SENATE COMMITTEE ON
BUSINESS, PROFESSIONS AND ECONOMIC DEVELOPMENT
Senator Dr. Aisha Wahab, Chair
2025 - 2026 Regular

Bill No:	AB 2633	**Hearing Date:**	June 15, 2026
Author:	Gipson		
Version:	May 18, 2026		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Elissa Silva		

Subject: Secondhand dealers

SUMMARY: Requires all entities doing business in the scope of a secondhand dealer to have a valid California secondhand dealer's license; expands the definition of "tangible personal property" to include secondhand jewelry, items, or objects; deletes the definition of significant class of stolen goods; prohibits a local jurisdiction or any other state agency from issuing a license or permit to allow any entity to conduct business as a secondhand dealer without the entity having a state secondhand dealer license, among other changes.

Existing law:

1) Defines a "secondhand dealer" to mean any person, copartnership, firm, or corporation whose business includes buying, selling, trading, taking in pawn, accepting for sale on consignment, accepting for auctioning, or auctioning secondhand tangible personal property. However, a "secondhand dealer" does not include a "coin dealer" or participants at gun shows, as specified. (Business and Professions Code (BPC) § 21626)

2) Defines "tangible personal property" to mean all secondhand tangible personal property that bears a serial number or personalized initials or inscription or that, at the time it is acquired by the secondhand dealer, bears evidence of having had a serial number or personalized initials or inscription, and also means:

   a) All tangible personal property, new or used, including motor vehicles, received in pledge as security for a loan by a pawnbroker.

   b) All 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.

   c) All tangible personal property that the Attorney General (AG) statistically determines through the most recent Department of Justice (DOJ) crime data to constitute a significant class of stolen goods. A list of that personal property shall be supplied by the AG to all local law enforcement agencies and posted on the AG's Internet Web site. That list shall be updated annually by the AG, beginning January 1, 2016, to ensure that it addresses current problems with stolen goods. (BPC § 21627(a)(b))

3) Defines CAPPS to mean the California Pawn and Secondhand Dealer System, which is a single, statewide, uniform electronic reporting system that receives secondhand dealer reports and is operated by the DOJ. (BPC § 21627.5)

4) Requires every secondhand dealer or coin dealer, as specified, to report daily or no later than the next business day, excluding weekends and holidays, after receipt or purchase of secondhand tangible personal property to the CAPPS, all tangible personal property (except firearms), which they have purchased, taken in trade, taken in pawn, accepted for sale on consignment, or accepted for auctioning, as specified. (BPC § 21628)

5) Clarifies that in complying with the daily reporting requirements, a secondhand dealer must verify the identification of the seller or pledger for each transaction, not for each item that is to be reported. (BPC § 21628.3)

6) Requires every secondhand dealer and coin dealer to retain in their possession for a period of seven days all tangible personal property, as specified. The seven-day holding period with respect to tangible personal property commences with the date the report of its acquisition was made to CAPSS. (BPC § 21636.1(a))

7) Makes it unlawful for any person for any person to engage in the business of a secondhand dealer without being licensed. (BPC § 21640)

8) Provides for the licensure of secondhand dealers and pawnbrokers by city chiefs of police, county sheriffs, or police commissions. (BPC § 21641 and Financial Code § 21300)

This bill:

1) Eliminates the exemption for coin dealers, as defined, from the provisions of the secondhand dealer's act and requires every entity acting as, and engaging in the actions of a secondhand dealer to have a valid secondhand dealer's license.

2) Clarifies that every entity acting as a secondhand dealer is required to report to CAPSS, as specified.

3) Adds secondhand jewelry, items or objects to the definition of tangible personal property.

4) Deletes the definition of "significant class of stolen goods".

5) Clarifies that firearms are not subject to daily reporting requirements, as specified.

6) Removes a coin dealer from the reporting requirements under the secondhand dealer's act.

7) Deletes an outdated reference which requires law enforcement to submit information on a form daily to the DOJ.

8) Prohibits a city, county, or city and county or any other state agency from issuing a license or permit to allow any entity to conduct business as a secondhand dealer without the entity having a secondhand dealer license, as specified.

