

ALASKA STATE LEGISLATURE
HOUSE LABOR AND COMMERCE STANDING COMMITTEE

February 3, 2003

3:15 p.m.

MEMBERS PRESENT

Representative Tom Anderson, Chair
Representative Bob Lynn, Vice Chair
Representative Nancy Dahlstrom
Representative Carl Gatto
Representative Norman Rokeberg
Representative Harry Crawford
Representative David Guttenberg

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 66

"An Act relating to certain persons who buy and sell secondhand articles, to certain persons who lend money on secondhand articles, and to certain persons who seek or receive loans on secondhand articles."

- HEARD AND HELD

PREVIOUS ACTION

BILL: HB 66

SHORT TITLE: PAWNBROKERS/SECONDHAND DEALERS

SPONSOR(S): REPRESENTATIVE(S) SAMUELS

Jrn-Date	Jrn-Page		Action
01/27/03	0076	(H)	READ THE FIRST TIME - REFERRALS
01/27/03	0076	(H)	L&C, FIN
01/27/03	0076	(H)	REFERRED TO LABOR & COMMERCE
01/29/03	0089	(H)	COSPONSOR(S): MCGUIRE
01/31/03	0108	(H)	COSPONSOR(S): HEINZE
02/03/03		(H)	L&C AT 3:15 PM CAPITOL 17

WITNESS REGISTER

REPRESENTATIVE RALPH SAMUELS

Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: As sponsor of HB 66, introduced his bill and answered questions about it.

ART GRISWOLD

Delta Junction, Alaska

POSITION STATEMENT: Asked questions about how HB 66 would affect his future secondhand business.

MARK MEW, Deputy Chief
Administration
Anchorage Police Department
Municipality of Anchorage
Anchorage, Alaska

POSITION STATEMENT: Spoke in favor of HB 66 and described the Anchorage Police Department's work with pawnshop reporting under a municipal ordinance.

LAURA ACHEE, Staff
to Representative Ralph Samuels
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Answered questions about the misdemeanor changes in HB 66.

MATT LEVEQUE, Lieutenant
Division of Alaska State Troopers
Department of Public Safety
Anchorage, Alaska

POSITION STATEMENT: Offered the department's conceptual support for HB 66 but raised concerns about whether the proposed Internet reporting will mesh with the Alaska State Troopers' computer system.

JERRY CLEWORTH, Owner
Alaska Rare Coins
Fairbanks, Alaska

POSITION STATEMENT: Testified against HB 66 on behalf of seven retail businesses in downtown Fairbanks; he protested that a 30- or 45-day hold is prohibitive and the reporting requirements are absurd.

JOHN SHACKLEY, Owner
Rocket Surplus
Fairbanks, Alaska

POSITION STATEMENT: As owner of a military surplus store, spoke in opposition to HB 66; he raised questions about how to handle the documentation on the purchase and resale of large lots of military uniforms and clothing.

BILL HOYT, Owner
Wasilla Pawn Shop
Wasilla, Alaska

POSITION STATEMENT: Questioned the required payments to pawnshop customers in HB 66.

CONRAD HOLLER, Owner
Rainbow Pawn Shop
Wasilla, Alaska

POSITION STATEMENT: Spoke in opposition to HB 66, noting that the current law works and criticizing the 45-day hold period.

JOHN MINNICK, Owner
A-1 Pawn Shop
Wasilla, Alaska

POSITION STATEMENT: Indicated he would meet with legislators in Juneau to discuss his concerns about HB 66.

DEBORAH FINK, Owner
Cash Alaska
Anchorage, Alaska

POSITION STATEMENT: Spoke in favor of state pawn legislation and volunteered to offer industry perspective on revisions to HB 66, including the types of items and businesses that should be exempted; noted that under the Anchorage ordinance, she already files regular reports.

JEFF GREGG, Detective
Theft Section
Anchorage Police Department
Municipality of Anchorage
Anchorage, Alaska

POSITION STATEMENT: Described how the current Anchorage ordinance works, gave examples of tracking stolen property, and described how stolen property is being sold out of Anchorage.

