

HB 2463 STAFF MEASURE SUMMARY

Carrier: Rep. Barker

House Committee On Business and Labor

Action Date: 01/28/19

Action: Do Pass.

Vote: 11-0-0-0

Yeas: 11 - Barker, Barreto, Boles, Bonham, Boshart Davis, Bynum, Clem, Doherty, Evans, Fahey, Holvey

Fiscal: Has minimal fiscal impact

Revenue: No revenue impact

Prepared By: Jan Nordlund, LPRO Analyst

Meeting Dates: 1/23, 1/28

WHAT THE MEASURE DOES:

Allows pawnbroker to store pledge items off the premises if pledgor agrees in writing. Requires pawnbroker to return pledged item within two business days after pledge is redeemed if item is stored off the premises. Authorizes Department of Consumer and Business Services to establish security, bonding, insurance, and notice requirements for storing large items off the premises. Authorizes Department to define "large items" by rule. 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.

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 that 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 items at one off-premises location if the pledgor agrees in writing.