SENATE BILL REPORT
HB 1269

As of March 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: Passed House: 2/13/25, 91-3.
Committee Activity: Business, Financial Services & Trade: 3/13/25.

Brief Summary of Bill

- Increases certain interest rates and fees that pawnbrokers are authorized to charge and receive interest on.
- Decreases the duration of the term of pawnbroker loans from 90 days to 60 days.
- Expands the payment options for persons unable to repay a loan prior to the expiration of the loan when the person is able to mutually agree upon rewritten loans with a pawnbroker.

SENATE COMMITTEE ON BUSINESS, FINANCIAL SERVICES & TRADE

Staff: Clint McCarthy (786-7319)

Background: Washington regulates the business of pawnbrokers under statute. There is no state licensing requirement for pawnbrokers. Local governments may issue licenses for pawnbroker businesses and have the authority to enact provisions that are more restrictive than those in statute. 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 part of the legislation nor does it constitute a statement of legislative intent.

The statutory term of a pawnbroker loan is 90 days. Every loan transaction entered into by a pawnbroker must be a written agreement, and a copy must be furnished to the pledger of the property. Interest may be charged every 30 days, and a preparation fee may be charged once for the term of the loan. If a pledged article is not redeemed within the 90-day term of the loan, the pawnbroker has all rights, title, and interest of that item of personal property. The pawnbroker is not required to account to the pledger for any proceeds received from the disposition of that property. If a person is unable to redeem and repay the loan before the expiration and that person wishes to retain their rights to their collateral, the person and the pawnbroker may mutually agree on a new loan, and the person may pay in person or through the mail.

For each 30-day period a pawnbroker may charge:

- an interest rate of $4 for loans of $100 or more;
- a storage fee of $5; and
- an additional fee of $5 for storing a firearm.

The table below illustrates the fees for the preparation of loan documents that a pawnbroker is allowed to charge:

Loan Amount	Maximum Charge Allowed for Loan Preparation Fees
Up to $4.99	$1.50
$5-$9.99	$3.00
$10-$14.99	$4.00
$15-$19.99	$4.50
$20-$24.99	$5.00
$25-$29.99	$5.50
$30-$34.99	$6.00
$35-$39.99	$6.50
$40-$44.99	$7.00
$45-$49.99	$7.50
$50-$99.99	15 percent of the loan amount
$100-$249.99	13 percent of the loan amount
$250-$499.99	10 percent of the loan amount
$500-$999.99	8 percent of the loan

	amount
$1000-$1499.99	7.5 percent of the loan amount
$1500-$1999.99	7 percent of the loan amount
$2000 or more	6 percent of the loan amount

Summary of Bill: Increases the Interest Rates and Fees that Pawnbrokers are Authorized to Charge and Receive Interest On. For each 30-day period of the loan:

- the interest rate for a loan of $100 or more is increased from 4 percent to 5 percent;
- the storage fee is increased from $5 to $10; and
- the additional fee for storing a firearm is increased from $5 to $10.

The document preparation fee for any loan greater than $50 or more is 15 percent. The provisions that lowered the maximum percentage pawnbrokers could charge below 15 percent for loans larger than $100 are eliminated. The table below illustrates the fees for the preparation of loan documents that a pawnbroker would be able to charge under the provisions of the bill:

Loan Amount	Maximum Charge Allowed for Loan Preparation Fees
Up to $4.99	$1.50
$5-$9.99	$3.00
$10-$14.99	$4.00
$15-$19.99	$4.50
$20-$24.99	$5.00
$25-$29.99	$5.50
$30-$34.99	$6.00
$35-$39.99	$6.50

$40-$44.99	$7.00
$45-$49.99	$7.50
$50 or more	15 percent of the loan amount

Decreases the Duration of Time Before a Pawn Broker Can Sell Property Received as Pledge for a Loan. The term of a loan under which a pawn broker shall not sell any property received in pledge is decreased from a period of 90 days to 60 days.

Expands the Payment Options for Persons Unable to Repay a Loan Prior to the Expiration of the Loan When the Person is able to Mutually Agree Upon Rewritten Loans with a Pawnbroker. For persons that are unable to redeem and repay a loan before the expiration of the loan and have entered into a mutually agreed upon new loan, the person may pay the pawnbroker through an online payment service.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony: PRO: Pawnshops provide a vital financial service to our communities. Rates have remained stagnant and puts tremendous pressure on our businesses. These loans provide a lifeline to people with critical expenses that they would otherwise be unable to pay for.

The Pawnbroker model is unique. Nonrecourse simple interest loans. No credit checks. They do not perpetuate a cycle of debt. A moderate increase in rates and a modernization of statutes would be greatly appreciated. Pawn shops work closely with police to monitor inventory for stolen merchandise. The FDIC did a study showing that less than 40 percent of people have money for emergencies. In order to keep our doors open, we need have the ability to raise their rates. Prices have gone up. It has been ten years since pawnbrokers have had their last raise.

There are millions of unbanked people. Lots of time people need a quick loan. There are

no repercussions if a person comes back and pays off their loan. The typical loan is for $180. The rates are pretty low and it is pretty difficult to get a loan from anyone else at these dollar amounts. It is becoming difficult to employ people due to cost pressures. This bill will allow certain pawnbrokers to stay open. Pawnshops are community establishments where most customers live within one mile of where they are located. There are so many people who need nonrecourse loans, and pawnbrokers help people who would otherwise be unbanked.

Persons Testifying: PRO: Karen Strickland, Pawn 1 Inc.; Sam Lax, Pawn 1, Inc; Nika Mihailov, Kittitas County Trading Co.; Janelle Morehart, Washington State Pawnbrokers Association / Ponders Pawnbrokers; Tamara Rancore, WA St Pawnbrokers Association; Carli Karlson, Wa St. Pawnbrokers Association Secretary; Michael Transue, Cash America.

Persons Signed In To Testify But Not Testifying: No one.