

HOUSE BILL REPORT

HB 1071

As Passed Legislature

Title: An act relating to repealing an expiration date for legislation enacted in 2015 regarding pawnbroker fees and interest rates.

Brief Description: Repealing an expiration date for legislation enacted in 2015 regarding pawnbroker fees and interest rates.

Sponsors: Representatives Kirby and Vick.

Brief History:

Committee Activity:

Business & Financial Services: 1/17/17, 1/18/17 [DP].

Floor Activity:

Passed House: 2/16/17, 97-0.

Passed Senate: 4/7/17, 48-0.

Passed Legislature.

Brief Summary of Bill

- Removes the July 1, 2018, expiration date from pawnbroker fees and interest rates enacted in 2015.

HOUSE COMMITTEE ON BUSINESS & FINANCIAL SERVICES

Majority Report: Do pass. Signed by 9 members: Representatives Kirby, Chair; Reeves, Vice Chair; Vick, Ranking Minority Member; J. Walsh, Assistant Ranking Minority Member; Barkis, Bergquist, Blake, McCabe and Santos.

Staff: Robbi Kesler (786-7153).

Background:

Washington regulates the business of pawnbrokers under chapter 19.60 RCW. A pawnbroker is defined as every person engaged, in whole or in part, in the business of loaning money on the security of pledges, deposits or conditional sales of personal property, or the purchase and sale of personal property.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Pawnbrokers may issue loans for up to 90 days. A schedule for the maximum allowable interest rates and fees is set out in statute.

The interest rate schedule currently in place contains 12 categories of loan amounts with interest rates for each 30-day period ranging from \$1 to 4 percent of the loan amount. The preparation fee rate schedule currently in place contains 17 categories of loan amounts with fee rates ranging from \$1.50 to 6 percent of the loan amount. A pawnbroker may also charge a general storage fee of \$5 and an additional \$5 fee for the storage of a firearm.

These interest rates and fees are set to expire on July 1, 2018; at that time the interest rates and fees will return to the amounts in place prior to 2015:

- the interest rate for loan amounts of \$100 or more is 3 percent, the set fee rates for loans up to \$99.99 remain the same;
- the loan preparation fee rate schedule contains 56 categories of loan amounts with fee rates ranging from \$1.50 to \$91; and
- the general storage fee is \$3 and an additional \$3 fee for the storage of a firearm.

The table below compares interest rates and fees for certain loan amounts based on the current rates and fees that will be in place after the expiration date. The interest rate amounts shown below are for a single 30-day period.

Loan Amt.	Current Rates			Rates beginning July 1, 2018		
	Interest	Prep Fee	Storage	Interest	Prep Fee	Storage
\$50	\$2.50	15% (\$7.50)	\$5	\$2.50	\$8	\$3
\$100	4% (\$4)	13% (\$13)	\$5	3% (\$3)	\$13	\$3
\$150	4% (\$6)	13% (\$19.50)	\$5	3% (\$4.50)	\$15.75	\$3
\$200	4% (\$8)	13% (\$26)	\$5	3% (\$6)	\$17	\$3
\$250	4% (\$10)	10% (\$25)	\$5	3% (\$7.50)	\$19	\$3
\$500	4% (\$20)	8% (\$40)	\$5	3% (\$15)	\$29	\$3
\$1000	4% (\$40)	7.5% (\$75)	\$5	3% (\$30)	\$56	\$3
\$2000	4% (\$80)	6% (\$120)	\$5	3% (\$60)	\$76	\$3
\$3000	4% (\$120)	6% (\$180)	\$5	3% (\$90)	\$66	\$3
\$4000	4% (\$160)	6% (\$240)	\$5	3% (\$120)	\$86	\$3

Summary of Bill:

The pawnbroker loan interest rates and fees enacted in 2015 will not expire and the current rates will remain in place.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) This bill simplifies the fees in place for pawnbrokers by removing the expiration date. The current fees have been in place since 2015 and there have been no issues raised by business owners or customers. The expiration date should be removed, if the industry must go back to the previous fees there could be confusion. Many pawnbroker business owners rolled out the new fees over a long period of time. There have been no adverse reactions since these new fees were enacted on the part of businesses or customers. The 2015 fee increases were very modest and should be permanent. The interest rate had not been updated since 1908. The current fee schedules have increased competition as some pawnbroker business owners do not charge the maximum; this is a benefit to the customers.

(Opposed) None.

Persons Testifying: Representative Kirby, prime sponsor; Michael Transue, First Cash and Pawn 1, Inc.; and Tammy Warnke, Washington State Pawnbrokers Association.

Persons Signed In To Testify But Not Testifying: None.