State of Arizona  
House of Representatives  
Fifty-fourth Legislature  
Second Regular Session  
2020

HOUSE BILL 2240

AN ACT

AMENDING SECTIONS 44-1624, 44-1626, 44-1627 AND 44-1631, ARIZONA REVISED STATUTES; RELATING TO PAWN Brokers.

(TEXT OF BILL BEGINS ON NEXT PAGE)
Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 44-1624, Arizona Revised Statutes, is amended to read:

44-1624. Pawn transactions; twenty-four-hour cancellation period; reportable transactions

A. The length of all pawn transactions is a minimum of ninety THIRTY days, except that a longer term may be contracted for between the pawnbroker and the pledgor FOR AN ORIGINAL LOAN FOLLOWED BY A THIRTY-DAY GRACE PERIOD. A PLEDGOR MAY RENEW THE LOAN AT OR BEFORE THE END OF THE ORIGINAL THIRTY-DAY LOAN PERIOD OR GRACE PERIOD. THE PLEDGOR MAY RENEW A LOAN AT OR BEFORE THE END OF THE THIRTY-DAY GRACE PERIOD BY PAYING PAWN SERVICE CHARGES PURSUANT TO SECTION 44-1626 FOR A TOTAL OF SIXTY DAYS, WHICH IS THE EQUIVALENT OF PAWN SERVICE CHARGES FOR TWO THIRTY-DAY PERIODS. IF A PLEDGOR FAILS TO PAY OR RENEW THE LOAN AFTER THE FORFEIT DATE OR THE END OF THE ORIGINAL THIRTY-DAY LOAN PERIOD AND THIRTY-DAY GRACE PERIOD, TITLE TO AND OWNERSHIP OF THE PLEDGED COLLATERAL MOVES TO THE PAWNBROKER.

B. IN THE FIRST TWENTY-FOUR-HOUR PERIOD AFTER A PERSON ENTERS INTO A PAWN TRANSACTION WITH A PAWNBROKER, THE PERSON MAY CANCEL THE PAWN TRANSACTION AND IS NOT RESPONSIBLE FOR ANY CHARGES, FEES, INTEREST OR OTHER COSTS.

C. A pawnbroker shall not enter into a pawn transaction or good faith outright purchase of tangible personal property with a person who is less than eighteen years of age.

D. A pawnbroker shall not enter into a pawn transaction or good faith outright purchase of tangible personal property that has a manufacturer's serial number that has been removed, altered or obliterated.

E. Before entering into a pawn transaction or good faith outright purchase of tangible personal property a pawnbroker shall require the pledgor or seller to identify himself with an identification document sufficient to verify the information required pursuant to section 44-1625.

F. A pawnbroker shall retain any pledged goods at the pawnbroker's place of business or any other storage location approved by the applicable local law enforcement agency.

G. The A pawnbroker shall retain any property obtained by good faith outright purchase in its original form for twenty days after the original transaction date at the pawnbroker's place of business or other storage location approved by the applicable local law enforcement agency.

H. The A pawnbroker shall maintain at the pawnbroker's place of business records of all reportable transactions and pawn tickets and shall retain the records for at least two years after the date when the transaction occurred. The pawnbroker shall ensure that the records include accurate copies of all transaction receipts or pawn tickets. On request by a local law enforcement agent in the course of the agent's
duties, the pawnbroker shall allow the agent to inspect the pawnbroker's receipts, pawn tickets or required alcohol, tobacco and firearms logs or to review any article received by the pawnbroker by pledge, purchase or trade.

H. I. A pawnbroker shall produce the pawnbroker's register, shall exhibit all articles received by the pawnbroker in pledge or purchase or shall produce the pawnbroker's account of sales to a local law enforcement agency on the agency's request to inspect the register, articles or accounts of sales of the pawnbroker or on service of a search warrant or order issued by a judge or magistrate.

J. A PAWN TRANSACTION IS NOT REPORTABLE TO A CONSUMER REPORTING AGENCY.

Sec. 2. Section 44-1626, Arizona Revised Statutes, is amended to read:

44-1626. Pawn service charge; interest; payment; military members

A. EXCEPT AS PROVIDED IN SECTION 44-1624, SUBSECTION B, a pawnbroker may charge or receive interest at a rate not exceeding thirteen per cent per month for the first two months and at a rate not exceeding eleven per cent per month thereafter. A pawnbroker shall prorate interest on a daily basis and shall not impose an additional charge if the pledgor agrees to pay a loan in monthly installments, except that interest for two months may be charged or received if the pledged goods are redeemed within two months of the pawn transaction. A PAWN SERVICE CHARGE. A PAWN BROKER MAY CHARGE INTEREST ON THE AMOUNT FINANCED AT A RATE OF NOT MORE THAN TWO PERCENT PER THIRTY-DAY PERIOD. A PAWNBROKER MAY IMPOSE A PAWN SERVICE CHARGE OF ANY AMOUNT, EXCEPT THAT THE TOTAL AMOUNT, INCLUDING THE INTEREST COMPONENT, MAY NOT EXCEED TWENTY PERCENT OF THE AMOUNT FINANCED FOR EACH THIRTY-DAY PERIOD IN A PAWN TRANSACTION.

