

BILL ANALYSIS

Senate Research Center
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C.S.H.B. 1242
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Business & Commerce
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Under current law, a pawnshop is required to meet certain reporting and recording requirements, yet a dealer of precious metal is not. Precious metals are commanding high prices, and the combination of high prices and lack of regulation creates the risk of increased theft of precious metal from Texans' homes.

C.S.H.B. 1242 amends current law relating to the regulation of certain metal dealers and provides criminal penalties.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 1956.001(8), Occupations Code, to redefine "personal identification document."

SECTION 2. Amends Section 1956.060, Occupations Code, as follows:

Sec. 1956.060. EXCEPTION: CRAFTED PRECIOUS METAL ACQUIRED BY PERSON LICENSED UNDER TEXAS PAWNSHOP ACT. Provides that this subchapter does not apply to crafted precious metal acquired by:

- (1) a person licensed under Chapter 371 (Pawnshops), Finance Code; or
- (2) an entity affiliated with a person licensed under Chapter 371, Finance Code, if the entity's recordkeeping practices satisfy the requirements of that chapter.

SECTION 3. Amends Section 1956.062, Occupations Code, by amending Subsection (c) and adding Subsection (c-1), as follows:

(c) Requires a dealer to:

- (1) record the identification number of the seller's personal identification document, rather than record the proposed seller's driver's license number or department personal identification certificate number on physical presentation of the license or personal identification certificate by the seller;
- (2) visually verify the accuracy of the seller's personal identification document and make a copy of the document; and
- (3) obtain a digital or video photograph that accurately depicts each item of crafted precious metal purchased.

(c-1) Creates this subsection from existing text. Requires the copy of the document and photograph described by Subsection (c), rather than the record, to accompany the list.

SECTION 4. Amends Subchapter B, Chapter 1956, Occupations Code, by adding Section 1956.0631, as follows:

Sec. 1956.0631. PAYMENT FOR CRAFTED PRECIOUS METAL PURCHASED. Authorizes a dealer to pay for a purchase of crafted precious metal only by check or prepaid debit card. Requires the names of the dealer and seller, if payment is by check, to be printed on the check. Prohibits the seller, if payment is by prepaid debit card, from being liable for any fees charged by the issuer of the card.

SECTION 5. Amends Section 1956.064, Occupations Code, as follows:

Sec. 1956.064. REQUIRED RETENTION OF CRAFTED PRECIOUS METAL. (a) Prohibits a dealer from melting, defacing, altering, or disposing of crafted precious metal that is the subject of a report required by this subchapter before the 21st day, rather than the 11th day, after the date the report is filed unless:

- (1) the peace officer to whom the report is submitted, for good cause, authorizes disposition of the metal; or
- (2) the dealer is a pawnbroker and the disposition is the redemption of pledged property by the pledgor.

Deletes existing text prohibiting a dealer from melting, defacing, altering, or disposing of crafted precious metal before the 11th day after the date the report is filed unless the dealer obtains the name, address, and description of the buyer and retains a record of that information.

(b) Authorizes a peace officer who has reasonable suspicion to believe that an item of crafted precious metal in the possession of a dealer is stolen to place the item on hold by issuing to the dealer a written notice that:

- (1) specifically identifies the item alleged to be stolen and subject to the hold; and
- (2) informs the dealer of the requirements of Subsection (c).

(c) Prohibits the dealer, on receiving the notice, from melting, altering, or disposing of the identified crafted precious metal until the hold is released in writing by a peace officer of this state or a court order. Deletes existing text requiring a dealer who retains information under Subsection (a)(2) to make that information available for inspection by any peace officer.

SECTION 6. Amends Section 1956.069(a), Occupations Code, to provide that a dealer commits an offense if the dealer violates Section 1956.0631 or 1956.064 (Required Retention of Crafted Precious Metal), rather than disposes of crafted precious metal or fails to make a record available for inspection by a peace officer as required by Section 1956.064.

SECTION 7. Makes application of this Act prospective.

SECTION 8. Effective date: September 1, 2011.