

# SENATE BILL 411

C2

0lr1929

---

By: **Senator Kramer**

Introduced and read first time: January 27, 2020

Assigned to: Finance

---

## A BILL ENTITLED

1 AN ACT concerning

2 **Business Regulations – Pawnbrokers – Interest Rate on Pawn Transactions**

3 FOR the purpose of prohibiting a pawnbroker from charging interest on a pawn transaction  
4 beyond certain specified rates; establishing the maximum interest rates a  
5 pawnbroker may charge for certain pawn transactions, with certain exceptions;  
6 establishing the maximum terms of certain pawn transactions; and generally  
7 relating to pawnbrokers and interest on pawn transactions.

8 BY adding to

9 Article – Business Regulation

10 Section 12–105

11 Annotated Code of Maryland

12 (2015 Replacement Volume and 2019 Supplement)

13 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
14 That the Laws of Maryland read as follows:

15 **Article – Business Regulation**

16 **12–105.**

17 **(A) (1) EXCEPT AS PROVIDED IN SUBSECTIONS (B) AND (C) OF THIS**  
18 **SECTION, A PAWNBROKER MAY NOT CHARGE INTEREST ON A PAWN TRANSACTION AT**  
19 **A RATE GREATER THAN THE RATES SPECIFIED IN THIS SUBSECTION.**

20 **(2) FOR A PAWN TRANSACTION WITH AN ORIGINAL PRINCIPAL**  
21 **BALANCE OF \$2,000 OR LESS, THE MAXIMUM INTEREST RATE IS:**

22 **(I) 2.75% PER MONTH ON THAT PART OF THE UNPAID**  
23 **PRINCIPAL BALANCE NOT MORE THAN \$500;**

---

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (II) 2% PER MONTH ON THAT PART OF THE UNPAID PRINCIPAL  
2 BALANCE THAT IS MORE THAN \$500 BUT NOT MORE THAN \$700; AND

3 (III) 1.25% PER MONTH ON THAT PART OF THE UNPAID  
4 PRINCIPAL BALANCE THAT IS MORE THAN \$700.

5 (3) FOR A PAWN TRANSACTION WITH AN ORIGINAL PRINCIPAL  
6 BALANCE OF MORE THAN \$2,000 BUT NOT MORE THAN \$3,500, THE MAXIMUM  
7 INTEREST RATE IS 1.75% PER MONTH ON THE UNPAID PRINCIPAL BALANCE OF THE  
8 PAWN TRANSACTION.

9 (4) FOR A PAWN TRANSACTION WITH AN ORIGINAL PRINCIPAL  
10 BALANCE OF MORE THAN \$3,500 BUT NOT MORE THAN \$5,000, THE MAXIMUM  
11 INTEREST RATE IS 1.5% PER MONTH ON THE UNPAID PRINCIPAL BALANCE OF THE  
12 PAWN TRANSACTION.

13 (5) FOR A PAWN TRANSACTION WITH AN ORIGINAL PRINCIPAL  
14 BALANCE OF MORE THAN \$5,000, THE MAXIMUM INTEREST RATE IS 1.35% PER  
15 MONTH ON THE UNPAID PRINCIPAL BALANCE OF THE PAWN TRANSACTION.

16 (B) IF ANY PRINCIPAL BALANCE REMAINS UNPAID 6 MONTHS AFTER THE  
17 PAWN TRANSACTION MATURES AS ORIGINALLY SCHEDULED OR DEFERRED, THE  
18 PAWNBROKER MAY NOT CONTRACT FOR, CHARGE, OR RECEIVE INTEREST AT A RATE  
19 EXCEEDING 6% SIMPLE INTEREST PER ANNUM ON THE ACTUAL UNPAID PRINCIPAL  
20 BALANCE.

21 (C) IF THE PAWNBROKER REFINANCES A PAWN TRANSACTION IN THE  
22 ORDINARY COURSE OF BUSINESS, THE PAWNBROKER MAY NOT ADD TO THE  
23 PRINCIPAL BALANCE OR DEDUCT FROM THE PROCEEDS OF THE NEW PAWN  
24 TRANSACTION MORE THAN 60 DAYS' INTEREST THEN DUE.

25 (D) THE MAXIMUM TERM OF A PAWN TRANSACTION MADE UNDER THIS  
26 TITLE MAY NOT EXCEED:

27 (1) FOR A PAWN TRANSACTION WITH AN ORIGINAL PRINCIPAL  
28 BALANCE OF \$700 OR LESS, 30 MONTHS AND 15 DAYS;

29 (2) FOR A PAWN TRANSACTION WITH AN ORIGINAL PRINCIPAL  
30 BALANCE OF MORE THAN \$700 BUT LESS THAN \$2,000, 36 MONTHS AND 15 DAYS;  
31 AND

32 (3) FOR A PAWN TRANSACTION WITH AN ORIGINAL PRINCIPAL

1 **BALANCE OF \$2,000 OR MORE, 72 MONTHS AND 15 DAYS.**

2 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
3 October 1, 2020.