

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 PAWNBROKERS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

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

4 44-1624. Pawn transactions: twenty-four-hour cancellation
5 period; reportable transactions

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

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

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

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

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

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

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

40 H. ~~The~~ A pawnbroker shall maintain at the pawnbroker's place of
41 business records of all reportable transactions and pawn tickets and shall
42 retain the records for at least two years after the date when the
43 transaction occurred. The pawnbroker shall ensure that the records
44 include accurate copies of all transaction receipts or pawn tickets. On
45 request by a local law enforcement agent in the course of the agent's

1 duties, the pawnbroker shall allow the agent to inspect the pawnbroker's
2 receipts, pawn tickets or required alcohol, tobacco and firearms logs or
3 to review any article received by the pawnbroker by pledge, purchase or
4 trade.

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

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

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

15 44-1626. Pawn service charge: interest: payment: military
16 members

17 A. EXCEPT AS PROVIDED IN SECTION 44-1624, SUBSECTION B, a
18 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
25 MAY CHARGE INTEREST ON THE AMOUNT FINANCED AT A RATE OF NOT MORE THAN TWO
26 PERCENT PER THIRTY-DAY PERIOD. A PAWBROKER MAY IMPOSE A PAWN SERVICE
27 CHARGE OF ANY AMOUNT, EXCEPT THAT THE TOTAL AMOUNT, INCLUDING THE INTEREST
28 COMPONENT, MAY NOT EXCEED TWENTY PERCENT OF THE AMOUNT FINANCED FOR EACH
29 THIRTY-DAY PERIOD IN A PAWN TRANSACTION.

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

33 1. ~~A fee that does not exceed five dollars for handling each~~
34 ~~firearm.~~

35 2. ~~If the pledgor loses the pledgor's claim ticket, a fee that does~~
36 ~~not exceed seven dollars fifty cents.~~

37 3. ~~An initial setup fee of not more than five dollars.~~

38 4. ~~A storage fee that does not exceed five dollars per month or a~~
39 ~~portion of a month for each item of pledged goods, other than a vehicle as~~
40 ~~defined in section 28-101, that exceeds one cubic foot in volume.~~

41 5. ~~A vehicle storage fee that does not exceed five dollars per day~~
42 ~~for each item of pledged goods that is a vehicle as defined in section~~
43 ~~28-101.~~

44 6. a fee or charge equal to the amount of any fee, tax, imposition
45 or assessment levied or imposed by any governmental agency in connection

1 with or as a result of any reportable transaction. The pawnbroker may
2 collect at the time of any reportable transaction any fee, tax, imposition
3 or assessment that relates to a reportable transaction and that is imposed
4 by a governmental agency.

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

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

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

16 **44-1627. Licensing; requirements**

17 A. A person shall not act as a pawnbroker until licensed by the
18 sheriff of the county in which the person regularly conducts business.

19 B. A pawnbroker shall obtain a separate license for each pawnshop
20 owned by that pawnbroker.

21 C. A pawnbroker license may not be sold or transferred without the
22 approval of the sheriff or the sheriff's designee.

23 D. A pawnbroker shall not conduct business at a location other than
24 a licensed location except for firearms transactions that are ~~permitted~~
25 ALLOWED by a federally licensed firearms dealer at an organized gun show.

26 E. Every pawnbroker shall be a bona fide resident of this state.
27 If a partnership, each partner shall be a bona fide resident of this
28 state. If a corporation, it shall be a domestic corporation or a foreign
29 corporation ~~which~~ THAT has qualified to do business in this state. The
30 corporation shall hold its pawnbroker license through an agent.

31 F. The sheriff or the sheriff's designee shall require any person,
32 other than a bank or licensed lending institution, having any interest,
33 directly or indirectly, in a pawnshop to submit a full set of
34 fingerprints, together with the applicable fingerprint processing fee, to
35 the sheriff. The sheriff shall submit the fingerprints to the department
36 of public safety for the purpose of obtaining a state and federal criminal
37 records check pursuant to section 41-1750 and Public Law 92-544. The
38 department of public safety may exchange this fingerprint data with the
39 federal bureau of investigation. The sheriff shall forward the fee to the
40 department of public safety.

41 G. A corporation shall own the entire equitable interest in its
42 license through an agent if the agent is otherwise qualified to hold a
43 pawnbroker license. The agent is subject to the penalties prescribed for
44 any violation of law relating to pawnbrokers. On the death, resignation
45 or discharge of an agent of a corporation holding a pawnbroker license,

1 the corporation shall promptly assign the license to another qualified
2 agent selected by the corporation.

3 H. The sheriff shall not issue a license to a person who, within
4 one year before the application, has violated any provision of a
5 previously issued pawnbroker license or has had a license revoked. The
6 sheriff shall not issue to or renew a license of a person who, within ~~five~~
7 TEN years before the application, has been convicted of a felony involving
8 trafficking in stolen property, fraudulent schemes, forgery, theft,
9 extortion or conspiracy to defraud or a felony involving moral turpitude.
10 The sheriff shall not issue to or renew a license of a corporation unless
11 it has on file with the sheriff of the county in which the license is
12 issued a list of its officers and directors and any stockholders who own
13 ten ~~per cent~~ PERCENT or more of the corporation. The sheriff shall not
14 issue to or renew a license of a corporation if any of its officers or
15 directors or any stockholder who owns ten ~~per cent~~ PERCENT or more of the
16 corporation has within ~~five~~ TEN years been convicted of a felony involving
17 trafficking in stolen property, fraudulent schemes, forgery, theft,
18 extortion or conspiracy to defraud or a felony involving moral turpitude.

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

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

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

27 **44-1631. Violations; classification**

28 A. A person who knowingly violates section 44-1622 is guilty of a
29 class 1 misdemeanor.

30 B. A person who violates section 44-1623, 44-1624 or 44-1625,
31 section 44-1626, subsection B, C or D or section 44-1630 is guilty of a
32 class 1 misdemeanor.

33 C. A person who knowingly ~~charges~~ IMPOSES and collects A SERVICE
34 CHARGE OR interest at a rate that is greater than permitted under section
35 44-1626, subsection A is guilty of a class 6 felony.

36 D. A person who violates section 44-1627 is guilty of a class 6
37 felony.