



## MEMORANDUM

**TO:** Anna Firestone, Ohio Department of Commerce

**FROM:** Emily Kaylor, Director of Regulatory Policy

**DATE:** August 11, 2017

**RE:** CSI Review – Pawnbroker Act Rules (OAC1301:8-5-01 through 1301:8-5-08)

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On behalf of Lt. Governor Mary Taylor, and pursuant to the authority granted to the Common Sense Initiative (CSI) Office under Ohio Revised Code (ORC) section 107.54, the CSI Office has reviewed the abovementioned administrative rule package and associated Business Impact Analysis (BIA). This memo represents the CSI Office's comments to the Agency as provided for in ORC 107.54.

### Analysis

This rule package consists of six amended and two no-change rules submitted by the Ohio Department of Commerce for the statutorily-required five-year review. It was submitted to the CSI Office on April 20, 2017 and the comment period closed on May 12. Two comments were received during this time. On August 7 the Department notified CSI that it was making a rule change based on stakeholder feedback.

The rules support ORC 4727 which requires the Department to adopt rules regarding pawnbrokers. Specifically, these rules contain definitions and regulations related to advertising, notifications, inspections, unlicensed pawnbrokers, property held for sale, payments on a pawn loan, and continuing education.

The BIA explains that the Department emailed the rules to licensees and other affected individuals. During this early stakeholder outreach, the Ohio Pawnbrokers Association requested a conference call which led to some rule changes and other instances where the Department justified their rules. Additionally, Cash America submitted comments to which the Department

changed rule language and responded accordingly. Two comments were received during CSI review: one from Cash America in full support and one from the Ohio Pawnbrokers Association with some suggested changes. The Department explained statutory reasons they could not make some of the proposed changes but did agree to make one change. Ohio Administrative Code 1301:8-5-06(D) is being amended to remove the requirement that the licensee or employee record the exact time that a pawn is redeemed. This requirement was found to be burdensome and recording a date and name is considered sufficient information.

The rules impact the 132 licensed pawnbroker companies that have a total of 308 licensed business locations and any future pawnbroker licensees. Costs associated with these rules include recordkeeping requirements, employee time, reporting standards, and eight hours of continuing education every two years for one employee at each place of business. The BIA explains that many of the reporting and recording requirements should not take more than five minutes of an employee's time and that continuing education can range from \$50 to \$100 per hour depending on the class. Additionally, many continuing education hours can be taken at the Ohio Pawnbrokers Association which offers discounts for members. The Department justifies these costs as being necessary to verify compliance with pawnbroker statutes, protect consumers, reduce theft, and ensure that pawnbrokers charge the legally permissible interest and fees.

After reviewing the proposed rules and the BIA, the CSI Office has determined that the purpose of the rule package is justified.

### **Recommendation**

For the reasons explained above, the CSI office does not have any recommendations for this rule package.

### **Conclusion**

Based on the above comments, the CSI Office concludes that the Ohio Department of Commerce should proceed with the formal filing of this rule package with the Joint Committee on Agency Rule Review.