



ARIZONA STATE SENATE

Fifty-First Legislature, Second Regular Session

FACT SHEET FOR H.B. 2537

pawnbrokers; interest; military members

Purpose

Waives interest rates on pawnbroker loans for members of the Arizona National Guard, U.S. armed forces or U.S. reserve armed forces who are deployed, and increases the interest rates pawnbrokers may charge.

Background

Pawnbrokers may offer a secured loan to individuals (pledgor) with the personal property of the pledgor pawned as collateral. A pledgor may redeem their property for the amount of the loan plus any interest. If the pledgor is unable to repay the loan after a prearranged period of time, the pawnbroker may offer the item for sale to the public.

Current statute caps the interest a pawnbroker can charge at eight percent per month for the first two months and six percent per month for each month thereafter. A pawnbroker may charge their clients fees for setting up, handling and storing pawned goods. A pawnbroker may also charge their clients fees equal to the amount of any tax levied as a result of a pawn transaction. A pawnbroker who charges and collects interest greater than the aforementioned rates is guilty of a class 6 felony.

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

1. Requires pawnbrokers, upon receipt of a copy of military deployment orders, to waive unpaid interest charges and hold the pledged goods for members of the Arizona National Guard, U.S. armed forces or U.S. reserve armed forces serving on federal active duty until 60 days after the military member returns from deployment.
2. Classifies a violation of the military interest waiver as a class 1 misdemeanor.
3. Raises the interest rates a pawnbroker may charge on a loan:
 - a) from 8 percent per month to 13 percent per month for the first two months; and
 - b) from 6 percent per month to 11 percent per month for each month thereafter.
4. Makes technical changes.
5. Becomes effective on the general effective date.

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House Action

COM	2/05/14	DP	6-3-0-0
3 rd Read	2/18/14		38-22-0-0

Prepared by Senate Research

March 3, 2014

JT/TL/tf