

**LEGISLATIVE DIGEST**  
**(Amended September 4, 2012)**

[Police Code – Secondhand Dealer and Antique Dealer Permit Requirements]

**Ordinance amending the San Francisco Police Code by: 1) repealing Sections 850, 851, 852, 1276, 1279.2, 1280, 1280.1, and 1281 to eliminate certain requirements for Secondhand and Antique Dealers; 2) amending Sections 1279, 1279.1 and 1282 to modify the Secondhand Dealer permit requirement; and 3) amending Section 2.26 to set the permit application fee for a Secondhand Dealer permit at \$200.**

Existing Law

Under state law, secondhand dealers must get a license to operate, which the dealer obtains through the local police or sheriff department, which exercises delegated licensing authority for the California Department of Justice. State law requires secondhand dealers to maintain certain records and report transactions involving tangible personal property, with certain exceptions, that the dealer has purchased, taken in trade, taken in pawn, accepted for sale on consignment, or accepted for auctioning.

Under the San Francisco Police Code, secondhand dealers must obtain a permit from the Chief of Police. The Police Code includes record retention and reporting requirements. Instead of obtaining a secondhand dealer permit, an antique dealer may obtain an antique shop permit. An antique shop is one where at least 90 percent the value of the secondhand merchandise in the business is derived from its age or historical associations. The Police Code also includes requirements for specific categories of secondhand dealers, such as secondhand book dealers.

Amendments to Current Law

The initial ordinance proposed to eliminate the requirement that secondhand dealers and antique dealers obtain a permit from the Chief of Police, and local requirements for certain categories of secondhand dealers.

As amended, the proposed ordinance would retain a secondhand dealer permit requirement, but the permit would be required only for businesses that bought, sold, or otherwise dealt, in whole or in part, in "Covered Secondhand Goods," defined as secondhand tangible personal property that falls into one or more of the following categories: (1) tangible personal property with a serial number or personalized initials or inscription, or which at the time it is acquired by the Secondhand Dealer, bears evidence of having had a serial number or personalized initials or inscription; (2) electronic personal property, including but not limited to televisions, stereos, radios, digital music players,

computers, computer monitors and other accessories, tablet computers and cell phones; (3) firearms; (4) jewelry and watches; (7) precious and semi-precious stones and imitation precious and semi-precious stones; (8) musical instruments; and (9) sterling silver flatware, utensils and services, individually or as a set. The amended ordinance would exclude antique dealers from the requirement to obtain a secondhand dealer permit. As amended, the proposed ordinance would still eliminate local reporting and many other local requirements imposed on secondhand dealers. Finally, the amended ordinance would set the permit application fee for a secondhand dealer permit at \$200.

### Background Information

The California Legislature adopted laws regulating secondhand dealers in an effort to curtail the dissemination of stolen property and facilitate the recovery of stolen property by means of a “uniform, state-wide, state-administered program of regulation of persons whose principal business is the buying, selling, trading, auctioning or taking in paw of tangible personal property...” as well as a “uniform statewide reporting” process. Cal. Bus. & Prof. Code §21625. In light of the state regulation of secondhand dealers, many of the local requirements are unnecessary and impose a financial burden on these small businesses. To address law enforcement concerns regarding disposition of stolen property, the amended ordinance retains the local permit requirement, but narrows the scope of the businesses required to get permits, to those that buy categories of secondhand merchandise that are commonly stolen items. But the amended ordinance eliminates many other local requirements on secondhand dealers, such as a local requirement to report purchases and sales, and reduces the permit application fee to \$200. The amended ordinance appropriately balances law enforcement and small business considerations.