pawnbroker and

property determined by the California Attorney General to constitute a significant class of stolen goods.

Reports must include information relating to the seller of the property and a description of the property. Once the tangible personal property report is submitted to CAPSS, secondhand dealers are required to hold the property for thirty days. During this time, secondhand dealers are required to produce the property for inspection to law enforcement personnel upon request.

AB 1993 would alter the holding period for all tangible personal property, with the exception of firearms. The holding period would be reduced from thirty days to three days. Secondhand dealers would be allowed to sell the property in the final forty-eight hours of the reduced holding period if dealers collect certain identifying information. This information includes the name of the buyer of the tangible personal property, the buyer's address, and the buyer's telephone number, email address, or electronic address for receiving text messages. Law enforcement would still be permitted to view the tangible personal property during the holding period.

The pawnbroker industry argues that AB 1993 is necessary to compete with online sellers who do not have to abide by the same regulations. The industry also argues that the thirty day holding period is a holdover from the time of paper records and is no longer necessary as a result of law enforcement's use of CAPSS.

The Police Department recommends opposition to this legislation because it would have a significant negative impact on criminal investigations and the ability of victims to recover stolen items. The shorter hold requirement would make it nearly impossible to recover stolen property from secondhand dealers and reduce the effectiveness of the CAPSS database. Once a stolen item has been pawned or sold, detectives would be unable to have that stolen item viewed and properly identified by the victim, raising legal issues in future court proceedings.

BILL STATUS

2/12/2018	Referred to Committee on Public Safety.
3/21/2018	From committee: Do pass and re-refer to Committee on Appropriations (7-0). Re-referred to Committee on Appropriations.
4/04/2018	In committee: Set, first hearing. Referred to suspense file.



Tim Plummer
Analyst

SMT:tcp

Attachments: Resolution opposing AB 1993 (Gipson)

RESOLUTION

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, tangible personal property bears, or bears evidence of having had, a serial number or personalized initials or inscription and is purchased by a secondhand dealer or a pawnbroker; and

WHEREAS, tangible personal property also includes property determined by the California Attorney General to constitute a significant class of stolen goods according to the most recent property crime data; and

WHEREAS, currently, secondhand dealers and coin dealers must report the receipt or purchase of secondhand tangible personal property, except firearms, to the California Pawn and Secondhand Dealer System (CAPSS) operated by the California Department of Justice; and

WHEREAS, secondhand dealers must hold tangible personal property reported to CAPSS for thirty days, commencing on the date the report of the property's acquisition was made to the chief of police or sheriff; and

WHEREAS, law enforcement officers or employees designated by the police chief or sheriff may inspect any reported tangible personal property during the thirty-day holding period; and

WHEREAS, AB 1993 (Gipson) would retain the thirty-day holding period for tangible personal property exclusively for firearms, but would reduce the holding period to three days for all other tangible personal property; and

WHEREAS, AB 1993 would allow secondhand dealers and coin dealers to sell secondhand tangible personal property in the final forty-eight hours of the holding period if the dealers collect information on the purchaser of the property; and

WHEREAS, AB 1993 would have a significant negative impact on the ability of law enforcement to identify and recover stolen property in the City of Los Angeles by providing less time for victims of property crime and law enforcement to identify stolen objects;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2017 - 2018 State Legislative Program OPPOSITION to AB 1993 (Gipson), which would, with the exception of firearm sales, reduce the period during which secondhand dealers and coin dealers may not sell secondhand tangible personal property from thirty days to three days and allow dealers to sell tangible personal property during the final forty-eight hours of the holding period if the dealer collects identifying information of the buyer.