

## **BILL ANALYSIS**

Senate Research Center

H.B. 1511  
By: Marchant (Armbrister)  
Economic Development  
5/10/1999  
Engrossed

### **DIGEST**

In 1997, the legislature passed H.B. 10, which provided for nonsubstantive revisions to Texas statutes relating to finance, including the Texas Banking Act, Texas Savings and Loan Act, Texas Savings Bank Act, Texas Credit Union Act, the Texas Pawnshop Act, and various other statutes relating to financial institutions, businesses, and credit transactions. The bill included conforming amendments, repealers, and penalties for the purpose of making the statutes more accessible without altering the sense, meaning, or effect of the law.

H.B. 1511 would add additional clarifying language into the Texas Pawnshop Act and update existing sections of the Act. The legislature, rather than the consumer credit commissioner (commissioner), would receive exclusive authority to regulate the operation of pawnshops. The commissioner does retain the power to regulate a business practice that requires a pawnshop license.

### **PURPOSE**

As proposed, H.B. 1511 amends the regulation of the operation of pawnshops.

### **RULEMAKING AUTHORITY**

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 371.005, Finance Code, to grant the legislature the exclusive authority regarding the operation of pawnshops, except for a matter delegated by this chapter to the commissioner (commissioner). Provides that the commissioner has the authority to regulate only a business practice that requires a pawnshop license.

SECTION 2. Amends Section 371.006(c), Finance Code, to prohibit a rule from taking effect before a certain date on which all copies of the rule have been mailed.

SECTION 3. Amends Section 371.066(a), Finance Code, to authorize the commissioner to issue a temporary license on receipt of an application for a license involving principals and owners that are substantially identical to those of a pawnshop in operation at the time of receipt of the application.

SECTION 4. Amends Sections 371.072(d) and (e), Finance Code, to provide that net assets is the term that is defined at the time a license is issued to a pawnbroker who must retain net assets. Makes conforming changes.

SECTION 5. Amends Section 371.153(a), Finance Code, to delete the requirement that a pawnbroker notify the commissioner before the pawnbroker conducts a business other than that of a pawnbroker.

SECTION 6. Amends Section 371.154(b), Finance Code, to require a pawnbroker to secure, rather than maintain, certain bonds.

SECTION 7. Amends Section 371.155, Finance Code, to delete a provision that requires a safe to be a type approved by the pawnbroker's insurance underwriter. Deletes the authority of the commissioner to adopt rules related to the keeping of certain firearms used for security.

SECTION 8. Amends Section 371.162, Finance Code, to provide an exception to the presumption that

a person who presents a pawn ticket is the owner of the goods.

SECTION 9. Amend Section 371.163(c), Finance Code, to delete the requirement that a pawnbroker record on a written instrument the identifying information required by Section 371.157(2).

SECTION 10. Amends Section 371.175(a), Finance Code, to require a pawnbroker to identify by a tag an item with a retail value greater than \$25, rather than \$10.

SECTION 11. Amend Section 371.176, Finance Code, to prohibit a pawnbroker from accepting a pledge from a person under 18 years of age, rather than from entering a pawn transaction with a person under 18 years of age.

SECTION 12. Amends Section 371.182, Finance Code, to authorize, rather than require, the commissioner to designate a reasonable hold period not to exceed 10 days.

SECTION 13. Amends Section 371.258(b), Finance Code, to authorize the commissioner to reinstate a suspended pawnshop license or issue a new license if no condition exists that would have justified refusal to issue the license originally.

SECTION 14. Repealer: Sections 371.184 and 371.185, Finance Code (Displays and Signs; and Maintenance of Premises).

SECTION 15. (a) Effective date: September 1, 1999.

(b) Provides that rules adopted by the commissioner for certain statutes in the Finance Code repealed by this Act are void.

SECTION 16. Emergency clause.