

# HOUSE BILL REPORT

## HB 1269

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**As Passed House:**  
February 13, 2025

**Title:** An act relating to pawnbroker fees and interest rates.

**Brief Description:** Concerning pawnbroker fees and interest rates.

**Sponsors:** Representatives Hackney, McClintock and Leavitt.

**Brief History:**

**Committee Activity:**

Consumer Protection & Business: 1/21/25, 2/4/25 [DP].

**Floor Activity:**

Passed House: 2/13/25, 91-3.

**Brief Summary of Bill**

- Modifies the loan term, interest, and document fees that may be charged for pawnbroker loans.
- Allows pawnbrokers to accept payments through an online payment service for rewritten existing loans.

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### HOUSE COMMITTEE ON CONSUMER PROTECTION & BUSINESS

**Majority Report:** Do pass. Signed by 14 members: Representatives Walen, Chair; McClintock, Ranking Minority Member; Dufault, Assistant Ranking Minority Member; Abbarno, Berry, Corry, Donaghy, Fosse, Kloba, Morgan, Reeves, Ryu, Santos and Steele.

**Staff:** Megan Mulvihill (786-7304).

**Background:**

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

Washington regulates the business of pawnbrokers under the Pawnbrokers and Secondhand Dealers Act (Pawnbrokers Act). Under the Pawnbrokers Act, "pawnbroker" is defined as every person engaged, in whole or in part, in the business of loaning money on the security of pledges of personal property, or deposits or conditional sales of personal property, or the purchase or sale of personal property.

The statutory term of a pawnbroker loan is 90 days. Every loan transaction entered into by a pawnbroker must be a written agreement setting forth the terms of the loan, including all interest and fees that may be charged. A copy of the agreement must be furnished to the pledger of the property. If a pledged article is not redeemed within the 90-day term, the pawnbroker receives all rights, title, and interest of the personal property.

#### Loan Term, Interest, and Fees.

Interest may be charged every 30 days, and a document preparation fee may be charged once for the term of a loan, up to statutory limits. The Pawnbrokers Act establishes schedules for the maximum amount of interest and document preparation fees that pawnbrokers may charge.

The interest schedule includes 12 ranges, starting with loans less than \$10 and incrementally increasing to loans more than \$100. The schedule allows for interest of \$1 every 30 days for a loan less than \$10, increasing by 25 cents each range, until loans of \$100 or more, which may charge a 4 percent interest rate.

The document preparation fee schedule includes 17 ranges, starting with loans less than \$5 to loans more than \$2,000. The fee for a loan of \$5 is \$1.50 and increases up to \$7.50 for a loan up to \$49.99. After \$50, there is a sliding percentage fee scale for loans starting at \$50 and going up to \$2,000 or more. The fee for a \$50 loan is 15 percent, decreasing to a fee of 6 percent for a loan more than \$2,000.

For each 30-day period of a loan, pawnbrokers may also charge a storage fee of \$5 and an additional \$5 fee for storing a firearm.

#### Rewriting a Loan.

If a person who has entered into a loan transaction with a pawnbroker cannot redeem and repay the loan by the expiration of the loan term and wishes to rewrite the loan, and both the pawnbroker and individual mutually agree, an existing loan transaction may be rewritten into a new loan, either in person or by mail.

#### **Summary of Bill:**

##### Loan Term, Interest, and Fees.

The term of a loan is modified to a period of 60 days.

The interest rate for a loan of \$100 or more is 5 percent for each 30-day period of the loan.

The document preparation fee for any loan of \$50 or more is 15 percent.

The storage fee is increased to \$10 for general items and an additional \$10 for storage of guns.

Online Payment.

If a person wishes to rewrite a loan, and both the pawnbroker and individual mutually agree, an existing loan transaction may be rewritten into a new loan, and payment may be accepted in person, by mail, or through an online payment service.

**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) Pawnbrokers are regulated in statute and need to come to the Legislature for any changes. There have not been any changes in 10 years. This bill asks for a modest change in interest rates, fees, and the recourse date for loans. In order to keep up with the increased costs of living and doing business, pawnbrokers need these modest increases. In 2015 the minimum wage was around \$9 an hour, and now it is \$16 an hour. This is a minimal ask to help pawnbrokers pay employees and be able to hire and retain talent. Pawnbrokers are community establishments, mostly family owned, with customers living within a mile of their preferred pawnshop. Pawnbrokers are vital for individuals not properly serviced by traditional banks. About 40 percent of Americans do not have \$400 for an emergency. Pawnbrokers provide individuals with quick, same day cash, often in smaller amounts than what a bank would loan someone, with the average dollar amount between \$100 to \$200. The loans are nonrecourse as someone pledges property for the loan, and they can either repay the loan to retrieve the property or forfeit the property. There's no credit hit, no cycle of debt, and these loans are options for people with low credit scores. In addition, pawnshops register all their property in a database with police to check for stolen items. Pawnshops are an essential lifeline for emergencies and an essential business. Demand has increased as the cost of living has increased, but so has the cost of business. Pawnshops need this modernization.

(Opposed) None.

**Persons Testifying:** Representative David Hackney, prime sponsor; Carli Karlson, Washington State Pawnbrokers Association; Karen Strickland, Pawn 1 Inc.; Nika Mihailov, Kittitas County Trading Co.; Tamara Rancore, WA State Pawnbrokers Association;

Michael Transue, Cash America Pawn; and Samuel Lax, Pawn 1, Inc.

**Persons Signed In To Testify But Not Testifying:** None.