
SENATE COMMITTEE ON APPROPRIATIONS

Senator Anthony Portantino, Chair
2019 - 2020 Regular Session

AB 1969 (Blanca Rubio) - Secondhand goods: tangible personal property: reporting requirements

Version: June 10, 2020

Urgency: No

Hearing Date: August 13, 2020

Policy Vote: B., P. & E.D. 9 - 0

Mandate: Yes

Consultant: Janelle Miyashiro

Bill Summary: AB 1969 eliminates the requirement that the name and address of a seller or pledger of secondhand goods be reported to law enforcement when the seller or pledger verifies their identity with a Matricula Consular and directs the state's database of secondhand property transactions to direct law enforcement to the dealer to obtain the seller or pledger's identity, as specified.

Fiscal Impact: Costs pressures in the hundreds of thousands of dollars (Secondhand Dealer and Pawnbroker Fund) in Fiscal Year 2020-21 and 2021-22 to the Department of Justice (DOJ).

Background: In 1937, the state enacted a law to require secondhand dealers to report new acquisitions of property to local law enforcement so that these items might be matched with stolen goods. In 1959, the state added a requirement that secondhand dealers wait thirty days before selling an item in order to provide law enforcement with time to investigate potential matches. That year, the reporting requirement changed to a daily paper report to both local law enforcement agencies and the DOJ.

In 2000, the state passed legislation establishing a framework for secondhand dealers to make their required reports electronically. However, this system remained unfunded for over a decade. During this decade, secondhand dealers submitted paper works on a form referred to as the JUS 123, which was typically delivered to local law enforcement and considered an inefficient way of investigating stolen property crimes. Legislation in 2012 ultimately funded a new statewide electronic system known as the California Pawn and Secondhand Dealer System (CAPSS), operated by the DOJ and paid for through increased licensing fees obtained from secondhand dealers who were willing to contribute to the cost of a more streamlined electronic reporting system.

As part of their report to CAPSS, secondhand dealers are required to provide the name and address of the seller or pledger of the property. The identity of the seller or pledger must be verified by the dealer. Documents confirming the identity of the seller or pledger may include any of the following documents, provided: 1) they are currently valid or have been issued within five years and contain a photograph or description of the person named on it, and 2) where applicable, is signed by the person, and bears a serial or other identifying number:

- A passport of the United States.
- A driver's license issued by any state or Canada.
- An identification card issued by any state.

- An identification card issued by the United States.
- A passport from any other country in addition to another item of identification bearing an address.
- A Matricula Consular in addition to another item of identification bearing an address.

Proposed Law: This bill:

- Provides that the requirement that the name and current address of the intended seller or pledger of secondhand property be reported to CAPSS does not apply to sellers or pledgers who verify their identity with a Matricula Consular.
- Prohibits the personal identifying information of an intended seller or pledger who verifies their identity with a Matricula Consular from being reported to CAPSS.
- Requires the identity of the seller or pledger of secondhand property who verifies their identity with a Matricula Consular to be verified by the dealer, recorded, and maintained for three years from the date the item was reported to CAPSS.
- Requires the dealer to provide the seller or pledger's identity to law enforcement in the event that the item has been reported lost, stolen, or embezzled.
- States that for sellers and pledgers whose identity has been exempted from reporting to CAPSS, the database entry for the sold or pawned item shall read that the identity is "on file" and available directly from the dealer.

Staff Comments: The DOJ estimates a fiscal impact of up to \$1 million dollars (Secondhand Dealer and Pawnbroker Fund) to perform database upgrades and modifications to CAPSS to allow the use of a Matricula Consular in lieu of currently required personally identifiable information. This estimate includes up to two temporary information technology specialists and two external consultants to make, oversee, and implement the system changes.

The DOJ would be required to contract with the California Department of Technology (CDT) for external project planning, approval, oversight, and tracking. The project is estimated to take 15 months—12 months for planning and development and three months for user testing. Based on current DOJ projects, CDT contracting costs are estimated to be \$18,000 per month with total costs over the length of the 15-month project to be \$270,000.

The DOJ notes that these additional costs would not be absorbable within their existing resources and would require a delayed implementation in order to meet the requirements of the bill.

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