ACTION NARRATIVE

TAPE 03-5, SIDE A

Number 0040

CHAIR TOM ANDERSON called the House Labor and Commerce Standing Committee meeting to order at 3:15 p.m. Present at the call to order were Representatives Anderson, Lynn, Dahlstrom, Gatto, Crawford, and Guttenberg; Representative Rokeberg arrived as the meeting was in progress.

HB 66-PAWNBROKERS/SECONDHAND DEALERS

Number 0075

CHAIR ANDERSON announced the only order of business would be HOUSE BILL NO. 66, "An Act relating to certain persons who buy and sell secondhand articles, to certain persons who lend money on secondhand articles, and to certain persons who seek or receive loans on secondhand articles."

Number 0075

REPRESENTATIVE RALPH SAMUELS, Alaska State Legislature, sponsor of HB 66, explained that the purpose of this bill is to help victims recover more of their stolen property in a timely fashion. At present, pawnshops are required to log the make, model, and serial number of the items they buy and the name of the seller. These logs must be made available to law enforcement officers upon request. When the police receive a report of stolen goods, they enter the key information into a database, including the facts of the crime. Representative Samuels stated that the process of matching the data collected by pawnshops and the police system doesn't work very well. This bill would require those two systems to automate and to start talking to each other.

Number 0275

REPRESENTATIVE SAMUELS explained that automation in real time is the key to tracking stolen goods. The goal of HB 66 is for a pawnshop owner to enter the details of a proposed purchase in the computer and learn if an item was stolen while the seller is still present in the store. The bill puts a 30-day hold on items that are pawned, giving law enforcement officials more time to enter the details into their databases. With real-time data exchange, the police would enter data about a burglary into their database, and if there's a match with the pawnshops' data, the police would get a hit for the items at a pawnshop, plus a record of who pawned it. This bill also requires that pawnshops become licensed so their activities can be monitored. The bill

is aimed at automating the large pawnshops rather than small operations.

Number 0308

REPRESENTATIVE SAMUELS explained that HB 66 focuses on statewide enforcement rather than depending on local police to regulate pawnshop activities. Many goods stolen in Anchorage are hocked in surrounding communities in order to avoid detection by the Anchorage police. A software program developed by a Canadian software company, BWI [Business Watch International], uses the Internet to transmit the transactions between pawnshops and local law enforcement agencies. This software can sort information by various fields, for example, by the number of pawns. In one case, law enforcement officers noted a woman who had pawned 450 items in one month; that information led police to her sons who had been committing burglaries.

REPRESENTATIVE SAMUELS noted two exemptions in HB 66. One is for used car dealers who already file reports with the Division of Motor Vehicles, Department of Administration, and the other exemption is for commodities dealers. For example, commodity dealers are businesses that deal with gold bullion; they would be put out of business if they had to hold gold for 30 days.

Number 0536

ART GRISWOLD, Delta Junction, described a theoretical business that buys and sells secondhand merchandise. He asked if the owner is required to report all purchases. He expressed concern that a citizen with financial troubles who sells personal items to a pawnshop would be added to a police database.

Number 0689

REPRESENTATIVE SAMUELS noted that a legal opinion states that this bill does not violate a person's right to privacy, which, he admitted, is somewhat different from Mr. Griswold's privacy concern. He pointed out that pawnshops are already required by state law to record all sales; HB 66 would upgrade that recording process from manual to automated. Representative Samuels said he would consider amending his bill to exempt purchases from auctioneers and other dealers.

Number 0764

MR. GRISWOLD, in response to Representative Rokeberg, explained that he is describing a secondhand or junk store he plans to open next year. He posed the problem of recording the purchase of baby clothes from a Russian-speaking woman who barely speaks English.

Number 0889

REPRESENTATIVE GATTO asked Representative Samuels about the change in HB 66 on page 5, lines 11-13, which removes the details of misdemeanor penalties but upgrades the offense to a class A misdemeanor.

Number 0910

REPRESENTATIVE SAMUELS responded that including both the misdemeanor and its penalties could cause conflicts in future law when those penalties change.

Number 0950

MARK MEW, Deputy Chief, Administration, Anchorage Police Department (APD), Municipality of Anchorage, said that the Anchorage Assembly passed an ordinance similar to this bill about 20 years ago. He opined that it works well. Pawnshops are required to report their purchases to the police department, to hold their property for 30 days, and during that period of time, the police try to match pawnshop data against the stolen property information in their record management system. When the police find matches, they require the pawnshop to put the property in question on hold.

