SENATE BILL REPORT
HB 1269

As of February 18, 2026

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: 1/29/26, 83-14.
Committee Activity: Business, Trade & Economic Development: 3/13/25, 3/26/25 [DP, DNP]; 2/18/26.

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, TRADE & ECONOMIC DEVELOPMENT

Majority Report: Do pass.
Signed by Senators Kauffman, Chair; Cortes, Vice Chair; Dozier, Ranking Member; Fortunato, Lovick, McCune and Wilson, J..

Minority Report: Do not pass.
Signed by Senators Hasegawa and Stanford.

Staff: William Bridges (786-7312)

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.

Background: 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. Washington regulates pawnbrokers under state and local laws.

The statutory term of a pawnbroker loan is 90 days. Loan transactions must be in writing, 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 the pledged property is not redeemed within the 90-day term, the pawnbroker has all ownership rights of the property. The pawnbroker is not required to account to the pledger for any proceeds received from the disposition of the 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

Loan Amount	Maximum Charge Allowed for Loan Preparation Fees
$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 Pawnbrokers are Authorized to Charge. 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

Loan Amount	Maximum Charge Allowed for Loan Preparation Fees
$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 Loan Term. The term of a pawnbroker loan is decreased from 90 days to 60 days.

Expands Payment Options. 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: Not requested.

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 (Business, Trade & Economic Development) (Regular Session 2025): 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 (Business, Trade & Economic Development): 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 (Business, Trade & Economic Development): No one.

Staff Summary of Public Testimony (Business, Trade & Economic Development) (Regular Session 2026): PRO: Pawnbrokers play a critical role in our economy. They offer emergency loans to individuals. If you default on the loan, there is no lawsuit and there's no impact to your credit. You merely forfeit the property that you put forward. Pawnbrokers also play a significant partnership with law enforcement. Every item that a pawn broker maintains is registered with law enforcement, so stolen items may be seized and returned back to its rightful owner. As we are facing an affordability crisis, even lacking a few hundred dollars could lead to a loss of utilities, a repossession of a vehicle, or an eviction if you do not have access to emergency funds. Pawn brokers are a controlled business, meaning they must ask the Legislature for permission to raise their prices. This is the first price increase in 10 years. Pawnbrokers are asking for a modest increase in interest rates from 4% to 5%, a modest change in the term of the loan from 90 to 60 days, and a modest increase in storage fees. It is important that these businesses stay competitive and that they're available. In my community, in my district, which is majority minority, there are several pawnbroker locations that play a very important part of our community.

Members of Washington State Palm Brokers are small business owners, primarily family owned, and often generational. The bill is permissive and does not require owners to raise their rates or shorten the length of the loan or change the fee structure. If a pawnbroker is not available, low-income buyers will be forced to turn to other short-term high interest lenders, or credit cards, which can affect one's credit score when payments are missed. Pawn loans are secured by collateral. If a customer chooses not to renew or redeem the loan, they simply walk away and forfeit the item, which is often better than the penalty from high

interest lenders, banks, and credit cards. If you look at overdraft fees, they can reach as much at $35 per incident and late fees up to $41. The bill does raise the interest rate from 4 percent to 5 percent per 30 days. There are currently 32 states that have interest rates of 5 percent or more, with 30 percent being the highest. Most redemptions are typically within 60 days.

Pawnbrokers are the bank for the unbanked and underserved communities in Washington. Pawnbrokers empower borrowers to leverage their own assets to bridge a short-term financial need. Most industries can adjust to economic changes, like higher minimum wages, by raising prices. Pawnbrokers depend on legislation to help us keep our doors open and adjust to operational costs.

The bill is intended to address structural issues in the current pawnbroker loan framework that has not been meaningfully updated since 2015. Inflation has eroded the real value of the statutory fees and rates.

Persons Testifying (Business, Trade & Economic Development): PRO: Representative David Hackney, Prime Sponsor; Karen Strickland, Pawn 1 Inc; Michael Transue, Cash America Pawn; Tamara Rancore, WA St Pawnbrokers Association; Nika Mihailov, Kittitas County Trading Co..

Persons Signed In To Testify But Not Testifying (Business, Trade & Economic Development): No one.