

**CITY COUNCIL
COMMUNICATION:**

03-515

AGENDA:

OCTOBER 20, 2003

SUBJECT:

PAWN SHOP
ORDINANCE

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

WILLIAM MCCARTHY
CHIEF OF POLICE

ITEM _____

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

SYNOPSIS —

As directed by the City Council, the Legal and Police Departments, after consulting with pawn shop owners, have developed ordinance changes to assist the City in recovering a portion of its costs associated with enforcement of the Pawn Shop ordinance. The ordinance keeps the Pawn Shop Fee unchanged at \$200 per year and establishes a one-dollar (\$1.00) transaction fee per customer per visit.

FISCAL IMPACT —

Based on modifications to the definition of a transaction agreed to by a majority of the pawn shop owners, we estimate we would recover approximately \$45,000 annually.

RECOMMENDATION —

Approval.

BACKGROUND —

At the September 22, 2003, City Council meeting, by Roll Call No. 03-2207, the City Council approved a proposal to retain a Pawn Shop License Fee of \$200 per year and impose a one-dollar (\$1.00) transaction fee. Council also asked for City Legal to draft this proposal in ordinance form.

This ordinance will require a one-dollar (\$1.00) transaction fee to be paid, by the pawn customer, per visit. The transaction fee applies to both loan and purchase transactions. The ordinance also clarifies the identification records by requiring an Iowa Driver's License of the customer who is pawning or selling property at a pawn shop.

The Finance Department will bill each pawn shop quarterly, based on their individual number of pawn transactions.

Pawnshop license fees will not increase under this ordinance. Transaction fees will be paid by the customer. There are no increased costs applied to the pawn shops.

This ordinance is fair and equitable to all pawn shops, regardless of size. Individual pawn shops collect transaction fees based solely on the number of pawn transactions conducted monthly.

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OCTOBER 20, 2003

PAGE TWO

Based upon the number of pawn transactions conducted in the Year 2002, the City of Des Moines would recover approximately \$45,000 annually in pawn shop ordinance enforcement costs.

It is the opinion of the Police Legal Advisor that the proposed fee is legal because the revenue generated by the transaction fee would not exceed the actual cost of enforcement. Additionally, the Legal Advisor believes that the transaction fee should be classified as a scheduled fee. This would eliminate the need for modification of the ordinance should future increases of the fee be deemed necessary.