MR. MEW explained that when he started work as a detective, the department's system was manual. Now APD has progressed to a point where most pawnshops can deliver their data on a floppy disk, while other shops send it by e-mail. Department staff must massage the data to bounce it off the department's record management system. He said the APD is getting better at this, and as a result, thieves are selling stolen property outside the Anchorage jurisdiction, on the Kenai Peninsula and in the Matanuska Valley. The Anchorage Police Department supports HB 66 because the lack of a statewide measure hampers its efforts to recover stolen property. Mr. Mew said he thinks APD is losing track of lots of stolen property because of this inefficiency.

Number 1021

MR. MEW testified that HB 66 gives a break to pawnshops that automate their reporting criteria. State law already requires that all sales be recorded. If a pawnshop doesn't automate, the owner can still deliver the data manually. But the owner must hold the property longer because the police department must enter the data by hand.

MR. MEW explained that the computer software proposed for use under this statute is offered to pawnshops at no cost; the stores only need access to the Internet. The software would manage many pawnshop business functions: maintaining inventory; recording sales; showing the location of property on the store shelves; and printing reports. The software also collects the information on the person doing the pawn and bounces it - either by real time or once a day - off the police department's stolen property files. The user can set up the program so that the pawnshop, the police department, or both are notified when the system makes a hit on stolen goods. Statewide, city police departments could recover each other's stolen property. These software companies have tried to create a program that makes recordkeeping more convenient than the way pawnshops do business now. Mr. Mew said he doesn't think this poses a big hardship on the customer or the pawnshop owner. He noted that there is a new pilot project in Juneau and Anchorage whereby pawnshops are voluntarily trying this software. He said he wants pawnshops to get used to an automated database so they can reduce their hold time under HB 66.

Number 1232

MR. MEW addressed the issue of customer privacy. In Anchorage, where the police collect thousands of pawn transactions, officers don't have time to wonder who's fallen on hard times.

MR. MEW said state law already requires all secondhand and pawnshop dealers to record their transactions, with the two exceptions. However, APD isn't enforcing compliance by the secondhand shops because it doesn't have enough detectives to do so. He explained that in Anchorage, the secondhand stores have gotten themselves removed from the municipal ordinance, but they are still required to keep a permanent record of their purchases.

Number 1331

REPRESENTATIVE GATTO asked about Section 6 of the bill, page 5, lines 8-13, which adds reference to a class A misdemeanor but deletes the details of the fine and jail sentence.

MR. MEW replied that under existing law, if a person pawns stolen property knowingly, either as a fence or a broker, the person will be charged with an offense based on the value of the property. A person can be found guilty of a theft by disposing of stolen property, even if the underlying burglary or robbery cannot be proven. This new language penalizes pawnshop owners who fail to report their purchases.

Number 1400

LAURA ACHEE, Staff to Representative Ralph Samuels, Alaska State Legislature, explained that a class A misdemeanor is a stiffer penalty than what is currently in statute. She explained that this section of existing law is antiquated; bills no longer detail specific penalties, but rather, they reference the criminal statutes where the penalties are outlined. Law enforcement officers told her that a class A misdemeanor is more appropriate than the existing, more lenient penalties.

Number 1477

REPRESENTATIVE ROKEBERG commented that a class A misdemeanor is punishable by up to one year in jail and \$5,000 in fines, so this is an enormous increase in penalty. The original law may date back to 1949 when the generic term misdemeanor was in use and before it was classified into A, B, and C. He opined that the fine being removed in HB 66 is in the class C or least serious range. This bill uses the term "reckless", which is a higher standard than a mere failure to report. "Reckless" behavior would have to be blatant to be successfully prosecuted.

Number 1546

REPRESENTATIVE DAHLSTROM asked Mr. Mew if other states require pawnshops to report sales and to be licensed. She also asked about the cost of the licensing and whether it has been successful. She questioned whether the only cost to pawnshop owners is access to the Internet.

