

## **BILL ANALYSIS**

C.S.H.B. 1242  
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Environmental Regulation  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Under current law, a pawnshop is required to meet certain reporting and recording requirements, yet a dealer of precious metals 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 metals from Texans' homes. C.S.H.B. 1242 amends current law relating to the regulation of the sale and purchasing of certain precious metals by precious metal dealers.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 1242 amends the Occupations Code, in provisions relating to metal recycling entities, to redefine "personal identification document" to include a passport or documentation issued by the United States agency responsible for citizenship and immigration that authorizes the person to be in the United States. The bill adds an employee of a person licensed under the Texas Pawnshop Act to those to which provisions relating to the sale of crafted precious metal to dealers do not apply.

C.S.H.B. 1242 requires a dealer engaged in the business of purchasing and selling crafted precious metal to record the identification number of the seller's personal identification document, visually verify the accuracy of the seller's personal identification document and make a copy of the document, and obtain a digital or video photograph that accurately depicts each item of crafted precious metal purchased, rather than recording the proposed seller's driver's license number or Department of Public Safety personal identification certificate number when the seller presents those forms of identification. The bill requires a copy of a seller's personal identification document and a photograph of each item purchased to accompany the list describing all of the seller's crafted precious metal to be purchased by the dealer.

C.S.H.B. 1242 requires a dealer engaged in the business of purchasing and selling crafted precious metal to pay for a purchase of crafted precious metal only by check or prepaid debit card. The bill requires the names of the dealer and seller to be printed on the check if payment is by check. The bill establishes that the seller is not liable for any fees charged by the issuer of the card if payment is by prepaid debit card. The bill, in a provision relating to a period during which a dealer is required to retain crafted precious metal that is the subject of certain reports on the sale of such metal to the dealer, extends the period of retention from the 11th day after the date the report is filed to the 21st day after the date the report is filed and removes an exception to this provision for a dealer who obtains the name, address, and description of a buyer of the crafted precious metal and retains a record of that information.

C.S.H.B. 1242 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 specifically identifies the item alleged to be stolen and subject to the hold and informs the dealer, on receiving such a notice, that the dealer is prohibited from melting, defacing, altering, or disposing of the identified crafted precious metal until the hold is released in writing by a peace officer of the state or by a court order.

C.S.H.B. 1242 creates a Class B misdemeanor offense for a dealer who violates the bill's provisions relating to the method of payment for crafted precious metal purchased by the dealer.

**EFFECTIVE DATE**

September 1, 2011.

**COMPARISON OF ORIGINAL AND SUBSTITUTE**

C.S.H.B. 1242 contains a provision not in the original adding an employee of a person licensed under the Texas Pawnshop Act to those persons to whom provisions relating to the sale of crafted precious metal to dealers do not apply. The substitute differs from the original by adding a prepaid debit card to the authorized methods of payment by which a dealer may pay for a purchase of crafted precious metal, whereas the original specifies payment only by check. The substitute contains a provision not in the original specifying that if payment is by prepaid debit card, the seller may not be liable for any fees charged by the issuer of the card.