



Common Sense Initiative

Mike DeWine, Governor
Jon Husted, Lt. Governor

Joseph Baker, Director

MEMORANDUM

TO: Matthew Green, Ohio Department of Commerce, Division of Financial Institutions

FROM: Jacob Ritzenthaler, Business Advocate

DATE: August 2, 2023

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

On behalf of Lt. Governor Jon Husted, 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 Department as provided for in ORC 107.54.

Analysis

This rule package consists of seven amended rules and one no change rule proposed by the Ohio Department of Commerce, Division of Financial Institutions (Division) as a part of the statutory five-year review process. This rule package was submitted to the CSI Office on June 27, 2023, and the public comment period was held open through July 21, 2023. Unless otherwise noted below, this recommendation reflects the version of the proposed rules filed with the CSI Office on June 27, 2023.

Ohio Administrative Code (OAC) Chapter 1301:8-5 establishes requirements for pawnbrokers. OAC 1301:8-5-01 lists definitions used throughout the chapter and is amended to clarify the definition of picture identification. OAC 1301:8-5-02 sets forth the advertising requirements for pawnbrokers and is amended to clarify and streamline requirements for online advertising. OAC 1301:8-5-03 requires pawnbrokers to notify the Division regarding changes in location, surrender or non-renewal of a license, designated employee continuing education, and corrected information. The rule is amended to clarify methods for notification delivery and information correction. OAC 1301:8-5-04 prohibits the obstruction of an inspection and is amended to clarify requirements to identify fees incurred by the licensee to comply with the Brady Handgun Violence Protection Act of 1993. OAC 1301:8-5-05 prohibits unlicensed pawnbrokers from making pawn loans and continuing to possess the pledged

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property. OAC 1301:8-5-06 and 1301:8-5-07 require the documentation of property purchased by pawnbrokers and prohibitions against certain payment practices for pawn loans. The rules are amended to clarify requirements. OAC 1301:8-5-08 establishes continuing education requirements, including the application process for approving continuing education courses. The rule includes amendments that remove outdated requirements and streamline requirements to demonstrate training completion.

During early stakeholder outreach, the Division sent the proposed rules to pawnbroker licensees for feedback. No comments were received during that time or during the CSI public comment period.

The business community impacted by the rules includes 106 pawnbroker licensees, along with additional branch offices. The adverse impacts created by the rules include compliance with requirements for advertisements, notification, and continuing education. Pawnbroker licensees must designate one employee at each business location to complete eight hours of continuing education during each two-year period, in accordance with R.C 4727.19. The Division states that the adverse impacts are necessary to ensure that consumers are protected during pawnbroker transactions and to provide businesses with clear requirements.

Recommendations

Based on the information above, the CSI Office has no recommendations on this rule package.

Conclusion

The CSI Office concludes that the Department should proceed in filing the proposed rules with the Joint Committee on Agency Rule Review.