

FINAL BILL REPORT

HB 2357

FULL VETO

Synopsis as Enacted

Brief Description: Setting the rates of interest and other fees charged by pawnbrokers.

Sponsors: Representatives L. Thomas, Wolfe, Smith, Grant, DeBolt, Keiser and D. Sommers.

House Committee on Financial Institutions & Insurance
Senate Committee on Financial Institutions, Insurance & Housing

Background: Pawnbrokers are regulated by state law, although local governments may enact more restrictive provisions. In addition to regulating business practices such as recording business information and reporting to law enforcement officials, state law regulates the lending of money by pawnbrokers.

Pawnbrokers are authorized to receive interest and loan preparation fees up to statutory limits based on the amount of the loan (pawn). For instance, for a loan of \$50, the maximum interest charge is \$2.50 per 30-day period and the maximum loan preparation fee is \$7; for a loan of \$100 or more, the maximum interest charge is 3 percent per 30-day period and the maximum loan preparation fee varies depending on the amount borrowed. For instance, the maximum loan preparation fee is \$12 for a \$100 loan; \$18 for a \$250 loan; \$55 for a \$1000 loan; and \$90 for a \$4500 loan or higher.

The term of the loan is 30 days, but the loan period, during which only one loan preparation fee can be collected, is a minimum of 90 days (the term of the loan plus a minimum 60-day grace period).

Summary: Pawnbrokers are authorized to receive higher amounts of interest and loan preparation fees based on the amount of the loan (pawn). The increase on allowable interest charged is 50 cents per 30-day period for loans up to \$100, and is 2 percent of the loan amount per 30-day period on loans of \$100 or more (from 3 percent to 5 percent). The increase in the loan preparation fee varies; the fee is 50 cents on loans less than \$30, \$1 on loans from \$30 - \$100, \$2 on loans from \$100 - \$200, \$2.50 on loans from \$200 - \$500, and \$3 on loans over \$500.

Votes on Final Passage:

House 63 30

Senate 33 14