

1 State of Arkansas  
2 93rd General Assembly  
3 Regular Session, 2021  
4

# A Bill

SENATE BILL 184

5 By: Senator Irvin  
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## For An Act To Be Entitled

8 AN ACT TO REPEAL THE ARKANSAS PAWNBROKER ACT; AND FOR  
9 OTHER PURPOSES.  
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### Subtitle

11 TO REPEAL THE ARKANSAS PAWNBROKER ACT.  
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16 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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18 SECTION 1. Arkansas Code Title 17, Chapter 56, is repealed.

19 ~~Chapter 56~~

20 ~~Arkansas Pawnbroker Act~~

21 ~~Subchapter 1 — General Provisions~~  
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24 ~~17-56-101. Title.~~

25 ~~This chapter shall be known and may be cited as the “Arkansas~~  
26 ~~Pawnbroker Act”.~~  
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28 ~~17-56-102. Legislative declarations, findings, and intent.~~

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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~~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;~~

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

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

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

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

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

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

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

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

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