



Senate Fiscal Agency
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**BILL ANALYSIS**

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House Bill 4823 (Substitute H-1 as passed by the House)

Sponsor: Representative Rich Brown

House Committee: Banking and Financial Services

Senate Committee: Commerce and Labor

Date Completed: 6-20-05

CONTENT

The bill would amend Public Act 273 of 1917, which regulates pawnbrokers, to specify that a pawnbroker could charge *either* a storage fee of \$1 per month or fraction of a month *or* a usage fee of \$1 per month or fraction of a month.

Under the Act, a pawnbroker may charge \$1 per month or fraction of a month for the storage of unencumbered personal property under any single pledge or pawn. The Act also provides that a pawnbroker may charge \$1 per month or fraction of a month for a usage fee for unencumbered personal property pawned or pledge and used by the pawner, during the term of the pawn or pledge. The bill specifies that a pawnbroker could charge either of those fees.

(Public Act 585 of 2004 amended the Act to allow a person who had pawned unencumbered personal property to maintain possession and use of the property during the time of the pawn or pledge transaction and to provide that the agreement between the pawner and pawnbroker may require the pawner to pay a usage fee of \$1 per month or fraction of a month.)

In addition, the Act requires a pawnbroker, at the time of a loan, to deliver to the person pawning or pledging any article a memorandum or note containing the substance of the entry required to be made in the pawnbroker's book. The memorandum or note must be consecutively number and have printed on its back, in English in 12-point type, a statement that reads, in part: "If interest or charges in excess of 3% per month, plus storage charges provided in this document, are asked or received, this loan is void and of no effect..."

Under the bill, this statement would have to read: "If interest or charges in excess of 3% per month, not including storage and usage charges provided in this document, are asked or received, this loan is void and of no effect...". The bill would require a pawnbroker to deliver an "entry, memorandum, or note", and would refer to the pawnbroker's "records or database", rather than "book".

MCL 446.208 & 446.209

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: David Zin

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.