

# Legislative Analysis



## INCREASE PAWNBROKER INTEREST RATE

Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

**House Bill 4628 as introduced**  
**Sponsor: Rep. Pamela Hornberger**  
**Committee: Regulatory Reform**  
**Complete to 2-14-22**

Analysis available at  
<http://www.legislature.mi.gov>

### SUMMARY:

House Bill 4628 would amend 1917 PA 273, which regulates pawnbrokers, to increase from 3% to 4% the interest rate that a licensed pawnbroker can charge for a loan made against pawned articles or goods. The bill also would change a reference to this maximum rate in a notice that a pawnbroker must provide to a person pawning an item.

The bill would take effect 90 days after it is enacted.

MCL 446.208 and 446.209

### BACKGROUND:

House Bill 4628 is identical to provisions contained in Senate Bill 369 and House Bill 5589 of the 2019-20 legislative session. Senate Bill 369 would have increased from 3% to 4% the interest rate a pawnbroker can charge, and House Bill 5589 would have updated the notice for a person pawning something. Senate Bill 369 was passed by the House and the Senate and enrolled, but was pocket vetoed by the governor.<sup>1</sup>

In addition, Senate Bill 405 of the current legislative session would also increase the interest rate a pawnbroker can charge from 3% to 4%. Senate Bill 405 differs from House Bill 4628 in that it also would increase the criminal fine that could be imposed for a violation of the act and create a new civil fine for a person who charged more than the 4% per month interest rate proposed by the bill.

### FISCAL IMPACT:

House Bill 4628 would not have an appreciable fiscal impact on any unit of state or local government.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.

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<sup>1</sup> If the governor does not sign a bill within 14 days after getting it and the legislature has adjourned to end the legislative session, the bill does not take effect and is said to have been “pocket vetoed.” Unlike a regular veto, a pocket veto does not oblige the governor to provide the legislature with his or her objections to the bill. Senate Bill 369 was presented to the governor on December 21, 2020, but was pocket vetoed when it was still unsigned 14 days later, on January 4, 2021. The legislature adjourned *sine die* (Latin for ‘without day’) to end the legislative session on December 23, 2020.