

STAND. COM. REP. NO.

1542

Honolulu, Hawaii

APR 05 2007

RE: H.B. No. 483
H.D. 1
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Madam:

Your Committee on Commerce, Consumer Protection, and Affordable Housing, to which was referred H.B. No. 483, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO CHECK CASHING,"

begs leave to report as follows:

The purpose of this measure is to require the Department of Commerce and Consumer Affairs to regulate the check cashing industry through licensing requirements.

Your Committee received testimony in support of this measure from Financial Service Providers of Hawaii, Inc.; Legal Aid Society of Hawaii; Hawai'i Alliance for Community-Based Economic Development (HACBED); Aloha United Way; and Hawaii Asset Building Coalition; and one individual. Testimony in opposition was received from the Department of Taxation; Maui Loan; Kama'aina Loan; National Association of Consumer Advocates; and one individual. The Department of Commerce and Consumer Affairs and the Office of Consumer Protection provided comments on the measure.

Your Committee finds that deferred deposit transactions, or payday loans, are short-term loans that have the potential to trap consumers in a cycle of debt that does not allow them to build assets for their future. Hawaii is one of only four states that does not require a license to provide a payday loan. In 2005, the Office of the State Auditor conducted a sunrise analysis on the

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regulation of check cashing and deferred deposit agreements and recommended that chapter 480F, Hawaii Revised Statutes, be strengthened to be more consumer friendly.

Your Committee has amended this measure by inserting the provisions of S.B. No. 1935, S.D. 1, a similar measure which requires registration of check cashers instead of licensing.

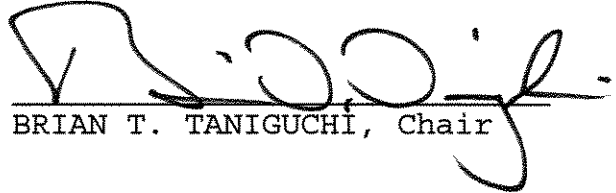
As amended, the measure:

- (1) Requires registration, rather than licensing, of check cashers with the Department of Commerce and Consumer Affairs;
- (2) Raises the limit on the maximum amount of a deferred deposit transaction from twenty-five per cent to thirty per cent of a consumer's gross monthly income;
- (3) Includes language to require the availability of an extended repayment plan after any consumer has entered into four or more consecutive transactions (back-to-back agreements within twenty-four hours of the payment of a previous transaction); provided that the customer requests the option within twenty-four hours of the last payment due date; and
- (4) Changes the effective date from January 1, 2050, to July 1, 2050, to encourage more discussion on this matter.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 483, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 483, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.



Respectfully submitted on
behalf of the members of the
Committee on Commerce, Consumer
Protection, and Affordable
Housing,



BRIAN T. TANIGUCHI, Chair



The Senate
 Twenty-Fourth Legislature
 State of Hawaii

Record of Votes
Committee on Commerce, Consumer Protection and Affordable Housing
CPH

Bill / Resolution No.:* <i>HB 483 HD1</i>	Committee Referral: <i>CPH</i>	Date: <i>3/28/07</i>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
TANIGUCHI, Brian T. (C)	✓			
IGE, David Y. (VC)				✓
ESPERO, Will	✓			
IHARA, Jr., Les	✓			
SAKAMOTO, Norman	✓			
SLOM, Sam		✓		
TOTAL	<i>4</i>	<i>1</i>		<i>1</i>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>Will Espero</i>				
Distribution: Original Yellow Pink File with Committee Report Clerk's Office Drafting Agency				

*Only one measure per Record of Votes