MR. MEW replied that most cities and states across the country require pawnshops to report their purchases, and most police departments have detectives working a pawn detail. He said the extent to which each jurisdiction uses computer technology

varies widely. This particular software is free to law enforcement agencies and free to the pawnshops and secondhand stores, but the customer pays a \$.50 or \$1 surcharge, so it's the customer who pays for the system. But there are a variety of models. Some software companies sell the product to the police department, which makes it free to the pawnshop or charges the pawnshop. Some places, like Anchorage, are not automated, and the pawnshops give the police the information on a disk and the police absorb the cost of massaging the data. This bill doesn't lock the pawnbrokers into accepting anybody's particular solution. Internet access is the only thing required for the pilot project in Anchorage and Juneau. The bill doesn't require the pawnshops to automate - only to report to the police department.

Number 1682

REPRESENTATIVE CRAWFORD asked about the language on page 3, line 28, and whether the requirement for government identification should include the word "photographic". He also asked how pawnshops record those items whose serial numbers have been removed. In his experience, some ironworker contractors retool their jobs by buying tools from pawnshops; many times the tools' serial numbers have been defaced.

Number 1736

REPRESENTATIVE SAMUELS answered that if the serial number is missing from an item, the pawnshop records other identifying details.

Number 1749

MR. MEW added that pawnshops often deal with nonserialized property and with items missing their serial numbers. A missing serial number is a hallmark that the property has been stolen, and that should raise the pawnbroker's suspicions. Removing a serial number from a firearm is a crime, but it's not a crime to remove it from a Walkman [a pocket-sized cassette player]. If the pawnshop owners can't enter a serial number, they can still enter the make, model, style, and size. The APD can still do hits with that information. This other identifying information is still a powerful tool, and allows the Anchorage Police Department to narrow a field of thousands of items down to a few that they then look at in pawnshops. He said they often do prepare court cases without serial numbers.

Number 1819

MR. MEW, in response to a question from Representative Crawford, said he favors making it illegal to trade goods that are missing their serial numbers.

MR. MEW responded to a question from Representative Rokeberg about BWI [Business Watch International], the software company in partnership with the Canadian government and based in Saskatchewan. The company approached the pawnshops, gave them a software presentation, and asked if they'd like to try it out. BWI is paying the cost. Pawnshops don't have to charge the clients a fee, nor do they have to pay a fee to the police department. Mr. Mew said that BWI probably hopes to capitalize on the market if the statute passes. But, he added, the bill doesn't dictate which software to use.

Number 1998

MR. MEW answered Representative Rokeberg's query about the exemptions in Anchorage's municipal ordinance. He said only secondhand stores are exempted in Anchorage, but the original ordinance required all pawnshops and secondhand stores to report. Anchorage doesn't require used car dealers to report their sales because they already report to DMV.

Number 2022

REPRESENTATIVE ROKEBERG protested the selective enforcement of state law under which pawnshops must report but used car dealers, Salvation Army, Goodwill, antique brokers, and secondhand dealers are ignored.

Number 2037

MR. MEW explained that stores like Goodwill are exempt because they do not pay for the merchandise they sell. Neither HB 66 nor the city ordinance requires stores like Salvation Army to report; only the stores that purchase property have to report. He said it is true that the Anchorage Police Department selectively enforces the municipal ordinance, and the department isn't always happy about the situation but the department is following the direction given by several administrations. Mr. Mew said he believes that by encouraging pawnshops and secondhand stores to use streamlined technology, his department could handle more groups required to report under state law without increasing staff.

MR. MEW answered Representative Rokeberg's question about how secondhand dealers gained exemption under Anchorage's municipal ordinance. When the ordinance was revised, no one in the APD realized there already was a state law requiring secondhand stores to maintain records. Neither the state nor the municipality is monitoring this information from secondhand stores. This bill, coupled with the right technology, might change that, he said.

Number 2168

REPRESENTATIVE ROKEBERG noted that Anchorage is the largest law enforcement agency in the state. He asked how many staff investigate property crimes and follow up with pawnbrokers.

MR. MEW answered that three or four detectives and two clerks work full-time with pawnshops and on general theft cases. Another four detectives have occasional business with the pawn system.

