

IMPACT STATEMENT

Legislation title: Revise Secondhand Dealer regulations to accept Consular ID cards as identification, add Gift Cards as regulated property and other housekeeping changes (Ordinance; amend Code Chapter 14B.90)

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Purpose of proposed legislation and background information:

There are several Administrative Rules that would become part of Chapter 14B.90. It will make it easier for Dealers and permit applicants to find the program's requirements if they are all in one place. Perhaps the most significant Administrative Rule to be incorporated into the chapter is the inclusion of a current Consulate Identity Card as a form of Acceptable Identification when a Seller is initiating a transaction at a Secondhand Dealer business.

Mexican consulates began issuing an identification card with enhanced security features in November 2014. Identity cards issued by other countries' consulates will be acceptable as identification for Secondhand transactions if they have those same additional security features, and those are part of the definition of a Consulate Identity Card. The Revenue Division received support from the Office of Government Relations for the creation of the Administrative Rule.

Dealers have asked over the years if they could buy gift cards from the public. Secondhand Dealers have been prohibited from buying gift cards, but they are purchased by businesses that are not otherwise a Secondhand Dealer, such as grocery stores and check cashing businesses.

The purpose of Chapter 14B.90 is to "regulate certain business activities that present an extraordinary risk of being used by criminals to dispose of stolen property." The Police Bureau recognized that useful information was unavailable because gift card transactions were not being reported into RAPID, the electronic reporting system that makes the information about every regulated property transaction available to law enforcement.

The proposed change to Chapter 14B.90 would allow Secondhand Dealers to purchase gift cards, in-store credit cards and activated phone cards from the public. The reporting requirements have been streamlined so that they are not excessively burdensome on the Dealers or on a retailer that decides to continue to buy the cards after obtaining a Secondhand Dealer permit.

The last time Chapter 14B.90 was significantly revised was in 2007, and housekeeping changes are required. Defined terms have been capitalized, and references to paper forms that are no longer in use have been replaced with references to RAPID, the electronic transaction reporting system now in use.

Financial and budgetary impacts:

There may be an increase in revenue in the Secondhand Dealer program if businesses that currently buy gift cards, in-store credit cards and activated phone cards from the public decide to continue to do so. They will have to become Dealers and report their acquisitions of the cards to the Police Bureau. An estimated \$8,000 may be collected in new application fees, in subsequent years the renewal fees from those businesses are estimated to be \$7,200.

Community impacts and community involvement:

The proposed changes were posted on the Revenue Division’s Secondhand Dealer webpage and sent by email to all Secondhand Dealers and the retailers that could be identified as businesses that currently buy the various kinds of cards from the public. Inquiries came from some of the retailers with gift card purchasing programs. None of those inquiries contained objections to the change but questions, which were answered. Some asked to be informed of the date that the proposed changes would be presented to Council, and that was done.

No response was received regarding any of the other proposed changes.

Input regarding the regulation of gift card transactions was received from a citizen that is in the business of buying the cards and was in favor of increased regulation of the transactions.

100% Renewable Goal:

There should not be any effect on anyone’s energy use as a result of the changes to the Secondhand Dealer regulations.

Budgetary Impact Worksheet

Does this action change appropriations?

- YES:** Please complete the information below.
- NO:** Skip this section

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount