

State of Arkansas
93rd General Assembly
Regular Session, 2021

A Bill

SENATE BILL 184

By: Senator Irvin

For An Act To Be Entitled

AN ACT TO REPEAL THE ARKANSAS PAWNBROKER ACT; AND FOR
OTHER PURPOSES.

Subtitle

TO REPEAL THE ARKANSAS PAWNBROKER ACT.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code Title 17, Chapter 56, is repealed.

~~Chapter 56~~

~~Arkansas Pawnbroker Act~~

~~Subchapter 1 — General Provisions~~

~~17-56-101. Title.~~

~~This chapter shall be known and may be cited as the “Arkansas Pawnbroker Act”.~~

~~17-56-102. Legislative declarations, findings, and intent.~~

~~(a) The General Assembly finds that the State of Arkansas recognizes and desires to protect the unique nature of a pawn transaction and the legitimate business purpose of the pawn industry.~~

~~(b) The General Assembly declares that:~~

~~(1) The pawn industry provides a valuable service to the citizens in the State of Arkansas that is not available in type, character, or convenience in the financing or banking industries;~~

~~(2) Most customers of the pawn industry are not able to engage~~



~~in transactions in the financing and banking industries;~~

~~(3) The unique characteristics of a pawn include the following:~~

~~(A) A pawn is a non-recourse transaction in which the pawn customer pledges and delivers into the possession of the pawnbroker items of tangible personal property that secure the advancement of funds;~~

~~(B) Pawn transactions are personal, face to face, and seldom take more than ten (10) minutes;~~

~~(C) Because there is no obligation on the part of the pawn customer to redeem the item of tangible personal property pledged, pawnbrokers do not have debt to collect or obligation to enforce, and the pawnbroker's sole recourse if the customer elects not to redeem the tangible personal property is retention and disposal;~~

~~(D) Pawnbrokers do not obtain reports from credit reporting agencies and do not report customer experiences, so pawn transactions do not affect customers' credit scores either as credit inquiries or as credit history whatsoever; and~~

~~(E) Customers receive reasonable value for the item or items pledged as evidenced by the large number of customers who utilize the pawn model;~~

~~(4) Substantial and recurring overhead expense is required by persons in the pawn industry to be able to offer pawn service, and pawnbrokers must maintain, secure, and insure the property delivered throughout the time it remains in their possession; and~~

~~(5) The pawn industry substantially assists in the recovery of stolen property and is helpful to law enforcement agencies against those persons looking to capitalize on stolen property through the pawn model.~~

~~(c) Although the pawn industry's existence predates Arkansas, the pawn industry has modern challenges that need to be regulated for the common protection and interest of the pawn industry and the citizens of the State of Arkansas.~~

~~(d) It is the intent of the General Assembly to legislatively modernize the pawn industry, protect the citizens of the State of Arkansas, protect the ability of the pawn industry to operate in the State of Arkansas, recognize the distinction between persons in the pawn industry from persons engaged in financing and banking transactions, and encourage and facilitate the return of stolen property.~~

~~17-56-103. Administration.~~

~~The Department of Labor and Licensing shall administer the provisions of this chapter.~~

~~Subchapter 2 — Pawnbroker Licensure Commission~~

~~17-56-201. Pawnbroker Licensure Commission — Creation — Membership.~~

~~(a) There is created the Pawnbroker Licensure Commission.~~

~~(b) Membership of the commission shall include:~~

~~(1) One (1) resident of this state, appointed by the Governor;~~

~~(2) Two (2) law enforcement officers, appointed by the Governor;~~

~~and~~

~~(3) Two (2) residents of the state, each of whom is actively engaged in business as a pawnbroker, appointed by the Governor.~~

~~(c) A vacancy in the membership of the commission shall be filled in the same manner as under subsection (b) of this section.~~

~~(d) The Governor shall select from the membership of the commission a chair of the commission.~~

~~(e) Members of the commission shall serve staggered terms of seven (7) years.~~

~~17-56-202. Duties — Rulemaking authority.~~

~~(a) The Pawnbroker Licensure Commission shall:~~

~~(1) Promulgate, amend, and rescind rules, forms, and orders that the commission deems necessary or appropriate, including without limitation rules and forms governing:~~

~~(A) Eligibility and application requirements;~~

~~(B) Licensing and continuing education requirements;~~

~~(C) Licensing and application fees;~~

~~(D) Procedures concerning the suspension, revocation, and surrender of a license;~~

~~(E) Prohibited acts under this chapter;~~

~~(F) The right to redeem;~~

~~(G) A pawnbroker's lien; and~~

~~(H) The procedure concerning hold orders;~~

~~(2) Define terms, whether or not used in this chapter, if consistent with this chapter; and~~

~~(3) Promulgate rules to ensure that:~~

~~(A) The interest charged on a pawn transaction is designated as an annual percentage rate that shall not exceed seventeen percent (17%) of the amount financed per annum; and~~

~~(B) A pawnbroker may charge a pawn service charge that is reasonably justifiable for the burden of all services related to maintenance of the security in the pawnbroker's possession, including storing, insuring, and investigating the title of the security, but the total pawn service charge shall not exceed twenty-five percent (25%) of the amount financed for each thirty-day period in a pawn transaction, except that the pawnbroker is entitled to receive a minimum pawn service charge of five dollars (\$5.00) for each fifteen-day period.~~

~~(b) A rule, form, or order shall not be made, amended, or rescinded unless the commission finds that the action is:~~

~~(1) Necessary and appropriate in the public interest or for the protection of consumers; and~~

~~(2) Consistent with the purposes fairly intended by the policy and provisions of this chapter.~~

~~(c) All rules and forms of the commission shall be published.~~

APPROVED: 3/25/21