Number 2245

MATT LEVEQUE, Lieutenant, Division of Alaska State Troopers, Department of Public Safety, testified that the department conceptually backs HB 66. He said the department supports any action that gets property back into the hands of victims faster and allows the state to prosecute those who have stolen the property.

MR. LEVEQUE identified several issues of concern to the Department of Public Safety. The bill repeals the requirement that the pawnshop record the sale of the goods, and he said he suspects this is an oversight. Repealing this requirement removes the opportunity for police to follow up on cases that have passed the 30-day hold period. When the property has been subsequently sold, it can still be recovered from the good-faith purchaser. His other concern is with how the department would upload information to this Internet system. He said it is unknown whether APSIN [Alaska Public Safety Information Network] would be compatible with whatever software is used. Also, if pawnbrokers and secondhand stores provide their reports on disk or on the serialized three-part forms, the department would need staff to input the data and make it usable.

Number 2319

MR. LEVEQUE, in answer to Representative Rokeberg's question, said that if the troopers received a disk today, they could not match the information with the troopers' current system of tracking pawnshops. He understands that the vendor would provide the software to police agencies at no cost, but the cost of the system would be borne by the pawnshop customer.

REPRESENTATIVE ROKEBERG described this cost to the pawnshop customer as a private fiscal note.

TAPE 03-5, SIDE B

Number 2371

JERRY CLEWORTH, Owner, Alaska Rare Coins, identified himself as Fairbanks businessman and a city council member. He said he represents a group of downtown businesses that are strongly opposed to HB 66. These businesses are: Alaskan Photographic Repair Service, Gold Dust Antiques, Alaska Gold 'N' Gems, Alaskan Gold Rush Jewelry, Caribou Loan, TCR Ivory, Arctic Traveler's Gift Shop, and New Horizons Gallery. Mr. Cleworth said the bill would impact every business that buys secondhand goods, basically every retail business in downtown Fairbanks. None of these businesses were aware of an existing law that requires that they record their purchases.

MR. CLEWORTH said that without definitions, he has to assume that any previously owned item must be listed, whether purchased from an estate sale, an auction, or a personal collection. Mr. Cleworth asked if he would have to list every item in a collection of 1,000 coins. "I don't have the time," he said, and he called the requirement absurd. He described the holding period of 45 days as outrageous, because many small businesses operate on limited capital and small margins. He explained that his business deals in gold and silver, but he's not sure if he qualifies as a commodities broker under HB 66. For example, if someone sells him 100 ounces of a precious metal at today's spot price and he sits on the purchase for 45 days, he'd certainly go broke. He asked if the bill applies to items such as gold coins that aren't traded on the commodities market but whose prices fluctuate vastly from day to day.

Number 2200

MR. CLEWORTH also asked how the bill affects other secondhand goods purchased at garage sales, over the Internet, at church bazaars, and at flea markets. He pointed out that all the testimony today has involved pawnshops. If the problem has been

pawnshops buying stolen goods, he suggested then working with that industry and getting it automated. Mr. Cleworth testified that in his 23 years of business, he had only one incident of stolen goods, and it involved members of the same family.

CHAIR ANDERSON told the witnesses that the committee is taking testimony today but the bill will be held over while the sponsor, Representative Samuels, continues work on it.

Number 2165

MR. CLEWORTH, in response to Representative Rokeberg's question, replied that the 30- and 45-day holding periods and the reporting requirements in HB 66 are troublesome. He physically cannot comply with the reporting requirements of the bill unless he uses a generic listing of "a coin collection purchased from Joe Blow." If he ties up \$50,000 or \$100,000 for 45 days, he would have to get a loan.

Number 2076

JOHN SHACKLEY, Owner, [Rocket Surplus], a military surplus store, clarified earlier testimony, saying that Value Village is a profit-making business that purchases merchandise. He testified that the 15-day break on the required hold time is not much of an incentive to automate. If he collects the data manually, his customers wouldn't have to pay the software surcharge. So only a few pawnshops would be paying for it. He predicted that the data collection system will work only if every police agency in Alaska has the same system and it's given to them at no charge. Those pawnshops that automate would end up carrying the cost of the system.

