
Business & Financial Services Committee

HB 1071

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

Sponsors: Representatives Kirby and Vick.

Brief Summary of Bill

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

Hearing Date: 1/17/17

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.

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 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 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:

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.

- the interest rate for loan amounts of \$100 or more is 3percent, 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 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.