

TESTIMONY

OREGON PAWNBROKERS ASSOCIATION

SUPPORT HB 2463 – Permitting needed offsite storage

Chair Barker, Vice-Chair Barreto and Vice-Chair Bynum:

My name is Mike Freese and our firm represents the Oregon Pawnbrokers Association (OPA). Oregon has roughly 84 individually licensed pawnshops. These pawnshops are often small, family-owned businesses that serve hundreds of Oregonians, providing short-term loans without requiring complicated bank forms and credit checks. In 2016, Oregon pawnshops made approximately 407,000 loans, lending \$57 million to Oregon customers. These short-term loans can help people pay medical bills and even put food on the table until the next paycheck comes in.

In addition, pawnshops provide safe, secure storage for items customers cannot or do not want to store in the home, including outdoor and construction equipment, electronics, and firearms. For short-term or long-term storage, pawnshops offer consumers the ability to store one or multiple items safely at a reasonable price in comparison to larger storage options.

Because pawnbroking is the oldest form of regulated consumer lending, pawnbrokers are heavily regulated by 14 federal laws, in addition to state and local laws. Currently, pawnbrokers are only permitted to lend against collateral that they can keep within their pawnshop locations. This limits the types of items customers can pledge and therefore, receive a loan.

Predictably, over time, the items pledged at a pawnshop has changed. For instance, over the last several decades, customers have commonly pledged electronics to secure a short-term loan. However, more recently, because electronics are constantly evolving, those electronics do not hold their value like they used to, and customers are often unable to secure the loan amount they are seeking. For people that do not have jewelry or other valuables, but still need a loan, the ability to pledge large items could offer a new option.

Unfortunately for some, today many pawnshops do not have stores large enough to hold large items like tractors or other off-road, seasonal machinery and urban stores often are limited in their ability to expand their physical space. Permitting pawnbrokers to have a second location, fully equipped with the necessary security and collateral protection for large items, will offer more people the ability to secure short-term loans without going to other lending institutions that may carry other burdens, like negatively impacting a person's credit score.

We have worked with the Department of Consumer and Business Services to ensure that offsite storage continues to receive careful and deliberate regulatory oversight. Because HB 2463 limits pawnshops to only one offsite storage location, only authorizes offsite storage of large items already authorized to pledge and requires written agreement by the customer to hold items offsite, we strongly believe pawnshops, customers, and the public will continue to have strong regulatory assurances protecting pledged goods.

Thank you for your support of HB 2463.