Number 2020

MR. SHACKLEY protested that asking any retail store to hold its merchandise for over 30 or 45 days is ridiculous. Businesses work on a 30-day net; his vendors give him 30 days to sell the merchandise and pay them. He asked: If he buys an item at a yard sale or an auction, does he insist the seller fill out a form? How does a merchant distinguish one pair of bunny boots from another? The bill requires that the seller have proof of ownership. If a man walks into his shop to sell him a military uniform, what are the identifying marks and what proof can the man show of ownership? He said this bill poses many problems, and he said he definitely opposes HB 66.

Number 1938

MR. SHACKLEY, answering Representative Guttenberg's question, said that very little of his merchandise has serial numbers or unique identifying marks.

MR. SHACKLEY responded to Representative Rokeberg's question about whether he buys merchandise, such as military surplus, in lots. He replied that he buys from DRMOs [Defense Reutilization and Marketing Offices], from big vendors in the Lower 48, and from people who buy from DRMOs. He explained that he buys some items in lots of 100 or 200.

Number 1900

BILL HOYT, Wasilla Pawn Shop, questioned the meaning of current law on page 5, lines 24-27, which deals with reselling pawned items and paying the previous owner.

Number 1821

CONRAD HOLLER, Rainbow Pawn Shop, asked how he would report the purchase of a large toolbox of 1,600 wrenches with no serial numbers.

Number 1786

JOHN MINNICK, A-1 Pawn, said he is traveling to Juneau on Sunday, February 9, and hopes to talk to legislators about suggested changes to HB 66.

Number 1756

MR. HOLLER, Rainbow Pawn Shop, asked whether sports shops, which take guns in trade, will be required to hold them for 45 days and report these transactions under HB 66. If someone places an item with him on consignment, does he have to hold it for 45 days? If merchants have to keep an item for 45 days, they will have to reduce the amount they pay for an item. Some of these customers are legitimate; they don't have any money, they're down and out, and they need what they can get. Mr. Holler noted that the state law and the Anchorage ordinance are not broken and don't need fixing.

Number 1645

DEBORAH FINK, Owner, Cash Alaska, Anchorage, testified that she has operated her business since 1989, and her four stores comprise the largest pawn business in the state. She said she supports state legislation to retrieve stolen goods. She has lived under the Anchorage pawnshop code for some time and is used to the time and detail required. She said this legislation is an opportunity for the industry and the public to address this issue. She emphasized that she would like to be involved in the dialogue on HB 66 and was glad to hear the committee won't be moving the bill today. She complained about the pawn industry's bad image. Of the \$4 million she paid out in loans and purchases in 2002, the average amount was \$79. Her company made 54,751 sales and loans for the year. Of all the money paid out, only \$2,000 in merchandise was confiscated by a law enforcement agency. Another \$15,000 in merchandise was returned, at her own expense, to the people who claimed the items as their property. This \$17,000 in stolen property amounted to one-third of one percent of her total business.

Number 1540

MS. FINK explained that pawnshops provide fast money. They fill a niche, the \$79 loan, a service in which banks and credit unions have no interest. Approximately 70 percent of her customers reclaim their items; they come in over and over again; and the vast majority of her customers are honest people. She said her company has worked well with APD for many years. It's reasonable for anyone who deals in used goods to be subject to state regulation because these businesses are going to get some stolen goods.

MS. FINK said she supports this legislation in general and said she thinks she could live with HB 66 with a few minor changes. She said it is similar to what she already does.

Number 1413

REPRESENTATIVE GATTO asked Ms. Fink where she thinks the stolen goods are going if not to the pawnshops.

MS. FINK, answering Representative Gatto's question, said she heard several years ago from the Anchorage Police Department that that only 3 percent of stolen items were ever recovered, mostly from pawnshops. Police working the pawn detail more recently indicated that some stolen items were going into permanent garage sales, that stolen jewelry was being placed in

jewelry stores, and that most guns were being sold on the street or in secondhand stores.

REPRESENTATIVE GATTO asked Ms. Fink to explain her business's \$79 average transaction.

MS. FINK replied that the \$79 [an average for loans and purchases] is the purchase amount, the amount given to the customer. The maximum purchase is \$500, but she said the bulk of her loans were under \$100.

