

Fiscal Estimate Narratives

DATCP 1/30/2014

LRB Number	13-3116/2	Introduction Number	AB-0640	Estimate Type	Original
Description Secondhand jewelry transactions					

Assumptions Used in Arriving at Fiscal Estimate

This bill would make a number of changes to licensing and other requirements for secondhand jewelry dealers. These dealers, alongside pawnbrokers and secondhand article dealers are regulated under s. 134.71, stats. Generally, all three are required to obtain an annual license issued by a municipality. Under both current law and AB 640, they are required to maintain records related to their purchases, and must share these records with law enforcement (generally – there are some variations).

Under both current law and AB 640, DATCP is required to provide license application forms and property transaction record forms to local units of government. However, AB 640 does not represent any material change in this requirement. Therefore, DATCP anticipates that AB 640 would have no fiscal impact on the agency. DATCP does not have enforcement authority under either current law or this bill.

DATCP does not have sufficient data to estimate the net fiscal impact on local units of government. The bill has a number of provisions that may increase revenue, increase cost or decrease cost for police departments and other agencies within local government. We discuss some potential fiscal effects below, but we are not able to provide specific dollar amounts.

The bill could result in municipalities issuing additional licenses and therefore receiving additional license revenue in three ways. (Under both current law and this bill, the annual license fee is \$30.) First, secondhand jewelry dealers would be required to obtain a license in every municipality in which they operate, as opposed to current law which requires they obtain only a license from the municipality in which their principle place of doing business is located. Second, an exemption from licensing in current law for occasional events (yard sales, antique shows, etc.) would no longer apply to shows or conventions that offer to purchase secondhand jewelry from attendees. Third, this bill would modify the definition of "jewelry" to include components of jewelry, thereby newly regulating persons who buy & sell jewelry parts.

The portion of the bill relating to electronic reporting could potentially impact local law enforcement costs, but it is not clear whether it would increase or decrease costs. Under current law, pawnbrokers and secondhand jewelry dealers are required to create transaction records and inventory records of items purchased or otherwise obtained from customers, and must make these records available to law enforcement upon request. This bill requires law enforcement agencies to require pawnbrokers and secondhand jewelry dealers to participate in a system of electronically reporting this information. This provision would require law enforcement agencies to either purchase or develop some type of database system (although, reportedly, many already have such a system in place). Commercial systems are available and annual costs vary from roughly \$2,000 to \$20,000, depending on the size of the municipality. Such a system could, however, result in significant savings for law enforcement agencies because they could much more efficiently investigate potential burglaries and other crimes.

Long-Range Fiscal Implications