

protection is set to expire, creating uncertainty and the risk of reinstating double taxation. This measure simply extends that common sense protection, ensuring that Californians are not penalized for accessing short term financial services.

This bill is sponsored by the California Pawnbrokers Association.

- 2) **Pawnbroker Collateral.** Every pawnbroker loan for which goods are received as security must be evidenced by a written contract, and the loan contract must set forth the loan period and the date on which the loan will become due and payable. Pawnbrokers are required by law to retain every article pledged for the duration of the applicable loan period. If any pledged article is not redeemed within the designated period, the pawnbroker becomes automatically vested with title to the pledged article. The pawnbroker may then sell or dispose of the property as they wish.

Pawnbrokers are considered retailers under the SUT Law as they are in the business of making retail sales of tangible personal property (TPP). For this reason, tax applies to pawnbroker sales to the same extent as sales by any other retailer of TPP in this state. When a customer seeks to repurchase the collateral, the transaction constitutes a retail sale. AB 119 (Committee on Budget), Chapter 21, Statutes of 2017, created a SUT exclusion for repurchased collateral until January 1, 2022, if: a) the transfer occurs no more than six months after the pawnbroker obtained title to the vested property, b) the repurchase price is no more than the unpaid loan balance and allowable charges and interest, and c) the customer has proof that SUT was originally paid on the item. AB 296 (Gipson), Chapter 164, Statutes of 2021, extended the exclusion's sunset date to January 1, 2027. This bill extends the sunset date another five years to January 1, 2032.

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