Number 1292

MS. FINK replied to a series of questions from Representative Rokeberg. She explained that the \$500 pawn limit is part of the Alaska Small Loan Act [AS 06.20.330(b)]. She said it's very low, even though it was raised from \$200 five or six years ago. She said that when people bring in something worth a lot of money, she can't give them a fair deal. She'd support raising the \$500 limit.

MS. FINK said she doesn't think the selective enforcement on pawnshops is fair, but if the primary objective is recovering stolen goods, fairness isn't so much the question. She said the question is what is the reasonable thing to do to recover stolen goods in the secondhand industry. She added that most people in the pawn industry don't think that furniture or clothing ought to be reported. Reporting should be required for any serial-numbered items, for higher-end jewelry, and for weapons. She said she is very sympathetic to the people who have testified today.

Number 1154

MS. FINK said that if there were a higher loan limit, most jewelry would continue to go to jewelry stores on consignment, where there's no up-front money paid to the seller. She said her customers would like a higher pawn limit because she could give them a better value for expensive items.

REPRESENTATIVE ROKEBERG invited Ms. Fink and other speakers to help the sponsor of HB 66 determine what items are appropriate to exempt from the law. He said legislators don't want to force people into reporting inappropriate items, such as baby clothes. He said that people won't abide by bad laws.

MS. FINK responded that deciding what to report should be based on what the police report as stolen.

Number 1021

JEFF GREGG, Detective, Theft Section, Anchorage Police Department, Municipality of Anchorage, described his work with the pawn system. He recounted specific examples of stolen property going outside Anchorage and several instances of tracking down suspects and stolen property through the pawn system. Mr. Gregg surmised that Anchorage secondhand stores may have considerable stolen goods, but their owners do not realize it because the items are not being checked against any databases.

Number 0827

REPRESENTATIVE GUTTENBERG asked Mr. Gregg how he deals with items that don't have serial numbers or other identifying marks, such as bunny boots, children's clothing, and furniture. And he asked how he profiles people who commit crimes with these items.

MR. GREGG gave the example of a business owner reporting that an employee had stolen certain tools. Mr. Gregg checked that name in the database to see if the individual had pawned any items, and found several items the employee had pawned. The detective then visited the pawnshop, took photos of the items, made contact with the victim of the crime, and got as many details as possible about the stolen items.

MR. GREGG told Representative Guttenberg that he's not personally aware of any illegal activity at the many ongoing garage and yard sales. He also said he was not familiar with any studies of stolen goods being transported out of state.

Number 0654

MR. MEW testified that yard sales are not a problem in marketing stolen goods because those items are sold as bargains. He proposed that law enforcement work with the secondhand industry to come up with protocols for recording collections of items, for example, a box of tools or a coin collection. The company demonstrating the pawn software is developing a camera that will allow the pawnbroker to take digital photographs and attach them to the record. Looking at the photos could help the police decide whether to further investigate those items. He said this is one example of a technological solution.

REPRESENTATIVE SAMUELS concluded his presentation, saying the point is to return stolen goods to the victims, not monitor garage sales. He indicated his willingness to work with the industry to alleviate some of their concerns.

Number 0477

REPRESENTATIVE ROKEBERG summarized key issues raised in today's testimony. He said he believes people are not adhering to the current statute because it is broken. He said there is selective enforcement because many of these businesses should be exempt from the law. There's an important interplay between the Alaska Small Loan Act and the \$500 loan cap. The company marketing the software, BWI, might have comments about the pilot project and some useful national perspectives. Representative Rokeberg added that it's important to understand the costs of implementing an automated data collection system. If this software isn't compatible with the Alaska State Troopers' system, HB 66 may have a big price tag for new hardware and software.

REPRESENTATIVE ROKEBERG also noted the problem of creating a penalty for nonreporting by pawnbrokers. Not recording pawn purchases was previously a class B or C misdemeanor, and this bill turns failure to report into a class A misdemeanor, a criminal action. Representative Rokeberg said HB 66 is a licensing procedure, and its penalties should be similar to those of other licensed businesses regulated by the Division of Occupational Licensing. He also noted that the bill adds the term "recklessly" as a standard of proof. He volunteered to work with the sponsor of HB 66 on these issues.

CHAIR ANDERSON announced that HB 66 will be held for further public hearing.

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 4:45 p.m.