B. In addition to THE PAWN SERVICE CHARGE AND interest charged pursuant to subsection A of this section, a pawnbroker may charge and collect at redemption or renewal the following fees:

1. A fee that does not exceed five dollars for handling each firearm.
2. If the pledgor loses the pledgor's claim ticket, a fee that does not exceed seven dollars fifty cents.
3. An initial setup fee of not more than five dollars.
4. A storage fee that does not exceed five dollars per month or a portion of a month for each item of pledged goods, other than a vehicle as defined in section 28-101, that exceeds one cubic foot in volume.
5. A vehicle storage fee that does not exceed five dollars per day for each item of pledged goods that is a vehicle as defined in section 28-101.
6. A fee or charge equal to the amount of any fee, tax, imposition or assessment levied or imposed by any governmental agency in connection
with or as a result of any reportable transaction. The pawnbroker may
collect at the time of any reportable transaction any fee, tax, imposition
or assessment that relates to a reportable transaction and that is imposed
by a governmental agency.

C. A pawnbroker shall not demand or require payment of a pawn
ticket before the maturity date.

D. If a pawnbroker receives a copy of military orders that
indicates that a pledgor has been deployed as a member of the Arizona
national guard, the United States armed forces reserves or the regular
component of the United States armed forces and the member is serving on
federal active duty, the pawnbroker must waive any unpaid SERVICE OR
interest charges and hold the pledged goods until sixty days after the
military member returns from deployment.

Sec. 3. Section 44-1627, Arizona Revised Statutes, is amended to
read:

44-1627. Licensing; requirements
A. A person shall not act as a pawnbroker until licensed by the
sheriff of the county in which the person regularly conducts business.
B. A pawnbroker shall obtain a separate license for each pawnshop
owned by that pawnbroker.
C. A pawnbroker license may not be sold or transferred without the
approval of the sheriff or the sheriff's designee.
D. A pawnbroker shall not conduct business at a location other than
a licensed location except for firearms transactions that are permitted
ALLOWED by a federally licensed firearms dealer at an organized gun show.
E. Every pawnbroker shall be a bona fide resident of this state. If a partnership, each partner shall be a bona fide resident of this
state. If a corporation, it shall be a domestic corporation or a foreign
corporation which THAT has qualified to do business in this state. The
corporation shall hold its pawnbroker license through an agent.
F. The sheriff or the sheriff's designee shall require any person,
other than a bank or licensed lending institution, having any interest,
directly or indirectly, in a pawnshop to submit a full set of
fingerprints, together with the applicable fingerprint processing fee, to
the sheriff. The sheriff shall submit the fingerprints to the department
of public safety for the purpose of obtaining a state and federal criminal
records check pursuant to section 41-1750 and Public Law 92-544. The
department of public safety may exchange this fingerprint data with the
federal bureau of investigation. The sheriff shall forward the fee to the
department of public safety.
G. A corporation shall own the entire equitable interest in its
license through an agent if the agent is otherwise qualified to hold a
pawnbroker license. The agent is subject to the penalties prescribed for
any violation of law relating to pawnbrokers. On the death, resignation
or discharge of an agent of a corporation holding a pawnbroker license,
the corporation shall promptly assign the license to another qualified
agent selected by the corporation.

H. The sheriff shall not issue a license to a person who, within
one year before the application, has violated any provision of a
previously issued pawnbroker license or has had a license revoked. The
sheriff shall not issue to or renew a license of a person who, within five
TEN years before the application, has been convicted of a felony involving
trafficking in stolen property, fraudulent schemes, forgery, theft,
etortion or conspiracy to defraud or a felony involving moral turpitude.
The sheriff shall not issue to or renew a license of a corporation unless
it has on file with the sheriff of the county in which the license is
issued a list of its officers and directors and any stockholders who own
ten PER-CENT PERCENT or more of the corporation. The sheriff shall not
issue to or renew a license of a corporation if any of its officers or
directors or any stockholder who owns ten PER-CENT PERCENT or more of the
corporation has within five TEN years been convicted of a felony involving
trafficking in stolen property, fraudulent schemes, forgery, theft,
etortion or conspiracy to defraud or a felony involving moral turpitude.

I. The sheriff shall not issue a license to a person or corporation
that has knowingly made any false statements or material
misrepresentations in the license application.

J. A person shall not use the word "pawn", "pawnshop" or
"pawnbroker" in its business name, on any sign or in any advertisement
unless the person is licensed as a pawnbroker pursuant to this article.

Sec. 4. Section 44-1631, Arizona Revised Statutes, is amended to
read:

44-1631. Violations; classification
A. A person who knowingly violates section 44-1622 is guilty of a
class 1 misdemeanor.
B. A person who violates section 44-1623, 44-1624 or 44-1625,
section 44-1626, subsection B, C or D or section 44-1630 is guilty of a
class 1 misdemeanor.
C. A person who knowingly IMPOSES and collects A SERVICE
CHARGE OR interest at a rate that is greater than permitted under section
44-1626, subsection A is guilty of a class 6 felony.
D. A person who violates section 44-1627 is guilty of a class 6
felony.