

HB 2975 STAFF MEASURE SUMMARY

House Committee On Business and Labor

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Meeting Dates: 1/25, 2/8

WHAT THE MEASURE DOES:

Increases fees that pawnbroker may charge for certain services.

ISSUES DISCUSSED:

- Regulation of pawnbroker industry
- Reasons people utilize pawnbrokers for short-term loans
- Terms of loans from pawnbroker
- Frequency of pawnbroker fee increases
- Average amount and length of loan

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Pawnbrokers provide short-term, nonrecourse loans based on collateral the customer brings to a pawnshop. Pawnbroking is regulated by the Department of Consumer and Business Services (DCBS) with most also regulated by the Bureau of Alcohol Tobacco and Firearms, Oregon State Police, and Oregon Department of Agriculture.

DCBS licenses pawnbrokers operating in Oregon. A license is required by any entity that performs any of the following: lends money at a rate of interest greater than 10 percent per year on the deposit or pledge of personal property; purchases personal property on the direct or implied condition of selling the personal property back at a stipulated price that would amount to paying interest or consideration in excess of 10 percent per year; and does business as a storage warehouse operator and lends money at a rate of interest greater than 10 percent per year for merchandise or personal property pledged or deposited as collateral security.

The fees that pawnbrokers may charge for services are set by statute. House Bill 2975 increases the storage fee from five percent to seven percent for loans and loan renewals and increases the firearm fee from \$3 to \$5 on new loans and \$1 to \$3 on firearm renewals.