9) Requires any person conducting business as a secondhand dealer to report receipt or purchase of secondhand tangible personal property to CAPSS, as specified.

10) Makes other technical and conforming changes.

FISCAL EFFECT: According to the Assembly Committee on Appropriations, DOJ does not anticipate significant costs. The bill will also result in cost pressures of an unknown but potentially significant amount to the courts to adjudicate criminal enforcement actions authorized by this bill. Actual costs will depend on the number of cases filed and the amount of court time needed to resolve each case. Although courts are not funded on the basis of workload, increased pressure on the Trial Court Trust Fund may create a demand for increased funding for courts from the General Fund.

COMMENTS:

1. **Purpose.** The California Pawnbrokers Association is the sponsor of this bill. According to the Author, "Over the past few years, there has been a dramatic increase in so-called "gold fairs" where unlicensed companies can buy and sell gold, silver and other jewelry items. This bill seeks to clarify that gold buyers who purchase gold from the public are "secondhand dealers" and therefore must have a "secondhand dealers" license, report to the State DOJ's "CA Pawn and Secondhand Dealer System" (CAPSS) and follow all secondhand dealer laws that are on the books. These requirements are in place to shut down attempts to sell or pawn stolen goods."

2. **Background.**

   Secondhand Dealers. Regulation of secondhand dealers, which include pawnbrokers, began in 1980. The intent of regulation was to provide law enforcement agencies with a means to curtail the selling of stolen property and to facilitate its recovery by way of a uniform statewide, state administered secondhand dealer licensing and reporting program. Secondhand dealers include persons whose business comprises buying, selling, trading, taking in pawn, accepting for sale on consignment, accepting for auctioning or auctioning secondhand tangible personal property; however, coin dealers are exempt from the current definition of a secondhand dealer.

   To help identify and trace potentially stolen goods, current law requires each secondhand dealer to report daily, or the next business day (excluding weekends and holidays) through the CAPSS database all tangible personal property which the secondhand dealer has taken in trade, taken in pawn, accepted for sale or consignment or for auctioning. For purposes of reporting and licensing requirements, "tangible personal property" is defined in law as personal property that bears a serial number or personalized initials or inscription or which, at the time it is acquired by the secondhand dealer, bears evidence of having had a serial number or personalized initials or inscription, and explicitly excludes coins, monetized bullion, or commercial-grade ingots of gold or silver, or other precious metals. Tangible personal property also includes those items determined through the DOJ's annual Crime in California report that constitute more than 10 percent of property reported stolen in the calendar year preceding the annual posting. Items like watches, bracelets, rings, necklaces, and metals that have high intrinsic value, such as gold, silver, and platinum, are among the items that represent a significant class of stolen goods.

The CAPSS is a statewide electronic reporting system administered by the DOJ. Secondhand dealers across the state report their daily transaction to this database which allows access to law enforcement across the state as needed for purposes of recovering potentially stolen goods. To help alleviate the unintentional acquisition of stolen property, in addition to strict reporting requirements about the tangible personal property received, secondhand dealers must also collect and retain seller or pledger information which includes a verifiable identification, obtain a certification from the seller or pledger that they have sole authority to sell or pledge the item and collect a fingerprint. As part of their reporting requirements, secondhand dealers must report only those items that constitute a significant class of stolen goods which is further defined as "those items determined through the Department of Justice's most recent OpenJustice Web portal update to constitute more than 10 percent of property reported stolen in the calendar year preceding the annual posting of the list of significant classes of stolen goods". The sponsors of this bill note that the current definition of significant classes of stolen goods is difficult to determine, as such they have requested to strike the definition. However, they are still required to report all tangible personal property that the AG statistically determines through the most recent DOJ crime data, to constitute a significant class of stolen goods.

Secondhand dealers are licensed through their local law enforcement. Pursuant to BPC § 21641, local entities such as police chiefs, the sheriff, or where appropriate, the police commission, have the responsibility to incorporate the secondhand dealer licensing process into their local programs. It is the responsibility of the local licensing agency to administer, maintain, and enforce state law regarding secondhand dealer licenses. Persons, entities, or corporations wishing to conduct business as a secondhand dealer, must first apply for a specific license to conduct the business with the local licensing agency (chief of police or sheriff) who then receives background check results and a license number issued by the DOJ's Secondhand Dealer and Pawnbroker Unit. An initial application for local licensure consists of fingerprints, a licensing fee and evidence of a surety bond. Secondhand dealers are required to renew their licenses biennially.

Once secondhand dealers have received the appropriate license from the local agency, in addition to any other locally required business licenses or permits needed to operate, they are eligible to transact business with a wide variety of tangible personal property. Under current law, if someone is operating as a secondhand dealer without a license, they are subject to punishment for unlawful conduct.

According to the Author and sponsors of this bill, this bill is necessary because statute does not specifically categorize gold including jewelry and watches as tangible personal property whereby some gold buying and selling business are not complying with secondhand dealer licensing and reporting requirements, either because they do not know they are supposed to or to evade current requirements for operating as a secondhand dealer. The Author notes that the ambiguity in current law could inadvertently allow a temporary buying operation to function as a fencing mechanism where stolen gold and jewelry are quickly purchased and removed from the area before law enforcement can investigate or recover the items.

To help alleviate any confusion as to who should be subject to secondhand dealer licensing laws and reporting requirements and to ensure that gold selling and acquisition is subject to the stringent requirements for reporting tangible personal property, this bill adds to the definition of tangible personal property all secondhand jewelry, items, or objects.

Under current law, the secondhand dealer laws and reporting requirements exempt coin dealers as the definition of tangible personal property does not include coins, monetized bullion, or commercial grade ingots of gold, silver, or other precious metals. This bill clarifies that only a licensed secondhand dealer may buy, sell, trade, take in pawn, accept for sale on consignment, accept for auction, or auction secondhand tangible personal property. Additionally, this bill requires any entity acting as a secondhand dealer to report to CAPSS. This bill also prohibits a local jurisdiction or any other state agency from issuing a license or permit that allows any entity to conduct business as a secondhand dealer without a state secondhand dealer license. The changes proposed by this bill are intended to ensure that all individuals and businesses operating as a secondhand dealer and dealing with tangible personal property items, as defined in current law, are subject to all applicable licensing, reporting, and holding requirements.

3. **Related Legislation**. AB 1993 (Gipson, Chapter 184, Statutes of 2018) revises the current hold requirement from 30 days to seven days for a secondhand dealer and coin dealer to hold tangible personal property, except for firearms, prior to selling the property; and additionally authorizes the secondhand dealer and coin dealer to sell the property after five days, if specified information is collected.

   SB 1317 (Bradford, Chapter 723, Statutes of 2022) eliminates the requirement that secondhand dealers and coin dealers report personally identifying information regarding the seller or pledger of secondhand goods to the CAPSS database and instead requires that this information to be kept on file and available upon request by law enforcement.

   AB 1751 (Low, Chapter 793, Statutes of 2015) revises DOJ requirements for the implementation, construction, and maintenance of the single, statewide and uniform electronic reporting system, defined as CAPSS, revises the reporting requirements for pawnbrokers and secondhand dealers and makes numerous other technical and clarifying changes, as specified.

   AB 1182 (Santiago, Chapter 749, Statutes of 2015) This bill narrowed the definition of tangible personal property, as specified, and requires the DOJ to annually update the list of items which represent a significant class of stolen goods, beginning January 1, 2016, and post it on its Web site, and makes other technical and clarifying amendments.

4. **Arguments in Support.** The California Pawnbrokers Association writes in support, "AB 2633 clarifies existing statute to make it clear to event centers and hotels who host gold buying events, local government entities who issue permits to hold them, and local law enforcement agencies who police them, that all gold dealers ARE second-hand dealers and must follow the laws intended to protect the public and help law enforcement trace and recover stolen property. This bill will close the loophole and close an avenue for the purchase and sale of stolen gold jewelry."

SUPPORT AND OPPOSITION:

Support:

California Pawnbrokers Association (sponsor)

Opposition:

One individual

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