

HB 2463 STAFF MEASURE SUMMARY

House Committee On Business and Labor

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Meeting Dates: 1/23, 1/28

WHAT THE MEASURE DOES:

Allows pawnbroker to store large pledge items off premises if pledgor agrees in writing. Authorizes Department of Consumer and Business Services to establish security, bonding, insurance, and notice requirements for off-premises storage location. Requires pawnbroker to return pledged item within two business days after pledge is redeemed if item is stored off the premises. Authorizes Department to define "large items." Becomes operative January 1, 2020. Applies to pledge loans made or redeemed on or after the operative date. Takes effect 91st day following adjournment sine die.

REVENUE: No revenue impact

FISCAL: No fiscal impact

ISSUES DISCUSSED:

- Types of short-term financing available to borrowers
- Average loan size and redemption rate of pledges
- Existing authority for pawnbrokers to accept boats and other large items as pledges

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Pawnbrokers lend money backed by personal property as collateral. According to the Oregon Pawnbrokers Association, the average pledge loan in Oregon is \$125 with a redemption rate of 85 percent; in 2016 more than \$57 million was loaned by pawnbrokers.

Pawnbrokers must be licensed by the Department of Consumer and Business Services in order to lawfully transact business. Pawnbrokers are liable for any loss of the pledged item or injury to the item the results from a failure to exercise reasonable care. Current law allows pawnbrokers to hold pledged boats, snowmobiles, all-terrain vehicles, and specified smaller trailers in a gated, secured facility. House Bill 2463 explicitly authorizes the pawnbroker to store large items at one off-premises location if the pledgor agrees in writing.