



OHIO LEGISLATIVE SERVICE COMMISSION

Shannon Pleiman

Fiscal Note & Local Impact Statement

Bill: H.B. 120 of the 132nd G.A.

Status: As Introduced

Sponsor: Rep. Henne

Local Impact Statement Procedure Required: No

Subject: Revises the Precious Metals Dealer Law

State Fiscal Highlights

- **Precious Metals Dealer Law.** The bill revises the Precious Metals Dealer Law (PMDL) which is enforced by the Division of Financial Institutions within the Department of Commerce (COM). Any revenue and expense as a result of the bill will be credited to the Consumer Finance Fund (Fund 5530).
- **Exemptions from licensure.** The bill modifies the list of people, institutions, and articles to which the PMDL does not apply and eliminates certain exemptions from the PMDL. This may increase or decrease the number of licenses. The initial and renewal license fee is \$300.
- **Temporary exhibition permit.** Establishes a \$1,000 fee for the temporary exhibition permit for licensed precious metals dealers licensed to host an exhibition to display, trade, and sell precious metals.

Local Fiscal Highlights

- **Criminal penalties.** It is not entirely clear what effect reducing the severity of the criminal penalties under the bill will have on local law enforcement and the court system. Specifically, the bill changes the penalty for violating the PMDL from a first degree misdemeanor on a first offense and fifth degree felony on each subsequent offense to a third degree misdemeanor on a first offense and a second degree misdemeanor on each subsequent offense.

Detailed Fiscal Analysis

The bill revises Ohio's Precious Metals Dealer Law (PMDL) administered and enforced by the Superintendent of Financial Institutions within the Department of Commerce (COM). The bill has several provisions that may have an effect on COM's revenue and expenditures. Any revenue and expense as a result of the bill will be credited to the Consumer Finance Fund (Fund 5530). In FY 2016, there were 133 precious metals dealer licenses.

Precious metals dealer's license

The bill modifies the precious metals dealer's license by requiring that applicants have either (1) owned or leased for at least one year a fixed premises in the state as a place of business or (2) signed a lease for a minimum period of one year for a fixed premises in the state to be used as a place of business. The bill also modifies the list to which the PMDL does not apply and eliminates certain exemptions from the PMDL (see the LSC Bill Analysis for the list of exemptions and eliminations from exemption). This may increase or decrease license revenue deposited into Fund 5530. Ultimately, the effect of this will depend on the number of people who will (1) be exempt from the PMDL and who are not currently, and (2) the number of people who are currently exempt but will not be under the bill.

Temporary exhibition permit

The bill allows COM to issue temporary exhibition permits to precious metals dealers licensed in Ohio or another state. This would allow the holder to host an auction, exhibition, or show for purpose of displaying, trading, and selling precious metals. Under current law, COM issues temporary exhibition permits for the purpose of providing or purchasing precious metals at such events. The bill establishes a \$1,000 fee for the temporary exhibition permit. As a result, this may increase revenue deposited into Fund 5530.

License renewal penalty and other fines

The bill requires any licensee who fails to renew a license on or before the date the license expires to reapply for a new license, unless the licensee applies for renewal by August 31 of the year the license expires and pays a late renewal penalty of \$100 in addition to the renewal fee. Currently, the initial license fee and renewal fee is \$300. As a result, this could increase revenue deposited into Fund 5530 from late renewal penalties. Additionally, the bill increases the minimum fine amount from \$100 to \$500 for a person violating the PMDL after notice and hearing. Lastly, the bill requires COM to issue a fine against a licensee who fails to comply with the PMDL's record-keeping requirements. The fine is \$100 for each violation but cannot exceed \$500.

Criminal penalties

The bill modifies criminal penalties for violations of the PMDL from a first degree misdemeanor on a first offense and fifth degree felony on each subsequent offense to a third degree misdemeanor on a first offense and a second degree misdemeanor on each subsequent offense. It is not clear how these changes would affect the way cases are prosecuted and adjudicated. A third degree misdemeanor has a maximum penalty of up to 60 days in jail and up to \$500 in fines compared to a first degree misdemeanor that has a maximum penalty of up to 180 days in jail and up to \$1,000 in fines.

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