SENATE RULES COMMITTEE AB 2633

Office of Senate Floor Analyses

(916) 651-4171

THIRD READING

Bill No: AB 2633

Author: Gipson (D), et al.

Amended: 6/11/26 in Senate

Vote: 21

SENATE BUS., PROF. & ECON. DEV. COMMITTEE: 11-0, 6/15/26

AYES: Wahab, Choi, Archuleta, Arreguín, Caballero, Grayson, Menjivar, Niello, Smallwood-Cuevas, Strickland, Umberg

SENATE APPROPRIATIONS COMMITTEE: 7-0, 8/13/26

AYES: Cervantes, Seyarto, Cabaldon, Dahle, Grayson, Richardson, Wahab

ASSEMBLY FLOOR: 78-0, 5/26/26 - See last page for vote

SUBJECT: Secondhand dealers

SOURCE: California Pawnbrokers Association

DIGEST: This bill 1) requires all entities doing business in the scope of a secondhand dealer to have a valid California secondhand dealer's license; 2) expands the definition of "tangible personal property" to include secondhand jewelry, items, or objects; 3) deletes the definition of significant class of stolen goods; and 4) 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.

ANALYSIS:

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, as specified. (BPC § 21627(a)(b))

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

4) Requires every secondhand dealer or coin dealer, as specified, to report daily to 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)

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) 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.

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

9) Makes technical, clarifying and conforming changes.

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 limit 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 those 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.

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. 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. Secondhand dealers currently report only those items that constitute a significant class of stolen goods which is further defined as “those items determined through the DOJ’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, so they have requested to strike the definition.

Secondhand dealers are licensed through local law enforcement. 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.

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 secondhand dealers and handling tangible personal property items, as defined in current law, are subject to all applicable licensing, reporting, and holding requirements.

Comments

Internet Works and Protecting America's Small Sellers note concerns and write, "…Our organizations take no issue with the goal of addressing operators that buy gold directly from the public and may quickly melt or move the property before law enforcement can recover stolen goods.

"The language in print, however, goes far beyond that objective. It is not limited to temporary events, direct purchasers, out-of-state operators, or even gold. By adding "all secondhand jewelry, items, or objects" to tangible personal property and broadly applying licensing and reporting requirements across secondhand transactions, the bill creates substantial uncertainty for ordinary e-commerce and recommerce activity.

"Third-party marketplaces connect independent buyers and sellers; they generally do not purchase the item, acquire title, set the price, or possess the property. A Californian may simply be selling a personally owned watch, inherited jewelry, or another item never acquired for resale. Yet the current language could be read to treat casual sellers, marketplaces, and multiple service providers as secondhand dealers—and subject them to licensing, CAPSS reporting, fingerprinting, and physical holding requirements they cannot reasonably perform.

"The consequences are real. This uncertainty would increase compliance costs, discourage ordinary resale, reduce consumer choice, and burden casual sellers, microbusinesses, and small technology companies, while doing little to address the temporary gold-buying events that prompted the bill."

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

According to the Senate Committee on Appropriations, the bill will result in unknown, potentially significant workload cost pressures to the state funded trial court system to adjudicate any misdemeanor violations resulting from this bill. DOJ does not anticipate a significant fiscal impact

SUPPORT: (Verified 8/13/26)

California Pawnbrokers Association (source)

OPPOSITION: (Verified 8/13/26)

None received

ARGUMENTS IN SUPPORT: California Pawnbrokers Association writes in support and notes, "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."

ASSEMBLY FLOOR: 78-0, 5/26/26
AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon,

Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Johnson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

NO VOTE RECORDED: Muratsuchi, Celeste Rodriguez

Prepared by: Elissa Silva / B., P. & E.D. / 916-651-4104
8/14/26 16:22:48

****** END ******