

# SENATE BILL REPORT

## HB 1012

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As Reported By Senate Committee On:  
Financial Institutions & Housing, March 24, 1995

**Title:** An act relating to loans made by pawnbrokers.

**Brief Description:** Regulating loans made by pawnbrokers.

**Sponsors:** Representative L. Thomas.

**Brief History:**

**Committee Activity:** Financial Institutions & Housing: 3/16/95, 3/24/95 [DP].

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### SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & HOUSING

**Majority Report:** Do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair; Hale, Roach, Sellar, Smith and Sutherland.

**Staff:** Erika Lim (786-7488)

**Background:** Pawnbrokers regulated by state law must, among other requirements, record all business transactions and report to law enforcement authorities under certain circumstances. Pawnbrokers may not sell property received as pledges for the term of the loan plus a 60-day grace period.

The interest and fees pawnbrokers may charge are also restricted by statute. However, the "term of the loan" during which interest may be charged and fees collected is unclear.

**Summary of Bill:** A pawnbroker must make certain disclosures to customers.

"Loan period" is defined as the 30-day term of the loan, plus the minimum 60-day grace period. A loan fee may be collected once during a loan period; interest may be charged for the entire loan period. Existing loans may be extended either in person or by mail.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** This bill clarifies ambiguous language so that statute comports with industry practice.

**Testimony Against:** Pawnbrokers' fees are usurious and, because all pawnbrokers use the same fee schedule, they also violate antitrust laws. Moreover, current law allows "churning" of loans by permitting repeated collection of loan fees upon refinancing.

**Testified:** Rep. Les Thomas, prime sponsor; John Woodring, Bob Burton, Washington State Pawnbrokers Assn. (pro); Mark Fleming, Fleming Law Office (con).